

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**March 17, 2025**

**Bill:** HB-377

**Sponsor:** Representative Joshua N. Hernandez

**Short Title:** Residential Property Valuation Changes

**Description:** This bill amends 5 sections of the Property Tax Code including:

- Section 7-35-2 NMSA 1978 to adjust the definition of residential property to provide that it is a parcel of property not zoned primarily for commercial, industrial or agricultural uses.
- Section 7-36-15 NMSA 1978 is amended to require certain valuation methods for like-kind properties within a single county or contiguous tract properties owned by a single taxpayer.
- Section 7-38-12.1 NMSA 1978 is amended to provide when the valuation authority shall not request the affidavit containing names and contact information of transferors and transferees, a legal description of the property, and the consideration paid, currently required by that section.
- Section 7-38-20 NMSA 1978 is amended to require that a notice of value include all data on the sales of comparable property used by the valuation authority to determine the value of property for property taxation purposes.
- Section 7-38-50.1 NMSA 1978 adds a new section of law to provide that delinquent tax penalty and interest shall not apply if the valuation authority has not timely mailed the property owner a valuation notice.

**Effective Date:** Not specified; 90 days following adjournment (June 20, 2025). Applicable to property tax years beginning on or after January 1, 2026.

**Taxation and Revenue Department Analyst:** Lucinda Sydow, Pedro Clavijo, Sara Grubbs

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
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\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

**Methodology for Estimated Revenue Impact:** The bill would have no fiscal impact for the state. Changes in valuation methods under Sections 1 and 2 of the bill may impact counties.

**Policy Issues: [Section 1]:** This section defines residential property as “property that is not zoned primarily for commercial, industrial or agricultural uses...” Some counties lack zoning ordinances, and therefore it is not clear how the statute would be applied in such counties. The word “primarily” is not defined, and therefore it may be unclear how to tax certain properties, such as, e.g., a home that is located on a farm or other agricultural land.

**[Section 2]:** There is no definition of “like-kind” properties, which could create issues for county assessors in determining when to apply this subsection for valuation purposes and could also lead to disputes between county assessors and taxpayers about application of the special valuation method. County assessors may not be able to determine when a “like kind” property is owned by an affiliate of the taxpayer, rather than the taxpayer themselves. Data required to determine a discounted cash flow model

valuation may not be available to county assessors, as the necessary information is not public.

**[Section 3]:** The proposed valuation method is not a generally accepted appraisal method, and using it may result in incorrect valuations. New subsection G at page 11, lines 18-23, will deprive assessors of access to the data that they need to apply generally accepted appraisal techniques. Tax & Rev recommends that this section be removed from the bill.

**[Section 4]:** By requiring mailing of “all data on the sales of comparable property used by the valuation authority to determine the value of property,” the bill makes public property data and valuations that are currently not public.

**Technical Issues: [Section 5]:** It is not clear what an acceptable “written record” of the mailing would be. The language could be read to mean that mailing by certified or registered mail is required, which would present considerable additional cost and administrative burden. What is required to constitute a sufficient “written record” to satisfy the statute should be stated in the bill.

**Other Issues:** None.

**Administrative & Compliance Impact:** None.

**Related Bills:** None.



**TAX & REV INTERNAL USE ONLY**

**If this legislation passes as is, please identify:**

**Forms affected:**

**Publications affected:**

**TAP changes needed:**

**GenTax changes needed:**

**Tapestry changes needed:**

**Other internal effects:**