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HOUSE BILL 113

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

BEN LUJAN

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO PROPERTY TAXATION; IMPOSING A LIMITATION ON THE INCREASE IN VALUATION OF RESIDENTIAL PROPERTY FOR PROPERTY TAXATION PURPOSES UNDER CERTAIN CIRCUMSTANCES; PROVIDING A METHOD FOR ADJUSTING CERTAIN PROPERTY TAX RATES.

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

Section 1. A new section of the Property Tax Code, Section 7-36-21.2 NMSA 1978, is enacted to read:

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

A. As used in this section:

(1) "change of ownership" means a transfer to a transferee by a transferor of all or any part of the transferor's legal or equitable ownership interest in residential property except for a transfer:

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1 (a) to a trustee for the beneficial use
2 of the spouse of the transferor or the surviving spouse of a
3 deceased transferor;

4 (b) to the spouse of the transferor that
5 takes effect upon the death of the transferor;

6 (c) that creates, transfers or
7 terminates, solely between spouses, any co-owner's interest;

8 (d) to a child of the transferor;

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

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

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

18 (h) from a revocable trust back to the
19 settlor or trustor or to the beneficiaries of the trust; and

20 (2) "percent change I" means a percent not to
21 exceed five percent that is derived by dividing the annual
22 implicit price deflator index for state and local government
23 purchases of goods and services, as published in the United
24 States department of commerce monthly publication entitled
25 "Survey of Current Business" or any successor publication, for

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1 the calendar year next preceding the prior calendar year into
2 the difference between the prior year's comparable annual index
3 and that next preceding year's annual index.

4 B. The limitation on valuation increases for
5 residential property in this section applies to any county in
6 which there is in effect for the tax year an ordinance enacted
7 by the board of county commissioners directing that the
8 limitation of this section be applied to residential property in
9 the county.

10 C. The limitation on increases in valuation
11 established for residential property pursuant to this section
12 shall not apply to a specific residential property for:

13 (1) the tax year immediately following the year
14 in which a change of ownership of that property occurs; or

15 (2) either of the first two tax years in which
16 the limitation of this section is applied to that property if
17 the value of the property is increased in that year by the
18 county assessor to achieve compliance with the requirements of
19 Section 7-36-16 NMSA 1978.

20 D. Except as provided in Subsection F of this
21 section, the value of residential property for property taxation
22 purposes is the lesser of:

23 (1) the value of the property for property
24 taxation purposes as determined pursuant to the general
25 valuation provisions applicable to residential property in the

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1 Property Tax Code; or

2 (2) the value determined by adding to the value
3 of the property for property taxation purposes used in the
4 immediately preceding tax year:

5 (a) an amount equal to the value of the
6 property for property taxation purposes in the immediately
7 preceding tax year multiplied by percent change I, if that
8 change is an increase; and

9 (b) the value of any physical
10 improvements made to the property during the immediately
11 preceding tax year.

12 E. The county assessor shall enter on the valuation
13 records the valuations determined in accordance with Paragraphs
14 (1) and (2) of Subsection D of this section.

15 F. The valuation of residential property for the
16 purpose of servicing bonded indebtedness of the state or of any
17 local body whose taxing jurisdiction includes property in two or
18 more counties, if at least one of the counties has in effect for
19 the tax year an ordinance authorized by Subsection B of this
20 section, shall be the valuation determined in accordance with
21 Paragraph (1) of Subsection D of this section. "

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

24 "[NEW MATERIAL] ADJUSTMENT IN DETERMINING TAX RATES FOR
25 GENERAL OBLIGATION INDEBTEDNESS. --

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A. The adjustment described in this section shall be applied in determining the tax rate necessary to service bonded indebtedness of the state or of any local body whose taxing jurisdiction includes property in two or more counties, if at least one of the counties has in effect for the tax year an ordinance authorized by Section 7-36-21.2 NMSA 1978.

B. The department of finance and administration shall determine the rate necessary to service the general obligation bonded indebtedness for the jurisdiction by disregarding the rate limitation provided for in Section 7-36-21.2 NMSA 1978 and by using the valuations for property taxation purposes as determined pursuant to the general valuation provisions applicable to residential property in the Property Tax Code. "

Section 3. APPLICABILITY. --The provisions of this act apply to the 1998 and subsequent property tax years.

State of New Mexico House of Representatives

FORTY- SECOND LEGISLATURE

SECOND SESSION, 1996

January 31, 1996

Mr. Speaker:

**Your TAXATION AND REVENUE COMMITTEE, to whom has
been referred**

HOUSE BILL 113

**has had it under consideration and reports same with
recommendation that it DO PASS.**

Respectfully submitted,

Jerry W. Sandel, Chairman

FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

HTRC/HB 72

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Adopted _____ Not Adopted _____

(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 10 For 3 Against

Yes: 10
No: Crook, Hawkins, Parsons
Excused: None
Absent: None

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SECOND SESSION, 1996

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

February 12, 1996

Mr. President:

Your WAYS AND MEANS COMMITTEE, to whom has been referred

HOUSE BILL 113

has had it under consideration and reports same with recommendation that it DO PASS, and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

TITO D. CHAVEZ, Chairman

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SECOND SESSION, 1996

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 6 For 1 Against
Yes: 6
No: Rawson
Excused: Jennings
Absent: None

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FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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5 FORTY-SECOND LEGISLATURE
6 SECOND SESSION, 1996

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February 13, 1996

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10 Mr. President:

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12 Your FINANCE COMMITTEE, to whom has been referred

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14 HOUSE BILL 113

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15 has had it under consideration and reports same with

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16 recommendation that it DO PASS.

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18 Respectfully submitted,

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22 _____
23 Ben D. Altamirano, Chairman

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25 Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

FORTY-SECOND LEGISLATURE
SECOND SESSION, 1996

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Date _____

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The roll call vote was 7 For 0 Against

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Yes: 7

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No: 0

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Excused: Aragon, Doni sthorpe, Ingle, Jennings T., Macias, Nava

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Absent: None

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