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AN ACT

RELATING TO PROPERTY TAXATION; EXPANDING THE DEFINITION OF
"AGRICULTURAL USE" FOR PROPERTY VALUATION PURPOSES TO INCLUDE
THE RESTING OF LAND UNDER CERTAIN CONDITIONS.

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

SECTION 1. Section 7-36-20 NMSA 1978 (being Laws 1973,
Chapter 258, Section 21, as amended) is amended to read:

"7-36-20. SPECIAL METHOD OF VALUATION--LAND USED
PRIMARILY FOR AGRICULTURAL PURPOSES.--

A. The value of land used primarily for
agricultural purposes shall be determined on the basis of the
land's capacity to produce agricultural products. Evidence
of bona fide primary agricultural use of land for the tax
year preceding the year for which determination is made of
eligibility for the land to be valued under this section
creates a presumption that the land is used primarily for
agricultural purposes during the tax year in which the
determination is made. If the land was valued under this
section in one or more of the three tax years preceding the
year in which the determination is made and the use of the
land has not changed since the most recent valuation under
this section, a presumption is created that the land
continues to be entitled to that valuation.

B. For the purpose of this section:

1 (1) "agricultural products" means plants,
2 crops, trees, forest products, orchard crops, livestock,
3 poultry, captive deer or elk, or fish; and

4 (2) "agricultural use" means the:

5 (a) use of land for the production of
6 agricultural products;

7 (b) use of land that meets the
8 requirements for payment or other compensation pursuant to a
9 soil conservation program under an agreement with an agency
10 of the federal government;

11 (c) resting of land to maintain its
12 capacity to produce agricultural products; or

13 (d) resting of land as the direct
14 result of at least moderate drought conditions as designated
15 by the United States department of agriculture, if the
16 drought conditions occurred in the county within which the
17 land is located for at least eight consecutive weeks during
18 the previous tax year; provided that the land was used in the
19 tax year immediately preceding the previous tax year
20 primarily for a purpose identified pursuant to this
21 paragraph.

22 C. The department shall adopt rules for
23 determining whether land is used primarily for agricultural
24 purposes. The rules shall provide that the use of land for
25 the lawful taking of game shall not be considered in

1 determining whether land is used primarily for agricultural
2 purposes.

3 D. The department shall adopt rules for
4 determining the value of land used primarily for agricultural
5 purposes. The rules shall:

6 (1) specify procedures to use in determining
7 the capacity of land to produce agricultural products and the
8 derivation of value of the land based upon its production
9 capacity;

10 (2) establish carrying capacity as the
11 measurement of the production capacity of land used for
12 grazing purposes, develop a system of determining carrying
13 capacity through the use of an animal unit concept and
14 establish carrying capacities for the land in the state
15 classified as grazing land;

16 (3) provide that land the bona fide and
17 primary use of which is the production of captive deer or elk
18 shall be valued as grazing land and that captive deer shall
19 be valued and taxed as sheep and captive elk shall be valued
20 and taxed as cattle;

21 (4) provide for the consideration of
22 determinations of any other governmental agency concerning
23 the capacity of the same or similar lands to produce
24 agricultural products;

25 (5) assure that land determined under the

1 rules to have the same or similar production capacity shall
2 be valued uniformly throughout the state; and

3 (6) provide for the periodic review by the
4 department of determined production capacities and
5 capitalization rates used for determining annually the value
6 of land used primarily for agricultural purposes.

7 E. All improvements, other than those specified in
8 Section 7-36-15 NMSA 1978, on land used primarily for
9 agricultural purposes shall be valued separately for property
10 taxation purposes, and the value of these improvements shall
11 be added to the value of the land determined under this
12 section.

13 F. The owner of the land shall make application to
14 the county assessor in a tax year in which the valuation
15 method of this section is first claimed to be applicable to
16 the land or in a tax year immediately subsequent to a tax
17 year in which the land was not valued under this section.
18 Application shall be made under oath, shall be in a form and
19 contain the information required by department rules and
20 shall be made no later than thirty days after the date of
21 mailing by the assessor of the notice of valuation. Once
22 land is valued under this section, application need not be
23 made in subsequent tax years as long as there is no change in
24 the use of the land.

25 G. The owner of land valued under this section

1 shall report to the county assessor whenever the use of the
2 land changes so that it is no longer being used primarily for
3 agricultural purposes. This report shall be made on a form
4 prescribed by department rules and shall be made by the last
5 day of February of the tax year immediately following the
6 year in which the change in the use of the land occurs.

7 H. Any person who is required to make a report
8 under the provisions of Subsection G of this section and who
9 fails to do so is personally liable for a civil penalty in an
10 amount equal to the greater of twenty-five dollars (\$25.00) or
11 twenty-five percent of the difference between the property
12 taxes ultimately determined to be due and the property taxes
13 originally paid for the tax years for which the person failed
14 to make the required report."

15 SECTION 2. APPLICABILITY.--The provisions of this act
16 apply to the 2016 and subsequent property tax years. _____

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