

SENATE FLOOR SUBSTITUTE FOR
SENATE BILL 181

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

AN ACT

RELATING TO PROPERTY TAXATION; AMENDING THE PROPERTY TAX TO
ELIMINATE THE PROVISION REQUIRING REVALUATION OF RESIDENTIAL
PROPERTY UPON CHANGE IN OWNERSHIP; ESTABLISHING VALUES FOR
PROPERTY THAT WAS SUBJECT TO CHANGE IN OWNERSHIP IN PRIOR
YEARS; ESTABLISHING VALUES FOR NEW RESIDENTIAL CONSTRUCTION;
REQUIRING COUNTIES TO PROVIDE CERTAIN PROPERTY TAX INFORMATION
ON WEB SITES.

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
.178529.3

underscoring material = new
[bracketed material] = delete

1 the Property Tax Code; provided that for the 2001 and
2 subsequent tax years, the value of a property in any tax year
3 shall not exceed the higher of one hundred three percent of the
4 value in the tax year prior to the tax year in which the
5 property is being valued or one hundred six and one-tenth
6 percent of the value in the tax year two years prior to the tax
7 year in which the property is being valued. This limitation on
8 increases in value does not apply to:

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

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

14 (3) valuation of a residential property in any
15 tax year in which

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

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

22 ~~[B. If a change of ownership of residential~~
23 ~~property occurred in the year immediately prior to the tax year~~
24 ~~for which the value of the property for property taxation~~
25 ~~purposes is being determined, the value of the property shall~~

.178529.3

1 ~~be its current and correct value as determined pursuant to the~~
2 ~~general valuation provisions of the Property Tax Code.]~~

3 B. For the 2010 property tax year, the value of
4 property for which one or more changes of ownership occurred
5 between 2001 and 2009 shall be the value of the property for
6 the tax year prior to the tax year in which the first change of
7 ownership occurred, increased for each tax year from the year
8 the first change of ownership occurred until 2010 by the lesser
9 of three percent or the annual percentage increase in value of
10 existing property in the county as determined by the assessor
11 and the property tax division. For the 2011 and subsequent tax
12 years, the limitation on increases in value imposed in
13 Subsection A of this section shall apply to property subject to
14 the provisions of this subsection.

15 C. For the 2010 property tax year, the value of
16 property that was first valued for property tax purposes as
17 residential property between 2001 and 2009 shall be the value
18 of the property for the 2009 tax year divided by the value of
19 the improvements to the property for the 2009 tax year
20 multiplied by the value of the improvements to the property
21 calculated at the January 1, 2001 replacement cost, increased
22 for each tax year since 2001 by the lesser of three percent or
23 the annual percentage increase in value of existing property in
24 the county as determined by the assessor and the property tax
25 division. For the 2011 and subsequent tax years, the

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1 limitation on increases in value imposed in Subsection A of
2 this section shall apply to property subject to the provisions
3 of this subsection.

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

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1 limitation on increases in valuation of residential property
2 for property taxation purposes in this section shall apply to
3 subsequent tax years in all counties.

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

8 ~~[E.]~~ F. As used in this section, "change of
9 ownership" means a transfer to a transferee by a transferor of
10 all or any part of the transferor's legal or equitable
11 ownership interest in residential property except for a
12 transfer:

13 (1) to a trustee for the beneficial use of the
14 spouse of the transferor or the surviving spouse of a deceased
15 transferor;

16 (2) to the spouse of the transferor that takes
17 effect upon the death of the transferor;

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

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

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1 (5) that confirms or corrects a previous
2 transfer made by a document that was recorded in the real
3 estate records of the county in which the real property is
4 located;

5 (6) for the purpose of quieting the title to
6 real property or resolving a disputed location of a real
7 property boundary;

8 (7) to a revocable trust by the transferor
9 with the transferor, the transferor's spouse or a child of the
10 transferor as beneficiary; or

11 (8) from a revocable trust described in
12 Paragraph (7) of this subsection back to the settlor or trustor
13 or to the beneficiaries of the trust."

14 Section 2. A new section of the Property Tax Code is
15 enacted to read:

16 "[NEW MATERIAL] SPECIAL METHOD OF VALUATION--NEW
17 RESIDENTIAL CONSTRUCTION.--The value of newly constructed
18 residential property in the first year of valuation shall be
19 the market value of the property multiplied by the average
20 ratio determined by the assessor and the property tax division
21 of assessed value to sales value of recently sold comparable
22 existing properties in the county in which the property is
23 located."

24 Section 3. Section 7-38-35 NMSA 1978 (being Laws 1973,
25 Chapter 258, Section 75, as amended) is amended to read:

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1 "7-38-35. PREPARATION OF PROPERTY TAX SCHEDULE BY
2 ASSESSOR--REQUIREMENT FOR ELECTRONIC PROPERTY TAX SCHEDULE AND
3 PROPERTY TAX CALCULATOR--

4 A. After receipt of the rate-setting order and the
5 order imposing the tax, but no later than October 1 of each tax
6 year, the county assessor shall prepare a property tax schedule
7 for all property subject to property taxation in the county.
8 This schedule shall be in a form that shall be made available
9 electronically. [~~and~~] The schedule shall contain the
10 information required by regulations of the department and shall
11 contain at least the following information:

12 (1) the description of the property taxed and,
13 if the property is personal property, its location;

14 (2) the property owner's name and address and
15 the name and address of any person other than the owner to whom
16 the tax bill is to be sent;

17 (3) the classification of the property;

18 (4) the value of the property determined for
19 property taxation purposes;

20 (5) the tax ratio;

21 (6) the taxable value of the property;

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

25 (8) the allocations of net taxable value to

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1 the governmental units;

2 (9) the tax rate in dollars per thousand of
3 net taxable value for all taxes imposed on the property;

4 (10) the amount of taxes due on the described
5 property; and

6 (11) the amount of any penalties and interest
7 already imposed and due on the described property.

8 B. The property tax schedule is a public record and
9 a part of the valuation records.

10 C. In addition to the electronic version of the
11 property tax schedule required pursuant to Subsection A of this
12 section, every county shall make available electronically a
13 property tax calculator that allows a user to stipulate a
14 property value for a specific property and calculate the
15 potential property tax liability for that property, using the
16 current mill rate set by state and local governments for that
17 property. The property tax calculator shall be available on a
18 public web site maintained by the county."

19 Section 4. APPLICABILITY.--The provisions of this act
20 apply to the 2010 and subsequent property tax years.