

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HOUSE BILL 166

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Mimi Stewart

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO PROPERTY TAXATION; REDUCING THE MAXIMUM RATES  
AUTHORIZED FOR COUNTY AND MUNICIPAL GENERAL OPERATING PURPOSES;  
INCREASING THE MAXIMUM RATES AUTHORIZED FOR SCHOOL DISTRICT  
GENERAL OPERATING PURPOSES.

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

Section 1. Section 7-37-7 NMSA 1978 (being Laws 1973,  
Chapter 258, Section 40, as amended) is amended to read:

"7-37-7. TAX RATES AUTHORIZED--LIMITATIONS.--

A. The tax rates specified in Subsection B of this  
section are the maximum rates that may be set by the department  
of finance and administration for the use of the stated  
governmental units for the purposes stated in that subsection.  
The tax rates set for residential property for county, school  
district or municipal general purposes or for the purposes

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1 authorized in Paragraph (2) of Subsection C of this section  
2 shall be the same as the tax rates set for nonresidential  
3 property for those governmental units for those purposes unless  
4 different rates are required because of limitations imposed by  
5 Section 7-37-7.1 NMSA 1978. The department of finance and  
6 administration may set a rate at less than the maximum in any  
7 tax year. In addition to the rates authorized in Subsection B  
8 of this section, the department of finance and administration  
9 shall also determine and set the necessary rates authorized in  
10 Subsection C of this section. The tax rates authorized in  
11 Paragraphs (1) and (3) of Subsection C of this section shall be  
12 set at the same rate for both residential and nonresidential  
13 property. Rates shall be set after the governmental units'  
14 budget-making and approval process is completed and shall be  
15 set in accordance with Section 7-38-33 NMSA 1978. Orders  
16 imposing the rates set for all units of government shall be  
17 made by the boards of county commissioners after rates are set  
18 and certified to the boards by the department of finance and  
19 administration. The department of finance and administration  
20 shall also certify the rates set for nonresidential property in  
21 governmental units to the department for use in collecting  
22 taxes imposed under the Oil and Gas Ad Valorem Production Tax  
23 Act, the Oil and Gas Production Equipment Ad Valorem Tax Act  
24 and the Copper Production Ad Valorem Tax Act.

25 B. The following tax rates for the indicated

. 142763. 1

underscored material = new  
[bracketed material] = deleted

1 purposes are authorized:

2 (1) for the use of each county for general  
3 purposes for the 1987 and subsequent property tax years, a rate  
4 of [~~eleven dollars eighty-five cents (\$11.85)~~] ten dollars  
5 eighty-five cents (\$10.85) for each one thousand dollars  
6 (\$1,000) of net taxable value of both residential and  
7 nonresidential property allocated to the county;

8 (2) for the use of each school district for  
9 general operating purposes, a rate of [~~fifty cents (\$.50)~~] two  
10 dollars fifty cents (\$2.50) for each one thousand dollars  
11 (\$1,000) of net taxable value of both residential and  
12 nonresidential property allocated to the school district; and

13 (3) for the use of each municipality for  
14 general purposes for the 1987 and subsequent property tax  
15 years, a rate of [~~seven dollars sixty-five cents \$7.65~~] six  
16 dollars sixty-five cents (\$6.65) for each one thousand dollars  
17 (\$1,000) of net taxable value of both residential and  
18 nonresidential property allocated to the municipality.

19 C. In addition to the rates authorized in  
20 Subsection B of this section, there are also authorized:

21 (1) those rates or impositions authorized  
22 under provisions of law outside of the Property Tax Code that  
23 are for the use of the governmental units indicated in those  
24 provisions and are for the stated purpose of paying principal  
25 and interest on a public general obligation debt incurred under

underscored material = new  
[bracketed material] = delete

1 those provisions of law;

2 (2) those rates or impositions authorized  
3 under provisions of law outside of the Property Tax Code that  
4 are for the use of the governmental units indicated in those  
5 provisions, are for the stated purposes authorized by those  
6 provisions and have been approved by the voters of the  
7 governmental unit in the manner required by law; and

8 (3) those rates or impositions necessary for  
9 the use of a governmental unit to pay a tort or workers'  
10 compensation judgment for which a county, municipality or  
11 school district is liable, subject to the limitations in  
12 Subsection B of Section 41-4-25 NMSA 1978, but no rate or  
13 imposition shall be authorized to pay any judgment other than  
14 one arising from a tort or workers' compensation claim.

15 D. The rates and impositions authorized under  
16 Subsection C of this section shall be on the net taxable value  
17 of both residential and nonresidential property allocated to  
18 the unit of government specified in the provisions of the other  
19 laws. "

20 Section 2. Section 22-8-25 NMSA 1978 (being Laws 1981,  
21 Chapter 176, Section 5, as amended) is amended to read:

22 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--  
23 DEFINITIONS-- DETERMINATION OF AMOUNT. --

24 A. The state equalization guarantee distribution is  
25 that amount of money distributed to each school district to

. 142763. 1

underscored material = new  
[bracketed material] = delete

1 ensure that the school district's operating revenue, including  
2 its local and federal revenues as defined in this section, is  
3 at least equal to the school district's program cost.

4 B. "Local revenue", as used in this section, means  
5 the sum of:

6 (1) seventy-five percent of receipts to the  
7 school district derived from that amount produced by a school  
8 district property tax applied at the rate of fifty cents (\$.50)  
9 or such lower rate as required by the application of Section  
10 7-37-7.1 NMSA 1978, to each one thousand dollars (\$1,000) of  
11 net taxable value of property allocated to the school district  
12 and to the assessed value of products severed and sold in the  
13 school district as determined under the Oil and Gas Ad Valorem  
14 Production Tax Act and upon the assessed value of equipment in  
15 the school district as determined under the Oil and Gas  
16 Production Equipment Ad Valorem Tax Act. The school district  
17 shall budget and expend twenty percent of the total revenue  
18 receipts for capital outlay; and

19 (2) one hundred percent of receipts to the  
20 school district derived from that amount produced by a school  
21 district property tax applied at the rate of two dollars  
22 (\$2.00), or such lower rate as required by the application of  
23 Section 7-37-7.1 NMSA 1978, to each one thousand dollars  
24 (\$1,000) of net taxable value of property allocated to the  
25 school district and to the assessed value of products severed

. 142763. 1

underscored material = new  
[bracketed material] = delete

1 and sold in the school district as determined under the Oil and  
2 Gas Ad Valorem Production Tax Act and upon the assessed value  
3 of equipment in the school district as determined under the Oil  
4 and Gas Production Equipment Ad Valorem Tax Act.

5 C. "Federal revenue", as used in this section,  
6 means receipts to the school district, excluding amounts that,  
7 if taken into account in the computation of the state  
8 equalization guarantee distribution, result, under federal law  
9 or regulations, in a reduction in or elimination of federal  
10 school funding otherwise receivable by the school district,  
11 derived from the following:

12 (1) seventy-five percent of the school  
13 district's share of forest reserve funds distributed in  
14 accordance with Section 22-8-33 NMSA 1978. The school district  
15 shall budget and expend twenty percent of the total forest  
16 reserve receipts for capital outlay; and

17 (2) seventy-five percent of grants from the  
18 federal government as assistance to those areas affected by  
19 federal activity authorized in accordance with Title 20 of the  
20 United States Code, commonly known as "PL 874 funds" or "impact  
21 aid". The school district shall budget and expend twenty  
22 percent of the grant receipts for capital outlay.

23 D. To determine the amount of the state  
24 equalization guarantee distribution, the state superintendent  
25 shall:

underscored material = new  
[bracketed material] = delete

1 (1) calculate the number of program units to  
2 which each school district is entitled using an average of the  
3 MEM on the fortieth, eightieth and one hundred twentieth days  
4 of the prior year; or

5 (2) calculate the number of program units to  
6 which a school district operating under an approved year-round  
7 school calendar is entitled using an average of the MEM on  
8 appropriate dates established by the state board; or

9 (3) calculate the number of program units to  
10 which a school district with a MEM of two hundred or less is  
11 entitled by using an average of the MEM on the fortieth,  
12 eightieth and one hundred twentieth days of the prior year or  
13 the fortieth day of the current year, whichever is greater; and

14 (4) using the results of the calculations in  
15 Paragraph (1), (2) or (3) of this subsection and the  
16 instructional staff training and experience index from the  
17 October report of the prior school year, establish a total  
18 program cost of the school district;

19 (5) calculate the local and federal revenues  
20 as defined in this section;

21 (6) deduct the sum of the calculations made in  
22 Paragraph (5) of this subsection from the program cost  
23 established in Paragraph (4) of this subsection; and

24 (7) deduct the total amount of guaranteed  
25 energy savings contract payments that the state superintendent

underscored material = new  
[bracketed material] = deleted

1 determines will be made to the school district from the public  
2 school utility conservation fund during the fiscal year for  
3 which the state equalization guarantee distribution is being  
4 computed.

5 E. The amount of the state equalization guarantee  
6 distribution to which a school district is entitled is the  
7 balance remaining after the deductions made in Paragraphs (6)  
8 and (7) of Subsection D of this section.

9 F. The state equalization guarantee distribution  
10 shall be distributed prior to June 30 of each fiscal year. The  
11 calculation shall be based on the local and federal revenues  
12 specified in this section received from June 1 of the previous  
13 fiscal year through May 31 of the fiscal year for which the  
14 state equalization guarantee distribution is being computed.  
15 In the event that a school district has received more state  
16 equalization guarantee funds than its entitlement, a refund  
17 shall be made by the school district to the state general  
18 fund. "

19 Section 3. TEMPORARY PROVISION--2004 PROPERTY TAX YEAR. --  
20 For the purposes of calculating property tax rate limitations  
21 pursuant to Section 7-37-7.1 NMSA 1978 for the 2004 property  
22 tax year, the revenue due from the imposition on residential or  
23 nonresidential property for the prior tax year shall be  
24 calculated as if the same tax rates set pursuant to Subsection  
25 B of Section 7-37-7 NMSA 1978 for the 2004 property tax year



1 were in effect during that prior year.

2 Section 4. APPLICABILITY.--The new tax rates authorized  
3 in Section 1 of this act are applicable to property tax years  
4 beginning on or after January 1, 2004.

5 Section 5. EFFECTIVE DATE.--The effective date of the  
6 provisions of Section 2 of this act is January 1, 2004.