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HOUSE BILL 605

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

INTRODUCED BY

PATSY G. TRUJILLO

AN ACT

RELATING TO PROPERTY TAXATION; AUTHORIZING COUNTIES TO PROVIDE A
PROPERTY TAX CREDIT FOR LOW-INCOME TAXPAYERS; PROVIDING A
PENALTY; AMENDING AND ENACTING SECTIONS OF THE PROPERTY TAX
CODE.

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

Section 1. A new section of the Property Tax Code is
enacted to read:

"[NEW MATERIAL] PROPERTY TAX CREDIT--LOW-INCOME
TAXPAYERS. --

A. A board of county commissioners may adopt an
ordinance providing a credit against the property tax due for
low-income taxpayers in accordance with the provisions of this
section. The tax credit may be referred to as the "local
property tax credit" and may be imposed for any number of

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1 property tax years.

2 B. The tax credit may be claimed and allowed only
3 against the property tax due on residential property that is the
4 principal place of residence of a claimant whose household
5 modified gross income does not exceed fifty thousand dollars
6 (\$50,000). Only one tax credit may be claimed for each eligible
7 residential property.

8 C. The credit that may be provided shall be an
9 amount equal to the amount of the taxpayer's property tax due
10 for the year that exceeds the amount shown as the taxpayer's
11 property tax limit in the following table or any similar table
12 adopted by the board:

<u>Modified Gross Income (MGI)</u>	<u>Property Tax Limit</u>
14 Not over \$10,000	1 percent of MGI
15 Over \$10,000, but not over \$20,000	\$100 plus 2 percent of 16 excess MGI over \$10,000
17 Over \$20,000, but not over \$30,000	\$300 plus 3 percent of 18 excess MGI over \$20,000
19 Over \$30,000, but not over \$40,000	\$600 plus 4 percent of 20 excess MGI over \$30,000
21 Over \$40,000, but not over \$50,000	\$1,000 plus 5 percent of 22 excess MGI over \$40,000

23 If the board provides a tax credit based on a different table,
24 the board shall assure that the property tax limit is a
25 graduated percentage of at least several modified gross income

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1 categories. The board also may cap the amount of the tax credit
2 that may be allowed a taxpayer.

3 D. Upon adoption of an ordinance providing a local
4 property tax credit, the board shall create a "local property
5 tax credit fund" that is a separate fund in the county treasury
6 pledged solely for the payment of the property tax revenue
7 reduction resulting from the application of the local property
8 tax credit. Revenue produced by the increase in the county
9 operating rate due to application of the tax rebate adjustment
10 to the county operating rate pursuant to Section 7-37-7.1 NMSA
11 1978 shall be deposited in the fund. Balances in the fund at
12 the end of any fiscal year shall remain in the fund and shall be
13 used only to replace the property tax revenue reduction
14 resulting from application of the local property tax credit in
15 succeeding tax years.

16 E. To claim the local property tax credit, the
17 taxpayer shall file with the county assessor by June 1 of the
18 applicable tax year an application form that includes such
19 taxpayer, household income and other information as the board,
20 in consultation with the department, determines necessary for
21 provision and administration of the credit. Forms and
22 application instructions shall be enclosed in the property
23 valuation notices mailed to taxpayers pursuant to Section
24 7-38-20 NMSA 1978 and shall also be available in appropriate
25 county offices.

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1 F. Upon receipt of applications claiming the local
2 property tax credit, the assessor shall estimate the amount of
3 the local property tax credit to be allowed for the tax year.
4 In certifying the estimated amount of the property tax credit to
5 be allowed for the property tax year for purposes of the tax
6 rebate adjustment pursuant to Section 7-37-7.1 NMSA 1978, the
7 county assessor for the first tax year in which the credit is
8 allowed may certify an amount up to one hundred twenty-five
9 percent of the estimated amount for cash flow purposes.

10 G. To assure the distribution of the full amount of
11 revenue from property tax due to the appropriate governmental
12 units, the county treasurer shall transfer from the local
13 property tax credit fund such amounts as are necessary to make
14 the distributions, but the total of all transfers for any tax
15 shall not exceed the total property tax revenue reduction
16 resulting from application of the local property tax credit in
17 that tax year. Other available county revenues may be used, if
18 necessary, for cash flow purposes to assure full distribution of
19 property tax revenues to all governmental units at any time
20 during a tax year that there is an insufficient amount in the
21 local property tax credit fund.

22 H. It is unlawful for the county assessor or any
23 employee of the county assessor or any former employee of the
24 county assessor to reveal any information contained in a
25 taxpayer's local property tax credit application form to any

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1 individual other than the assessor, another employee of the
2 assessor or an employee of the department authorized by the
3 county assessor and the director to obtain the information for
4 purposes of audit or enforcement. Any individual who reveals to
5 another individual any information which he is prohibited from
6 lawfully revealing pursuant to this subsection is guilty of a
7 misdemeanor and upon conviction shall be punished by a fine of
8 not more than one thousand dollars (\$1,000) or by imprisonment
9 for a definite period not to exceed three hundred sixty-four
10 days, or both, and shall not be employed by the county for a
11 period of five years after the date of the conviction.

12 I. As used in this section:

13 (1) "board" means the board of county
14 commissioners of a county, including an H class county; and

15 (2) "modified gross income" means "modified
16 gross income", as that term is defined in the Income Tax Act,
17 plus all income from those same sources for any other resident
18 owner of the principal place of residence of the taxpayer
19 claiming a local property tax credit. "

20 Section 2. Section 7-37-7.1 NMSA 1978 (being Laws 1979,
21 Chapter 268, Section 1, as amended) is amended to read:

22 "7-37-7.1. ADDITIONAL LIMITATIONS ON PROPERTY TAX RATES. --

23 A. Except as provided in Subsections D and E of this
24 section, in setting the general property tax rates for
25 residential and nonresidential property authorized in Subsection

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1 B of Section 7-37-7 NMSA 1978, the other rates and impositions
2 authorized in Paragraphs (2) and (3) of Subsection C of Section
3 7-37-7 NMSA 1978, except the portion of the rate authorized in
4 Paragraph (1) of Subsection A of Section 4-48B-12 NMSA 1978 used
5 to meet the requirements of Section 27-10-4 NMSA 1978, and
6 benefit assessments authorized by law to be levied upon net
7 taxable value of property, assessed value or a similar term,
8 neither the department of finance and administration nor any
9 other entity authorized to set or impose a rate or assessment
10 shall set a rate or impose a tax or assessment that will produce
11 revenue from either residential or nonresidential property in a
12 particular governmental unit in excess of the sum of a dollar
13 amount derived by multiplying the appropriate growth control
14 factor by the revenue due from the imposition on residential or
15 nonresidential property, as appropriate, for the prior property
16 tax year in the governmental unit of the rate, imposition or
17 assessment for the specified purpose plus, for the calculation
18 for the rate authorized for county operating purposes by
19 Subsection B of Section 7-37-7 NMSA 1978 with respect to
20 residential property, any applicable tax rebate adjustment. The
21 calculation described in this subsection shall be separately
22 made for residential and nonresidential property. Except as
23 provided in Subsections D and E of this section, no tax rate or
24 benefit assessment that will produce revenue from either class
25 of property in a particular governmental unit in excess of the

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1 dollar amount allowed by the calculation shall be set or
2 imposed. The rates imposed pursuant to Sections 7-32-4 and
3 7-34-4 NMSA 1978 shall be the rates for nonresidential property
4 that would have been imposed but for the limitations in this
5 section. As used in this section, "growth control factor" is a
6 percentage equal to the sum of "percent change I" plus V where:

7 (1)
$$V = \frac{(\text{base year value} + \text{net new value})}{\text{base year value}}$$

8

9 expressed as a percentage, but if the percentage calculated is
10 less than one hundred percent, then V shall be set and used as
11 one hundred percent;

12 (2) "base year value" means the value for
13 property taxation purposes of all residential or nonresidential
14 property, as appropriate, subject to valuation under the
15 Property Tax Code in the governmental unit for the specified
16 purpose in the prior property tax year;

17 (3) "net new value" means the additional value
18 of residential or nonresidential property, as appropriate, for
19 property taxation purposes placed on the property tax schedule
20 in the current year resulting from the elements in Subparagraphs
21 (a) through (d) of this paragraph reduced by the value of
22 residential or nonresidential property, as appropriate, removed
23 from the property tax schedule in the current year and, if
24 applicable, the reductions described in Subparagraph (e) of this
25 paragraph:

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1 (a) residential or nonresidential
2 property, as appropriate, valued in the current year that was
3 not valued at all in the prior year;

4 (b) improvements to existing residential
5 or nonresidential property, as appropriate;

6 (c) additions to residential or
7 nonresidential property, as appropriate, or values that were
8 omitted from previous years' property tax schedules even if part
9 or all of the property was included on the schedule, but no
10 additions of values attributable to valuation maintenance
11 programs or reappraisal programs shall be included;

12 (d) additions to nonresidential property
13 due to increases in annual net production values of mineral
14 property valued in accordance with Section 7-36-23 or 7-36-25
15 NMSA 1978 or due to increases in market value of mineral
16 property valued in accordance with Section 7-36-24 NMSA 1978;
17 and

18 (e) reductions to nonresidential property
19 due to decreases in annual net production values of mineral
20 property valued in accordance with Section 7-36-23 or 7-36-25
21 NMSA 1978 or due to decreases in market value of mineral
22 property valued in accordance with Section 7-36-24 NMSA 1978;
23 and

24 (4) "percent change I" means a percent not in
25 excess of five percent that is derived by dividing the annual

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1 implicit price deflator index for state and local government
2 purchases of goods and services, as published in the United
3 States department of commerce monthly publication entitled
4 "survey of current business" or any successor publication, for
5 the calendar year next preceding the prior calendar year into
6 the difference between the prior year's comparable annual index
7 and that next preceding year's annual index if that difference
8 is an increase, and if the difference is a decrease, the
9 "percent change I" is zero. In the event that the annual
10 implicit price deflator index for state and local government
11 purchases of goods and services is no longer prepared or
12 published by the United States department of commerce, the
13 department shall adopt by regulation the use of any comparable
14 index prepared by any agency of the United States.

15 B. If, as a result of the application of the
16 limitation imposed under Subsection A of this section, a
17 property tax rate for residential or nonresidential property, as
18 appropriate, authorized in Subsection B of Section 7-37-7 NMSA
19 1978 is reduced below the maximum rate authorized in that
20 subsection, no governmental unit or entity authorized to impose
21 a tax rate under Paragraph (2) of Subsection C of Section 7-37-7
22 NMSA 1978 shall impose any portion of the rate representing the
23 difference between a maximum rate authorized under Subsection B
24 of Section 7-37-7 NMSA 1978 and the reduced rate resulting from
25 the application of the limitation imposed under Subsection A of

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1 this section.

2 C. If the net new values necessary to make the
3 computation required under Subsection A of this section are not
4 available for any governmental unit at the time the calculation
5 must be made, the department of finance and administration shall
6 use a zero amount for net new values when making the computation
7 for the governmental unit.

8 D. Any part of the maximum tax rate authorized for
9 each governmental unit for residential and nonresidential
10 property by Subsection B of Section 7-37-7 NMSA 1978 that is not
11 imposed for a governmental unit for any property tax year for
12 reasons other than the limitation required under Subsection A of
13 this section may be authorized by the department of finance and
14 administration to be imposed for that governmental unit for
15 residential and nonresidential property for the following tax
16 year subject to the restriction of Subsection D of Section
17 7-38-33 NMSA 1978.

18 E. If the base year value necessary to make the
19 computation required under Subsection A of this section is not
20 available for any governmental unit at the time the calculation
21 must be made, the department of finance and administration shall
22 set a rate for residential and nonresidential property that will
23 produce in that governmental unit a dollar amount that is not in
24 excess of the property tax revenue due for all property for the
25 prior property tax year for the specified purpose of that rate

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1 in that governmental unit.

2 F. For the purposes of this section:

3 (1) "nonresidential property" does not include
4 any property upon which taxes are imposed pursuant to the Oil
5 and Gas Ad Valorem Production Tax Act, the Oil and Gas
6 Production Equipment Ad Valorem Tax Act or the Copper Production
7 Ad Valorem Tax Act; and

8 (2) "tax rebate adjustment" means, for those
9 counties that have an ordinance in effect providing either the
10 local property tax credit pursuant to Section 1 of this 1996 act
11 or the property tax rebate pursuant to the Income Tax Act for
12 the property tax year and that, in the case of the property tax
13 rebate, have not imposed for the property tax year [either] a
14 property tax, the revenue from which is pledged for payment of
15 the income tax revenue reduction resulting from the provision of
16 the property tax rebate, [or a property transfer tax] the
17 estimated amount of the property tax rebate or local property
18 tax credit to be allowed with respect to the property tax year,
19 and for any other governmental unit or purpose, zero; provided
20 that any estimate of property tax rebate or local property tax
21 credit to be allowed is subject to review for appropriateness
22 and approval by the department of finance and administration. "

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

25 "7-38-35. PREPARATION OF PROPERTY TAX SCHEDULE BY

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1 ASSESSOR. --

2 A. After receipt of the rate-setting order and the
3 order imposing the tax, but no later than October 1 of each tax
4 year, the county assessor shall prepare a property tax schedule
5 for all property subject to property taxation in the county.

6 This schedule shall be in a form and contain the information
7 required by regulations of the [~~division~~] department and shall
8 contain at least the following information:

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

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

14 (3) the classification of the property;

15 (4) the value of the property determined for
16 property taxation purposes;

17 (5) the tax ratio;

18 (6) the taxable value of the property;

19 (7) the amount of any exemption allowed and a
20 statement of the net taxable value of the property after
21 deducting the exemption;

22 (8) the allocations of net taxable value to the
23 governmental units;

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

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1 (10) the amount of taxes due on the described
2 property; [~~and~~]

3 (11) the amount of any penalties and interest
4 already imposed and due on the described property; and

5 (12) the amount of the local property tax
6 credit, if any, allowed by the board of county commissioners to
7 be applied against the taxes due on the described property.

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

10 Section 4. APPLICABILITY. --The provisions of this act
11 apply to the 1997 and subsequent property tax years.