

Proposed

SENATE CONSERVATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 555

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

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
MAKING IMPROVEMENTS ON LAND OWNED BY THE NEW MEXICO RENEWABLE
ENERGY TRANSMISSION AUTHORITY EXEMPT FROM PROPERTY TAX FOR SO
LONG AS THE AUTHORITY HOLDS TITLE TO THE PROPERTY.

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

SECTION 1. Section 7-36-4 NMSA 1978 (being Laws 1976,
Chapter 61, Section 1, as amended) is amended to read:

"7-36-4. FRACTIONAL PROPERTY INTERESTS--DEFINITIONS--
TAXATION AND VALUATION OF FRACTIONAL INTERESTS.--

A. As used in this section:

(1) "fractional interest" means a tangible
interest in real property, except for mineral property as
defined in Section 7-36-22 NMSA 1978, that is less than the
total of the interests existing in the property, but

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1 "fractional interest" does not include those property interests
2 described in Sections 7-36-3, 7-36-3.1 and 7-36-3.2 NMSA 1978
3 nor does it include the lessee's interest under a lease when
4 the term of the lease is more than seventy-five years;

5 (2) "exempt entity" means any person whose
6 real property is exempt from taxation under the constitution of
7 New Mexico or the Enabling Act (36 Stat. 557, as amended) by
8 reason of ownership;

9 (3) "exempt property" means property that is
10 exempt from property taxation pursuant to Article 8, Section 3
11 of the constitution of New Mexico by reason of use;

12 (4) "improvements" includes surface and
13 subsurface structures, fixtures, transmission lines, pipelines
14 and other works, but "improvements" does not include:

15 (a) that property either included or
16 specifically excluded under the terms "property used in
17 connection with mineral property" under Section 7-36-23 NMSA
18 1978, "property used in connection with potash mineral
19 property" under Section 7-36-24 NMSA 1978 and "property used in
20 connection with uranium mineral property" under Section
21 7-36-25 NMSA 1978;

22 (b) a dwelling occupied by a low-income
23 resident in a housing project authorized under the provisions
24 of the Municipal Housing Law; and

25 (c) those property interests described

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1 in Sections 7-36-3, 7-36-3.1 and 7-36-3.2 NMSA 1978;

2 (5) "nonexempt entity" means any person that
 3 is not an exempt entity; and

4 (6) "nonexempt property" means property that
 5 is not exempt property.

6 B. Fractional interests of nonexempt entities in
 7 real property of exempt entities are exempt from property
 8 taxation under the Property Tax Code, but this exemption shall
 9 not apply to the following property:

10 (1) improvements of land of an exempt entity
 11 if the improvements are owned or leased by a nonexempt entity;
 12 these improvements are subject to valuation for property
 13 taxation purposes and to property taxation to be paid by the
 14 nonexempt entity; provided, however, that improvements,
 15 including leasehold interest in the improvements, are exempt if
 16 the improvements are:

17 (a) electric transmission and
 18 interconnected storage facilities and all related structures,
 19 properties and supporting infrastructure that have been
 20 acquired by the New Mexico renewable energy transmission
 21 authority and qualify as an eligible facility pursuant to the
 22 New Mexico Renewable Energy Transmission Authority Act; and

23 (b) leased by the New Mexico renewable
 24 energy transmission authority to a nonexempt entity to
 25 construct, operate or assist the authority in constructing or

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1 operating the eligible facility; and

2 (2) property interests of nonexempt entities
3 held under equitable title in the property of exempt entities.

4 C. When fractional interests are created in
5 property:

6 (1) fractional interests that are nonexempt
7 property shall be reported to the appropriate valuation
8 authority by the fractional interest owners for valuation for
9 property tax purposes if the owner is a nonexempt entity; and

10 (2) except for fractional interests owned by
11 the United States, an Indian nation, tribe or pueblo, the state
12 of New Mexico or a political subdivision of the state,
13 fractional interests that are owned by a nonexempt entity but
14 are claimed to be exempt property shall be reported by the
15 owner to the appropriate valuation authority for a
16 determination of exemption status and valuation if determined
17 to be nonexempt property.

18 D. Fractional interests that are nonexempt property
19 shall be valued by the applicable method of valuation pursuant
20 to the Property Tax Code, and if fractional interests that are
21 exempt property have been created, the value of the remaining
22 nonexempt fractional interests shall be determined in the
23 property tax year following the creation of the interests as
24 the value of the property in the property tax year immediately
25 prior to the year in which creation of the fractional interests

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1 occurred, increased or decreased by the value directly
2 attributable to the creation of the fractional interests that
3 are exempt property. For subsequent property tax years, the
4 nonexempt fractional interests shall be valued pursuant to the
5 applicable methods of valuation."

6 SECTION 2. APPLICABILITY.--The provisions of this act
7 apply to the 2026 and subsequent property tax years.