

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

SENATE BILL 181

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO PROPERTY TAXATION; AMENDING THE PROPERTY TAX CODE
TO ELIMINATE THE PROVISION REQUIRING REVALUATION OF RESIDENTIAL
PROPERTY UPON CHANGE IN OWNERSHIP.

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 and
subsequent tax years, the value of a property in any tax year
shall not exceed the higher of one hundred three percent of the
value in the tax year prior to the tax year in which the

.174472.2

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

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

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

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

10 (3) valuation of a residential property in any
11 tax year in which

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

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

18 [~~B. If a change of ownership of residential~~
19 ~~property occurred in the year immediately prior to the tax year~~
20 ~~for which the value of the property for property taxation~~
21 ~~purposes is being determined, the value of the property shall~~
22 ~~be its current and correct value as determined pursuant to the~~
23 ~~general valuation provisions of the Property Tax Code.~~

24 ~~G.] B.~~ To assure that the values of residential
25 property for property taxation purposes are at current and

.174472.2

underscoring material = new
[bracketed material] = delete

1 correct values in all counties prior to application of the
2 limitation in Subsection A of this section, the department
3 shall determine for the 2000 tax year the sales ratio pursuant
4 to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be
5 determined pursuant to that section, conduct a sales-ratio
6 analysis using both independent appraisals by the department
7 and sales. If the sales ratio for a county for the 2000 tax
8 year is less than eighty-five, as measured by the median ratio
9 of value for property taxation purposes to sales price or
10 independent appraisal by the department, the county shall not
11 be subject to the limitations of Subsection A of this section
12 and shall conduct a reassessment of residential property in the
13 county so that by the 2003 tax year, the sales ratio is at
14 least eighty-five. After such reassessment, the limitation on
15 increases in valuation in this section shall apply in those
16 counties in the earlier of the 2004 tax year or the first tax
17 year following the tax year that the county has a sales ratio
18 of eighty-five or higher, as measured by the median ratio of
19 value for property taxation purposes to sales value or
20 independent appraisal by the department. Thereafter, the
21 limitation on increases in valuation of residential property
22 for property taxation purposes in this section shall apply to
23 subsequent tax years in all counties.

24 ~~[D.]~~ C. The provisions of this section do not apply
25 to residential property for any tax year in which the property

.174472.2

underscored material = new
[bracketed material] = delete

1 is subject to the valuation limitation in Section 7-36-21.3
2 NMSA 1978.

3 ~~[E. As used in this section, "change of ownership"~~
4 ~~means a transfer to a transferee by a transferor of all or any~~
5 ~~part of the transferor's legal or equitable ownership interest~~
6 ~~in residential property except for a transfer:~~

7 ~~(1) to a trustee for the beneficial use of the~~
8 ~~spouse of the transferor or the surviving spouse of a deceased~~
9 ~~transferor;~~

10 ~~(2) to the spouse of the transferor that takes~~
11 ~~effect upon the death of the transferor;~~

12 ~~(3) that creates, transfers or terminates,~~
13 ~~solely between spouses, any co-owner's interest;~~

14 ~~(4) to a child of the transferor, who occupies~~
15 ~~the property as his principal residence at the time of~~
16 ~~transfer; provided that the first subsequent tax year in which~~
17 ~~that person does not qualify for the head of household~~
18 ~~exemption on that property, a change of ownership shall be~~
19 ~~deemed to have occurred;~~

20 ~~(5) that confirms or corrects a previous~~
21 ~~transfer made by a document that was recorded in the real~~
22 ~~estate records of the county in which the real property is~~
23 ~~located;~~

24 ~~(6) for the purpose of quieting the title to~~
25 ~~real property or resolving a disputed location of a real~~

.174472.2

underscoring material = new
[bracketed material] = delete

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

~~property boundary;~~
~~(7) to a revocable trust by the transferor~~
~~with the transferor, the transferor's spouse or a child of the~~
~~transferor as beneficiary; or~~
~~(8) from a revocable trust described in~~
~~Paragraph (7) of this subsection back to the settlor or trustor~~
~~or to the beneficiaries of the trust.]"~~

Section 2. APPLICABILITY.--The provisions of this act
apply to the 2009 and subsequent property tax years.