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SENATE BILL 448

**48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008**

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO PROPERTY TAXATION; REQUIRING VALUATION OF  
RESIDENTIAL PROPERTY AT ITS CURRENT AND CORRECT VALUE BY 2009;  
REESTABLISHING A THREE PERCENT LIMIT TO VALUATION INCREASES TO  
BEGIN IN 2010; PROVIDING THAT TRANSFERRED RESIDENTIAL PROPERTY  
NOT BE REVALUED UPON SALE.

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

Section 1. Section 7-36-21.2 NMSA 1978 (being Laws 2000,  
Chapter 10, Section 2, as amended) is amended to read:

"7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF  
RESIDENTIAL PROPERTY.--

A. Residential property shall be valued at its  
current and correct value in accordance with the provisions of  
the Property Tax Code; provided that for the ~~[2001]~~ 2010 and  
subsequent tax years, the value of a property in any tax year

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1 shall not exceed the higher of one hundred three percent of the  
2 value in the tax year prior to the tax year in which the  
3 property is being valued or one hundred six and one-tenth  
4 percent of the value in the tax year two years prior to the tax  
5 year in which the property is being valued. This limitation on  
6 increases in value does not apply to:

7 (1) a residential property in the first tax  
8 year that it is valued for property taxation purposes;

9 (2) any physical improvements made to the  
10 property during the year immediately prior to the tax year or  
11 omitted in a prior tax year; or

12 (3) valuation of a residential property in any  
13 tax year in which

14 [~~(a) a change of ownership of the~~  
15 ~~property occurred in the year immediately prior to the tax year~~  
16 ~~for which the value of the property for property taxation~~  
17 ~~purposes is being determined; or~~

18 ~~(b)]~~ the use or zoning of the property  
19 has changed in the year prior to the tax year.

20 B. Beginning in tax year 2010, if a change of  
21 ownership of residential property occurred in the year  
22 immediately prior to the tax year for which the value of the  
23 property for property taxation purposes is being determined,  
24 the value of the property shall [~~be its current and correct~~  
25 ~~value as determined pursuant to the general valuation~~

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1 ~~provisions of the Property Tax Code]~~ not exceed the higher of  
2 one hundred three percent of the value in the tax year prior to  
3 the tax year in which the property is being valued or one  
4 hundred six and one-tenth percent of the value in the tax year  
5 two years prior to the tax year in which the property is being  
6 valued.

7 C. To assure that the values of residential  
8 property for property taxation purposes are at current and  
9 correct values in all counties prior to application of the  
10 limitation in Subsection A of this section, the department  
11 shall determine for the [2000] 2009 tax year the sales ratio  
12 pursuant to Section 7-36-18 NMSA 1978 or, if a sales ratio  
13 cannot be determined pursuant to that section, conduct a sales-  
14 ratio analysis using both independent appraisals by the  
15 department and sales. If the sales ratio for a county for the  
16 [2000] 2009 tax year is less than [~~eighty-five~~] ninety-two, as  
17 measured by the median ratio of value for property taxation  
18 purposes to sales price or independent appraisal by the  
19 department, the county shall [~~not be subject to~~] be prohibited  
20 from applying the limitations of Subsection A of this section  
21 and the department shall conduct a reassessment of residential  
22 property in the county so that by the [2003] 2010 tax year, the  
23 sales ratio is at least [~~eighty-five~~] ninety-two. After [~~such~~]  
24 the reassessment, the limitation on increases in valuation in  
25 this section shall apply in those counties in the earlier of

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1 the ~~[2004]~~ 2011 tax year or the first tax year following the  
2 tax year that the county has a sales ratio of ~~[eighty-five]~~  
3 ninety-two or higher, as measured by the median ratio of value  
4 for property taxation purposes to sales value or independent  
5 appraisal by the department. Thereafter, the limitation on  
6 increases in valuation of residential property for property  
7 taxation purposes in this section shall apply to subsequent tax  
8 years in all counties.

9 D. An assessor shall determine the valuation of  
10 residential property annually for taxation purposes.

11 ~~[D-]~~ E. The provisions of this section do not apply  
12 to residential property for any tax year in which the property  
13 is subject to the valuation limitation in Section 7-36-21.3  
14 NMSA 1978.

15 ~~[E-]~~ F. As used in this section, "change of  
16 ownership" means a transfer to a transferee by a transferor of  
17 all or any part of the transferor's legal or equitable  
18 ownership interest in residential property except for a  
19 transfer:

20 (1) to a trustee for the beneficial use of the  
21 spouse of the transferor or the surviving spouse of a deceased  
22 transferor;

23 (2) to the spouse of the transferor that takes  
24 effect upon the death of the transferor;

25 (3) that creates, transfers or terminates,

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1 solely between spouses, any co-owner's interest;

2 (4) to a child of the transferor, who occupies  
3 the property as [~~his~~] that person's principal residence at the  
4 time of transfer; provided that the first subsequent tax year  
5 in which that person does not qualify for the head of household  
6 exemption on that property, a change of ownership shall be  
7 deemed to have occurred;

8 (5) that confirms or corrects a previous  
9 transfer made by a document that was recorded in the real  
10 estate records of the county in which the real property is  
11 located;

12 (6) for the purpose of quieting the title to  
13 real property or resolving a disputed location of a real  
14 property boundary;

15 (7) to a revocable trust by the transferor  
16 with the transferor, the transferor's spouse or a child of the  
17 transferor as beneficiary; or

18 (8) from a revocable trust described in  
19 Paragraph (7) of this subsection back to the settlor or trustor  
20 or to the beneficiaries of the trust.

21 G. For the property tax year 2009:

22 (1) all residential property shall be valued  
23 at its current and correct value, except as set forth in this  
24 subsection;

25 (2) a three percent property tax limitation

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1 shall not be imposed on residential property; and  
2 (3) residential property subject to the  
3 valuation limitation in Section 7-36-21.3 NMSA 1978 shall  
4 continue to be valued pursuant to provisions of that section  
5 and shall not be subject to the provisions of this subsection."

6 Section 2. APPLICABILITY.--The provisions of this act  
7 apply to the 2009 and subsequent property tax years, unless  
8 otherwise stated.

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