

HOUSE BILL 103

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; ALLOWING A LIMITATION ON INCREASES IN  
VALUATION OF RESIDENTIAL PROPERTY IF THE ZONING OF THE PROPERTY  
HAS CHANGED.

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

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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, except for  
8 solar energy system installations, made to the property during  
9 the year immediately prior to the tax year or omitted in a  
10 prior tax year; or

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

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

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

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

25 C. To assure that the values of residential

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

25 D. The provisions of this section do not apply to

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1 residential property for any tax year in which the property is  
2 subject to the valuation limitation in Section 7-36-21.3 NMSA  
3 1978.

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

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

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

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

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

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

25 (6) for the purpose of quieting the title to

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1 real property or resolving a disputed location of a real  
2 property boundary;

3 (7) to a revocable trust by the transferor  
4 with the transferor, the transferor's spouse or a child of the  
5 transferor as beneficiary; or

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

9 F. As used in this section, "solar energy system  
10 installation" means an installation that is used to provide  
11 space heat, hot water or electricity to the property in which  
12 it is installed and is:

13 (1) an installation that uses solar panels  
14 that are not also windows;

15 (2) a dark-colored water tank exposed to  
16 sunlight; or

17 (3) a non-vented trombe wall."

18 SECTION 2. APPLICABILITY.--The provisions of this act  
19 apply to property tax years beginning on or after January 1,  
20 2026.