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SENATE BILL 391

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

John Arthur Smith

AN ACT

RELATING TO TAXATION; ESTABLISHING A METHOD OF LIMITING
INCREASES IN THE VALUE OF RESIDENTIAL PROPERTY FOR PROPERTY
TAXATION PURPOSES TO COMPLY WITH THE AMENDMENT OF ARTICLE 8,
SECTION 1 OF THE CONSTITUTION OF NEW MEXICO THAT WAS ADOPTED
BY THE VOTERS IN NOVEMBER 1998; AMENDING AND ENACTING
SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-36-16 NMSA 1978 (being Laws 1973,
Chapter 258, Section 18) is amended to read:

"7-36-16. RESPONSIBILITY OF COUNTY ASSESSORS TO
DETERMINE AND MAINTAIN CURRENT AND CORRECT VALUES OF
PROPERTY.--

A. County assessors shall determine values of
property for property taxation purposes in accordance with
the Property Tax Code and the regulations, orders, rulings

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1 and instructions of the department. They shall also
2 implement a program of updating property values in accordance
3 with the provisions of Section 7-36-21.2 NMSA 1978, so that
4 current and correct values of property are maintained and
5 shall have sole responsibility and authority at the county
6 level for property valuation maintenance, subject only to the
7 general supervisory powers of the director.

8 B. The director shall implement a program of
9 regular evaluation of county assessors' valuation activities
10 with particular emphasis on the maintenance of current and
11 correct values.

12 C. Upon request of the county assessor, the
13 director may contract with a board of county commissioners
14 for the department to assume all or part of the
15 responsibilities, functions and authority of a county
16 assessor to establish or operate a property valuation
17 maintenance program in the county. The contract shall be in
18 writing and shall include provisions for the sharing of the
19 program costs between the county and the department. The
20 contract must include specific descriptions of the objectives
21 to be reached and the tasks to be performed by the
22 contracting parties. The initial term of any contract
23 authorized under this subsection shall not extend beyond the
24 end of the fiscal year following the fiscal year in which it
25 is executed, but contracts may be renewed for additional one-
year periods for succeeding years.

D. The department of finance and administration

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1 shall not approve the operating budget of any county in which
2 there is not an adequate allocation of funds to the county
3 assessor for the purpose of fulfilling his responsibilities
4 for property valuation maintenance under this section. If
5 the department of finance and administration questions the
6 adequacy of any allocation of funds for this purpose, it
7 shall consult with the department, the board of county
8 commissioners and the county assessor in making its
9 determination of adequacy.

10 E. To aid the board of county commissioners in
11 determining whether a county assessor is operating an
12 efficient program of property valuation maintenance and in
13 determining the amount to be allocated to him for this
14 function, the county assessor ~~[must]~~ shall present with his
15 annual budget request a written report setting forth
16 improvements of property added to valuation records during
17 the year, additions of new property to valuation records
18 during the year, increases and decreases of valuation during
19 the year, the relationship of sales prices of property sold
20 to values of the property for property taxation purposes and
21 the current status of the overall property valuation
22 maintenance program in the county. The county assessor shall
23 send a copy of this report to the department."

24 Section 2. A new section of the Property Tax Code,
25 Section 7-36-21.2 NMSA 1978, is enacted to read:

"7-36-21.2. [NEW MATERIAL] LIMITATION ON INCREASES IN
VALUATION OF RESIDENTIAL PROPERTY FOR PROPERTY TAXATION

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1 PURPOSES--DETERMINATION OF ASSESSED VALUE FOR CERTAIN
2 PURPOSES.--

3 A. Residential property shall be valued at its
4 current and correct value in accordance with the provisions
5 of the Property Tax Code, provided that the value of a
6 residential property for property taxation purposes for the
7 2000 tax year shall be its baseline value. For the 2001 and
8 subsequent tax years, the baseline value shall be the current
9 and correct value of the property for property taxation
10 purposes or one hundred three percent of the baseline value
11 in the prior tax year, whichever is less.

12 B. For the 2001 and subsequent tax years, the
13 value of a residential property for property taxation
14 purposes for a tax year is the baseline value for that tax
15 year, as determined pursuant to Subsection A of this section,
16 plus the contributory market value of any physical
17 improvements made to the property during the immediately
18 preceding tax year and minus any decrease in value of the
19 property from the immediately preceding tax year determined
20 pursuant to Section 7-38-13 NMSA 1978.

21 C. The limitation on increases in baseline value
22 does not apply to a residential property in any tax year in
23 which the property ceases to be used as residential property
24 in the year immediately prior to the tax year or in which a
25 change of ownership occurred in the year immediately prior to
the tax year. In that tax year, the value of the property
shall be its current and correct value as determined pursuant

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1 to the provisions of the Property Tax Code.

2 D. The assessed value of a residential property is
3 the greater of its value for property taxation purposes or
4 its current and correct value. The assessed value of
5 residential property shall be the value used for determining
6 the limits on general obligation debt pursuant to Article 9,
7 Sections 8, 11 and 13 of the constitution of New Mexico and
8 for determining the classification of counties.

9 E. The county assessor shall maintain for each
10 residential property its assessed value and its value for
11 property taxation purposes. Each annual notice of valuation
12 for a residential property shall include the property's
13 assessed value, as well as its value for property taxation
14 purposes and the net taxable value.

15 F. Nothing in this section shall require an annual
16 increase in the property for property taxation purposes if
17 there has not been an actual increase in the fair market
18 value of the property.

19 G. As used in this section, "change of ownership"
20 means a transfer to a transferee by a transferor of all or
21 any part of the transferor's legal or equitable ownership
22 interest in residential property except for a transfer:

- 23 (1) that is a testamentary disposition;
24 (2) to a trustee for the beneficial use of
25 the transferor or the surviving spouse of a deceased
transferor;

- (3) to the spouse of the transferor that

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- 1 takes effect upon the death of the transferor;
- 2 (4) that creates, transfers or terminates,
- 3 solely between spouses, any co-owner's interest;
- 4 (5) to a child of the transferor;
- 5 (6) that confirms or corrects a previous
- 6 transfer made by a document that was recorded in the real
- 7 estate records of the county in which the real property is
- 8 located;
- 9 (7) for the purposes of quieting the title
- 10 to real property or resolving a disputed location of a real
- 11 property boundary;
- 12 (8) to a revocable trust by the transferor
- 13 with the transferor, the transferor's spouse or a child of
- 14 the transferor as beneficiary; or
- 15 (9) from a revocable trust described in
- 16 Paragraph (8) of this subsection back to the settlor or
- 17 trustor or to the beneficiaries of the trust."

18 Section 3. Section 7-38-20 NMSA 1978 (being Laws 1973,
19 Chapter 258, Section 60, as amended) is amended to read:

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

22 A. By April 1 of each year, the county assessor
23 shall mail a notice to each property owner informing him of
24 the net taxable value of his property that has been valued
25 for property taxation purposes by the assessor.

B. By May 1 of each year, the department shall
mail a notice to each property owner informing him of the net

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1 taxable value of his property that has been valued for
2 property taxation purposes by the department.

3 C. Failure to receive the notice required by this
4 section does not invalidate the value set on the property,
5 any property tax based on that value or any subsequent
6 procedure or proceeding instituted for the collection of the
7 tax.

8 D. The notice required by this section shall
9 state:

10 (1) the property owner's name and address;

11 (2) the description or identification of the
12 property valued;

13 (3) the classification of the property
14 valued;

15 (4) the assessed value of the property, if
16 the property is a residential property, as determined
17 pursuant to Subsection D of Section 7-36-21.2 NMSA 1978;

18 ~~(4)~~ (5) the value set on the property for
19 property taxation purposes;

20 ~~(5)~~ (6) the tax ratio;

21 ~~(6)~~ (7) the taxable value of the property;

22 ~~(7)~~ (8) the amount of any exemptions
23 allowed and a statement of the net taxable value of the
24 property after deducting the exemptions;

25 ~~(8)~~ (9) the allocations of net taxable
values to the governmental units; and

~~(9)~~ (10) briefly, the procedures for

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1 protesting the value determined for property taxation
2 purposes, classification, allocation of values to
3 governmental units or denial of a claim for an exemption.

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

13 Section 4. Section 7-38-35 NMSA 1978 (being Laws 1973,
14 Chapter 258, Section 75, as amended) is amended to read:

15 "7-38-35. PREPARATION OF PROPERTY TAX SCHEDULE BY
16 ASSESSOR.--

17 A. After receipt of the rate-setting order and the
18 order imposing the tax, but no later than October 1 of each
19 tax year, the county assessor shall prepare a property tax
20 schedule for all property subject to property taxation in the
21 county. This schedule shall be in a form and contain the
22 information required by regulations of the ~~[division]~~
23 department and shall contain at least the following
24 information:
25

- (1) the description of the property taxed
and, if the property is personal property, its location;
- (2) the property owner's name and address

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1 and the name and address of any person other than the owner
2 to whom the tax bill is to be sent;

3 (3) the classification of the property;

4 (4) the assessed value of the property, if
5 the property is a residential property, as determined in
6 Subsection D of Section 7-36-21.2 NMSA 1978;

7 ~~[(4)]~~ (5) the value of the property
8 determined for property taxation purposes;

9 ~~[(5)]~~ (6) the tax ratio;

10 ~~[(6)]~~ (7) the taxable value of the property;

11 ~~[(7)]~~ (8) the amount of any exemption
12 allowed and a statement of the net taxable value of the
13 property after deducting the exemption;

14 ~~[(8)]~~ (9) the allocations of net taxable
15 value to the governmental units;

16 ~~[(9)]~~ (10) the tax rate in dollars per
17 thousand of net taxable value for all taxes imposed on the
18 property;

19 ~~[(10)]~~ (11) the amount of taxes due on the
20 described property; and

21 ~~[(11)]~~ (12) the amount of any penalties and
22 interest already imposed and due on the described property.

23 B. The property tax schedule is a public record
24 and a part of the valuation records."
25

Section 5. Section 7-38-37 NMSA 1978 (being Laws 1973,
Chapter 258, Section 77, as amended) is amended to read:

"7-38-37. CONTENTS OF PROPERTY TAX BILL.--Each property

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1 tax bill shall be in a form and contain the information
2 required by regulations of the department and shall contain
3 at least the following:

4 A. all of the information required to be contained
5 in the property tax schedule presented uniformly and clearly
6 and fully disclosing the tax rate and the amount of tax due
7 for each taxing entity and tax purpose included in the bill;

8 B. the amount of property taxes due on each
9 installment, the due dates of the installments and the dates
10 on which taxes become delinquent;

11 C. a brief statement of the option available to
12 make prepayments of the property tax due pursuant to Section
13 7-38-38.2 NMSA 1978;

14 D. a brief statement of the procedure under
15 Section 7-38-39 NMSA 1978 for protesting values for property
16 taxation purposes, classification, allocation of values to
17 governmental units or a denial of a claim for an exemption;

18 E. a statement of the interest and penalties
19 imposed by law for delinquency in the payment of property
20 taxes and the remedies available against the taxpayer and the
21 property for nonpayment of the amount due;

22 F. a statement advising the property owner that
23 the property tax bill is the only notice he will receive for
24 payment of both installments of the tax if no separate notice
25 will be sent with respect to the second installment; and

G. the amount of any prepayment of the first
installment made pursuant to Section 7-38-38.2 NMSA 1978."

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1 Section 6. Section 4-44-1 NMSA 1978 (being Laws 1957,
2 Chapter 196, Section 1) is amended to read:

3 "4-44-1. CLASSIFICATION FOR SALARY PURPOSES.--

4 A. For the purpose of fixing salaries of county
5 officers, the several counties of the state, except "H" class
6 counties, are hereby classified as follows:

7 (1) those having a final, full assessed
8 valuation of over seventy-five million dollars (\$75,000,000)
9 and having a population of one hundred thousand persons or
10 more as determined by the last official United States census,
11 as class "A" counties;

12 (2) those having a final, full assessed
13 valuation in excess of seventy-five million dollars
14 (\$75,000,000) with a population less than one hundred
15 thousand persons as determined by the last official United
16 States census, as class "B" counties;

17 (3) those having a final, full assessed
18 valuation in excess of forty-five million dollars
19 (\$45,000,000) with a population less than one hundred
20 thousand persons as determined by the last official United
21 States census, as class "C" counties;

22 (4) those having a final, full assessed
23 valuation of over fourteen million dollars (\$14,000,000), as
24 counties of the first class;

25 (5) those having a final, full assessed
valuation of ~~[eight and one-fourth million dollars]~~ eight
million two hundred fifty thousand dollars (\$8,250,000) and

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1 under fourteen million dollars (\$14,000,000), as counties of
2 the second class;

3 (6) those having a final, full assessed
4 valuation of [~~six and one half million dollars~~] six million
5 five hundred thousand dollars (\$6,500,000) and under [~~eight~~
6 ~~and one fourth million dollars~~] eight million two hundred
7 fifty thousand dollars (\$8,250,000), as counties of the third
8 class;

9 (7) those having a final, full assessed
10 valuation of [~~four and three fourths million dollars~~] four
11 million seven hundred fifty thousand dollars (\$4,750,000) and
12 under [~~six and one half million dollars~~] six million five
13 hundred thousand dollars (\$6,500,000), as counties of the
14 fourth class; and

15 (8) those having a final, full assessed
16 valuation of less than [~~four and three fourths million~~
17 ~~dollars~~] four million seven hundred fifty thousand dollars
18 (\$4,750,000), as counties of the fifth class.

19 B. The assessed valuation for each year shall be
20 the [~~full valuation~~] assessed value as determined in
21 Subsection D of Section 7-36-21.2 NMSA 1978 as finally fixed
22 for [~~said~~] that year."

23 Section 7. APPLICABILITY.--The provisions Sections 1
24 through 6 of this act apply to the 2001 and subsequent
25 property tax years.

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