

HOUSE BILL 377

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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AN ACT

RELATING TO PROPERTY TAX; AMENDING THE DEFINITION OF
"RESIDENTIAL PROPERTY"; PROVIDING METHODS OF VALUATION FOR
PROPERTY TAX PURPOSES FOR MULTIPLE LIKE-KIND PROPERTIES WITHIN
A SINGLE COUNTY OWNED BY A SINGLE TAXPAYER AND FOR SEPARATE
CONTIGUOUS TRACTS OWNED BY A SINGLE TAXPAYER; EXCLUDING
TRANSFERS OF RESIDENTIAL PROPERTY THAT DO NOT HAVE A DWELLING
OR STRUCTURE FROM THE REQUIREMENT TO FILE AN AFFIDAVIT WITH THE
COUNTY ASSESSOR; REQUIRING A VALUATION AUTHORITY TO INCLUDE
COMPARABLE SALES DATA THAT THE VALUATION AUTHORITY USED TO
VALUE A PROPERTY IN THE NOTICE THAT THE VALUATION AUTHORITY
MAILS TO A PROPERTY OWNER OF THE NET TAXABLE VALUE OF THE
OWNER'S PROPERTY; PROHIBITING PENALTIES OR INTEREST FOR
DELINQUENT TAXES IF THE VALUATION AUTHORITY HAS NOT TIMELY
MAILED A VALUATION NOTICE TO THE PROPERTY OWNER.

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1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

2 SECTION 1. Section 7-35-2 NMSA 1978 (being Laws 1973,
3 Chapter 258, Section 2, as amended) is amended to read:

4 "7-35-2. DEFINITIONS.--As used in the Property Tax Code:

5 A. "abandoned real property" means real property:

6 (1) that is part of a subdivision where the
7 subdivision has a minimum of five thousand lots in delinquency
8 on the department's delinquent property tax list as prepared by
9 the appropriate county treasurer pursuant to Section 7-38-61
10 NMSA 1978 as of January 1, 2019;

11 (2) of which the subdivided lots are vacant;

12 (3) that is part of a subdivision plotted on
13 or before 1980;

14 (4) the property taxes, penalties and interest
15 of which are delinquent for at least ten years; and

16 (5) that does not include property with
17 existing homes, businesses or other habitable structures;

18 B. "department" or "division" means the taxation
19 and revenue department, the secretary of taxation and revenue
20 or any employee of the department exercising authority lawfully
21 delegated to that employee by the secretary;

22 C. "director" means the secretary;

23 D. "livestock" means cattle, buffalo, horses,
24 mules, sheep, goats, swine, ratites and other domestic animals
25 useful to humans;

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1 E. "manufactured home" means a manufactured home as
2 that term is defined in Section 66-1-4.11 NMSA 1978;

3 F. "net taxable value" means the value of property
4 upon which the tax is imposed and is determined by deducting
5 from taxable value the amount of any exemption authorized by
6 the Property Tax Code;

7 G. "nonresidential property" means property that is
8 not residential property;

9 H. "owner" means the person in whom is vested any
10 title to property;

11 I. "person" means an individual or any other legal
12 entity;

13 J. "property" means tangible property, real or
14 personal;

15 K. "residential property" means ~~[property~~
16 ~~consisting of one or more dwellings together with appurtenant~~
17 ~~structures, the land underlying both the dwellings and the~~
18 ~~appurtenant structures and a quantity of land reasonably~~
19 ~~necessary for parking and other uses that facilitate the use of~~
20 ~~the dwellings and appurtenant structures. As used in this~~
21 ~~subsection, "dwellings" includes both manufactured homes and~~
22 ~~other structures when used primarily for permanent human~~
23 ~~habitation, but the term does not include structures when] a~~
24 tract, lot or other parcel of property that is not zoned
25 primarily for commercial, industrial or agricultural uses, and

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1 excludes properties zoned for or containing structures used
2 primarily for temporary or transient human habitation such as
3 hotels, motels and similar structures;

4 L. "secretary" means the secretary of taxation and
5 revenue and, except for purposes of Section 7-35-6 NMSA 1978
6 and Paragraphs (1) and (2) of Subsection B of Section 9-11-6.2
7 NMSA 1978, also includes the deputy secretary or a division
8 director or deputy division director delegated by the
9 secretary;

10 M. "tax" means the property tax imposed under the
11 Property Tax Code;

12 N. "taxable value" means the value of property
13 determined by applying the tax ratio to the value of the
14 property determined for property taxation purposes;

15 O. "tax rate" means the rate of the tax expressed
16 in terms of dollars per thousand dollars of net taxable value
17 of property;

18 P. "tax ratio" means the percentage established
19 under the Property Tax Code that is applied to the value of
20 property determined for property taxation purposes in order to
21 derive taxable value; and

22 Q. "tax year" means the calendar year."

23 SECTION 2. Section 7-36-15 NMSA 1978 (being Laws 1975,
24 Chapter 165, Section 2, as amended) is amended to read:

25 "7-36-15. METHODS OF VALUATION FOR PROPERTY TAXATION

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1 PURPOSES--GENERAL PROVISIONS.--

2 A. Property subject to valuation for property
3 taxation purposes under this article of the Property Tax Code
4 shall be valued by the methods required by this article of the
5 Property Tax Code whether the determination of value is made by
6 the department or the county assessor. The same or similar
7 methods of valuation shall be used for valuation of the same or
8 similar kinds of property for property taxation purposes.

9 B. Unless a method or methods of valuation are
10 authorized in Sections 7-36-20 through 7-36-33 NMSA 1978, the
11 value of property for property taxation purposes shall be its
12 market value as determined by application of the sales of
13 comparable property, income or cost methods of valuation or any
14 combination of these methods. In using any of the methods of
15 valuation authorized by this subsection, the valuation
16 authority:

17 (1) shall apply generally accepted appraisal
18 techniques; ~~[and]~~

19 (2) in determining the market value of
20 residential housing, shall consider any decrease in the value
21 that would be realized by the owner in a sale of the property
22 because of the effects of any affordable housing subsidy,
23 covenant or encumbrance imposed pursuant to a federal, state or
24 local affordable housing program that restricts the future use
25 of the property or the resale price of the property or would

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1 otherwise prohibit the owner from fully [~~benefitting~~]
2 benefiting from any enhanced value of the property. As used in
3 this paragraph:

4 (a) "subsidy, covenant or encumbrance
5 imposed pursuant to a federal, state or local affordable
6 housing program" includes those imposed by a nonprofit entity
7 approved by a governmental entity as a qualifying grantee
8 pursuant to the Affordable Housing Act; and

9 (b) "residential housing" means any
10 building, structure or portion thereof that is primarily
11 occupied, or designed or intended primarily for occupancy, as a
12 residence by one or more households and any real property that
13 is offered for sale or lease for the construction or location
14 thereon of such a building, structure or portion thereof.

15 "Residential housing" includes congregate housing, manufactured
16 homes, housing intended to provide or providing transitional or
17 temporary housing for homeless persons and common health care,
18 kitchen, dining, recreational and other facilities primarily
19 for use by residents of a residential housing project;

20 (3) shall value multiple like-kind properties
21 that are within a single county and owned by a single taxpayer
22 and that taxpayer's affiliates for the purpose of investment or
23 sale by using a discounted cash flow model that assumes that
24 all such properties are sold in a single sale on January 1 of
25 the valuation year; and

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1 (4) shall value separate contiguous tracts
2 owned by a single taxpayer and that taxpayer's affiliates as
3 though the tracts were a single tract composed of all the
4 contiguous tracts. For the purposes of this paragraph, tracts
5 shall be considered contiguous to each other if they share any
6 common boundary point or are separated solely by a public road,
7 an alley or other right of way.

8 C. Dams, reservoirs, tanks, canals, irrigation
9 wells, installed irrigation pumps, stock-watering wells and
10 pumps, similar structures and equipment used for irrigation or
11 stock-watering purposes, water rights and private roads shall
12 not be valued separately from the land they serve. The
13 foregoing improvements and rights shall be considered as
14 appurtenances to the land they serve, and their value shall be
15 included in the determination of value of the land.

16 D. The department shall adopt regulations to
17 implement the methods of valuation authorized in this article
18 of the Property Tax Code."

19 SECTION 3. Section 7-38-12.1 NMSA 1978 (being Laws 2003,
20 Chapter 118, Section 2, as amended) is amended to read:

21 "7-38-12.1. RESIDENTIAL PROPERTY TRANSFERS--AFFIDAVIT TO
22 BE FILED WITH ASSESSOR.--

23 A. After January 1, 2004, a transferor or the
24 transferor's authorized agent or a transferee or the
25 transferee's authorized agent presenting for recording with a
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1 county clerk a deed, real estate contract or memorandum of real
2 estate contract transferring an interest in real property
3 classified as residential property for property taxation
4 purposes shall also file with the county assessor within thirty
5 days of the date of filing with the county clerk an affidavit
6 signed and completed in accordance with the provisions of
7 Subsection B of this section.

8 B. The affidavit required for submission shall be
9 in a form approved by the department and signed by the
10 transferors or their authorized agents or the transferees or
11 their authorized agents of any interest in residential real
12 property transferred by deed or real estate contract. The
13 affidavit shall contain only the following information to be
14 used only for analytical and statistical purposes in the
15 application of appraisal methods:

16 (1) the complete names of all transferors and
17 transferees;

18 (2) the current mailing addresses of all
19 transferors and transferees;

20 (3) the legal description of the real property
21 interest transferred as it appears in the document of transfer;

22 (4) the full consideration, including money or
23 any other thing of value, paid or exchanged for the transfer
24 and the terms of the sale, including any amount of seller
25 incentives; and

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1 (5) the value and a description of personal
2 property that is included in the sale price.

3 C. Upon receipt of the affidavit required by
4 Subsection A of this section, the county assessor shall place
5 the date of receipt on the original affidavit and on a copy of
6 the affidavit. The county assessor shall retain the original
7 affidavit as a confidential record and as proof of compliance
8 and shall return the copy marked with the date of receipt to
9 the person presenting the affidavit. The assessor shall index
10 the affidavits in a manner that permits cross-referencing to
11 other records in the assessor's office pertaining to the
12 specific property described in the affidavit. The affidavit
13 and its contents are not part of the valuation record of the
14 assessor.

15 D. The affidavit required by Subsection A of this
16 section shall not be required for:

17 (1) a deed transferring nonresidential
18 property;

19 (2) a deed that results from the payment in
20 full or forfeiture by a transferee under a recorded real estate
21 contract or recorded memorandum of real estate contract;

22 (3) a lease of or easement on real property,
23 regardless of the length of term;

24 (4) a deed, patent or contract for sale or
25 transfer of real property in which an agency or representative

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1 of the United States or New Mexico or any political subdivision
2 of the state is the named grantor or grantee and authorized
3 transferor or transferee;

4 (5) a quitclaim deed to quiet title or clear
5 boundary disputes;

6 (6) a conveyance of real property executed
7 pursuant to court order;

8 (7) a deed to an unpatented mining claim;

9 (8) an instrument solely to provide or release
10 security for a debt or obligation;

11 (9) an instrument that confirms or corrects a
12 deed previously recorded;

13 (10) an instrument between husband and wife or
14 parent and child with only nominal actual consideration
15 therefor;

16 (11) an instrument arising out of a sale for
17 delinquent taxes or assessments;

18 (12) an instrument accomplishing a court-
19 ordered partition;

20 (13) an instrument arising out of a merger or
21 incorporation;

22 (14) an instrument by a subsidiary corporation
23 to its parent corporation for no consideration, nominal
24 consideration or in sole consideration of the cancellation or
25 surrender of the subsidiary's stock;

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1 (15) an instrument from a person to a trustee
2 or from a trustee to a trust beneficiary with only nominal
3 actual consideration therefor;

4 (16) an instrument to or from an intermediary
5 for the purpose of creating a joint tenancy estate or some
6 other form of ownership; [~~or~~]

7 (17) an instrument delivered to establish a
8 gift or a distribution from an estate of a decedent or trust;
9 or

10 (18) a deed transferring residential property
11 that is not improved with a dwelling or other structure.

12 E. The affidavit required by Subsection A of this
13 section shall not be construed to be a valuation record
14 pursuant to Section 7-38-19 NMSA 1978.

15 F. Prior to November 1, 2003, the department shall
16 print and distribute to each county assessor affidavit forms
17 for distribution to the public upon request.

18 G. For an exception provided pursuant to Subsection
19 D of this section, the valuation authority shall not request
20 the affidavit required by Subsection A of this section or
21 otherwise request sales data from a taxpayer, transferor,
22 transferor's authorized agent, transferee or transferee's
23 authorized agent in connection with the exception."

24 SECTION 4. Section 7-38-20 NMSA 1978 (being Laws 1973,
25 Chapter 258, Section 60, as amended) is amended to read:

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1 "7-38-20. COUNTY ASSESSOR AND DEPARTMENT TO MAIL NOTICES
2 OF VALUATION.--

3 A. By April 1 of each year, the county assessor
4 shall mail a notice to each property owner informing the
5 property owner of the net taxable value of the property owner's
6 property that has been valued for property taxation purposes by
7 the assessor and other related information as required by
8 Subsection D of this section.

9 B. By May 1 of each year, the department shall mail
10 a notice to each property owner informing the property owner of
11 the net taxable value of the property owner's property that
12 has been valued for property taxation purposes by the
13 department and other related information as required by
14 Subsection D of this section.

15 C. Failure to receive the notice required by this
16 section does not invalidate the value set on the property, any
17 property tax based on that value or any subsequent procedure or
18 proceeding instituted for the collection of the tax.

19 D. The notice required by this section shall state:

- 20 (1) the property owner's name and address;
- 21 (2) the description or identification of the
22 property valued;
- 23 (3) the classification of the property valued;
- 24 (4) the value set on the property for property
25 taxation purposes;

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1 (5) the tax ratio;
2 (6) the taxable value of the property for the
3 previous and current tax years;

4 (7) the tax rate from the previous tax year;

5 (8) the amount of tax from the previous tax
6 year;

7 (9) with respect to residential property,
8 instructions for calculating an estimated tax for the current
9 tax year, which shall be prominently displayed on the front of
10 the notice, and a disclaimer for such instructions similar to
11 the following:

12 "The calculation of property tax may be higher or lower
13 than the property tax that will actually be imposed.";

14 (10) the amount of any exemptions allowed and
15 a statement of the net taxable value of the property after
16 deducting the exemptions;

17 (11) the allocations of net taxable values to
18 the governmental units;

19 (12) briefly, the eligibility requirements and
20 application procedures and deadline for claiming eligibility
21 for a limitation on increases in the valuation for property
22 taxation purposes of a single-family dwelling owned and
23 occupied by a person sixty-five years of age or older; ~~[and]~~

24 (13) briefly, the procedures for protesting
25 the value determined for property taxation purposes,

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1 classification, allocation of values to governmental units or
2 denial of a claim for an exemption or for the limitation on
3 increases in valuation for property taxation purposes; and
4 (14) briefly, all data on the sales of
5 comparable property used by the valuation authority to
6 determine the value of property for property taxation purposes.

7 E. The county assessor may mail the valuation
8 notice required pursuant to Subsection A of this section to
9 taxpayers with the preceding tax year's property tax bills if
10 the net taxable value of the property has not changed since the
11 preceding taxable year. In this early mailing, the county
12 assessor shall provide clear notice to the taxpayer that the
13 valuation notice is for the succeeding tax year and that the
14 deadlines for protest of the value or classification of the
15 property apply to this mailing date."

16 SECTION 5. A new section of the Property Tax Code,
17 Section 7-38-50.1 NMSA 1978, is enacted to read:

18 "7-38-50.1. [NEW MATERIAL] DELINQUENT TAX PENALTIES AND
19 INTEREST--REQUIREMENT OF VALUATION NOTICE.--A penalty shall not
20 be imposed pursuant to Section 7-38-50 NMSA 1978 and interest
21 shall not accrue pursuant to Section 7-38-49 NMSA 1978 unless
22 the valuation authority has timely mailed to the property owner
23 of the property a valuation notice required pursuant to Section
24 7-38-20 NMSA 1978 for that property tax year and the valuation
25 authority possesses a written record of such timely mailing."

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SECTION 6. APPLICABILITY.--The provisions of this act
apply to property tax years beginning on or after January 1,
2026.