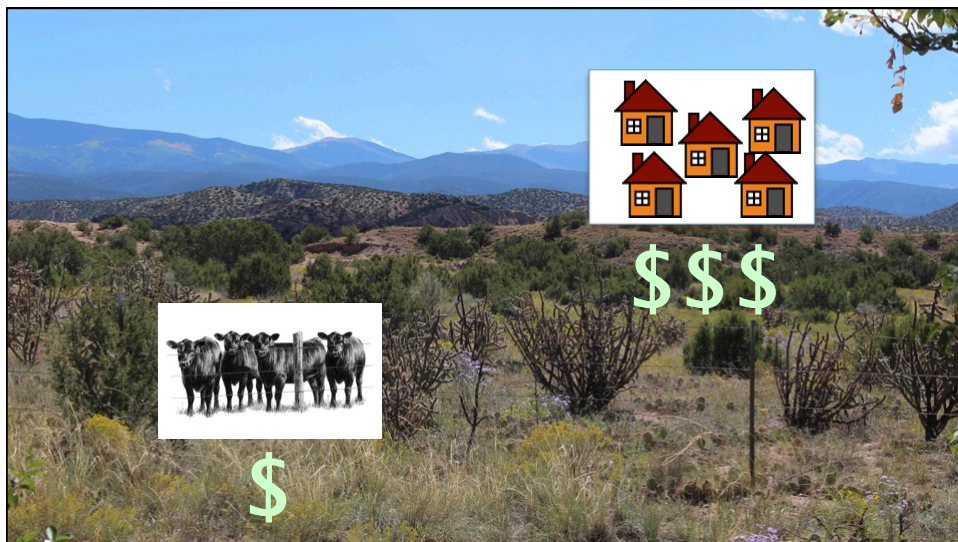


NEW MEXICO RURAL HERITAGE INITIATIVE



Current property tax options for NM landowners

1. Pay low tax as a farm or ranch, or
2. Pay high tax based on the land's development potential

http://www.taosnews.com/news/staying-on-the-land/article_097aedc2-7447-11e6-914c-e789b69cef45.html

Staying on the land

J.R. Logan Sep 6, 2016



Losing ag status hits old Taos families

By J.R. Logan | Posted: Sunday, January 26, 2014 12:15 am

For decades, Ted Mondragón grazed cattle on 10 acres of lush, river-side pasture in Los Córdovas. His herd of about 30 cows was enough to keep the land productive, feed the family and carry on a long tradition of raising livestock.

Mondragón, now 85, still irrigates the property when there's water in the acequia, though he has a hard time getting around thanks to two bum knees. His sons help out, but no one in the family has the time or interest in continuing ranching even as a hobby, which is often a break-even venture at best.

Mondragón was able to hang onto his herd in part because of a big discount he got on his property taxes for using the land to do agriculture. But next year those taxes are set to skyrocket from \$37 a year to more than \$2,600. The increase comes after the county determined the land is no longer being used for grazing.

Mondragón says the tax hike could force him to sell the land, and there are plenty of elderly Taos County residents who are in the same boat. The situation adds to the threats facing a generation of one-time subsistence farmers who are being boxed in by development and rising land costs.

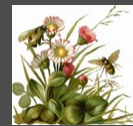
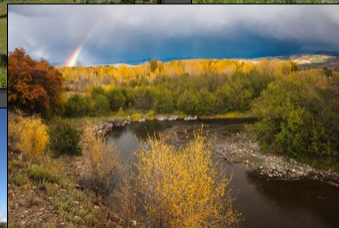
Under state law, properties being used for "bona fide" agricultural use are entitled to a substantial tax discount. According to the assessor, more than 6,000 properties enjoy exemptions for farming or grazing.

Taos County Assessor Darlene Vigil says state officials have repeatedly asked her office to update its ag classifications, which she admits were out-of-date. Acting on concerns that some owners were getting the discount without doing agriculture, the assessor hired a team last spring to review properties to see if they were actually being used productively.

by taxes because their agricultural li
ture generations of farmers.

Reasons land may not be in agricultural production:

- Lack of water
- Age and ability
- Land not suitable
- Not profitable
- Job and family demands
- Soil and water conservation needs



Yet these lands provide open space, wildlife habitat, scenic corridors and gateways, recreational opportunities, water supplies and future agricultural opportunities.

When 'fixing the forest' hits a tax snag near Peñasco

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Posted: Saturday, June 10, 2017 11:30 pm | Updated: 12:20 am, Sun Jun 11, 2017.

By Cody Hooks | The Taos News



Ferrence Quintana, of Peñasco, works on a crew to thin a private stretch of overstocked ponderosa pine forest. Katharine Egli/Taos News



TAOS — Up a steep and gnarly dirt road on the outskirts of Peñasco, five men were chainsawing chunks of ponderosa pines into tidy piles of firewood. Hart Alex, a 71-year-old landowner who settled in Rodarte in 1987, has spent the last five years cleaning his few dozen acres of forest in earnest — hiring locals to cut down and chop up trees on the land that was once part of the Santa Barbara Land Grant. Over the last century, the forest there grew dense and dry.

“The trees are still growing. They just aren’t getting used,” he said. “And that turns the forest into a time bomb just waiting to go off.” So he thins the forest and sells the wood to locals who use it to heat their homes in the winter. Last year, 640 truckloads’ worth of firewood

came off his land. Some of that money helped pay for this year’s round of thinning.

Community land use plans and state directives call for keeping these lands intact and well managed.

Yet there is no support in New Mexico property tax law for doing so.



Proposed

A third option to enable landowners to conserve and restore undeveloped land

WHY IT MATTERS



#1: WE ARE LOSING OUR MOST IMPORTANT LANDS

The biggest threat to the future of agriculture is development



New Mexico has limited water and productive land.

Unfortunately, much of our best land is rapidly being developed.

When this happens our land, water security and agricultural future are lost for good.

The right tax policy can help keep this land intact.

Aerial photo of New Mexico landscape

WHY IT MATTERS

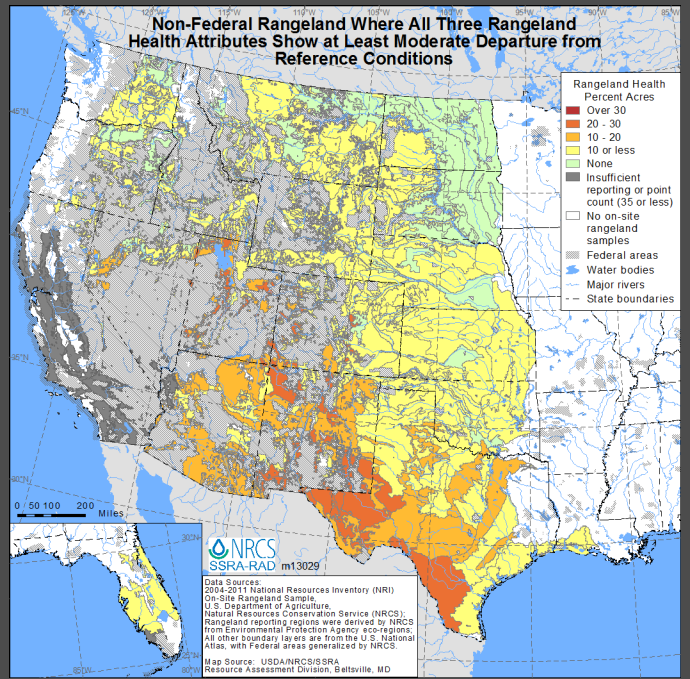


#2: WE NEED TO RESTORE NEW MEXICO'S
LAND HEALTH



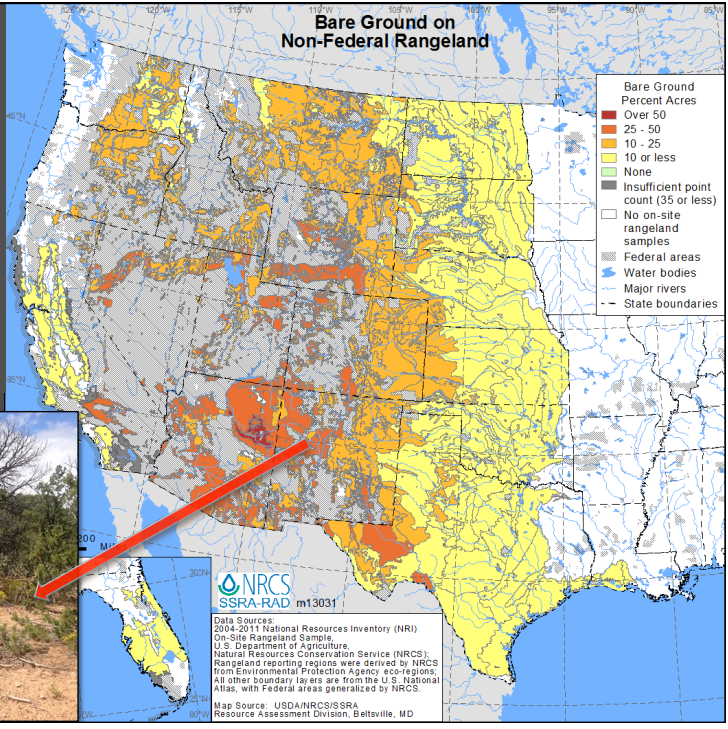
Many lands in New Mexico need restoration.

New Mexico 's
rangeland
condition
ranks among
the worst in
the nation
relative to
reference
conditions.



New Mexico has
a high
percentage of
bare ground.

Bare ground
cannot support
livestock and
can result in
significant loss
of topsoil to
erosion.





When bare soil becomes airborne, it can be carried onto mountain snow packs where it creates a dark layer of dust, accelerating run-off and evaporation. This decreases critical water supplies for New Mexico.

Private Forests

New Mexico's water future is dependent on the management of our forested watersheds.

Many of New Mexico's forests are at high risk for wildfire.

The cost of treatment for landowners averages \$300-\$500 per acre.



When ‘fixing the forest’ hits a tax snag near Peñasco

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Terrence Quintana, of Peñasco, works on a crew to thin a private stretch of overstocked ponderosa pine forest. Katharine Egli/Taos News



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Does it make sense to tax forests at development rates?

Watershed health management is not recognized or supported by NM property tax law

When forested land is developed, new homes in the wildland-urban interface increase the risks and costs of wildfire—a much higher cost to taxpayers.

Partnering with landowners to conserve and restore forests provides important public benefits:

- Reduced wildfire risk
- Wildlife habitat
- Secure water supplies
- Scenery and recreation



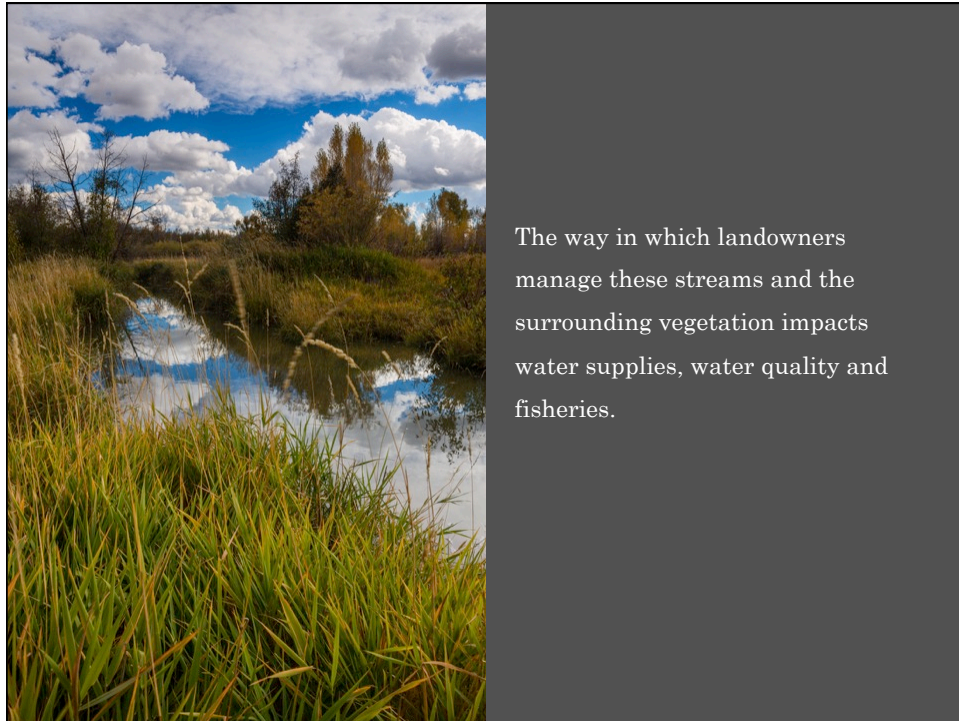
WHY IT MATTERS



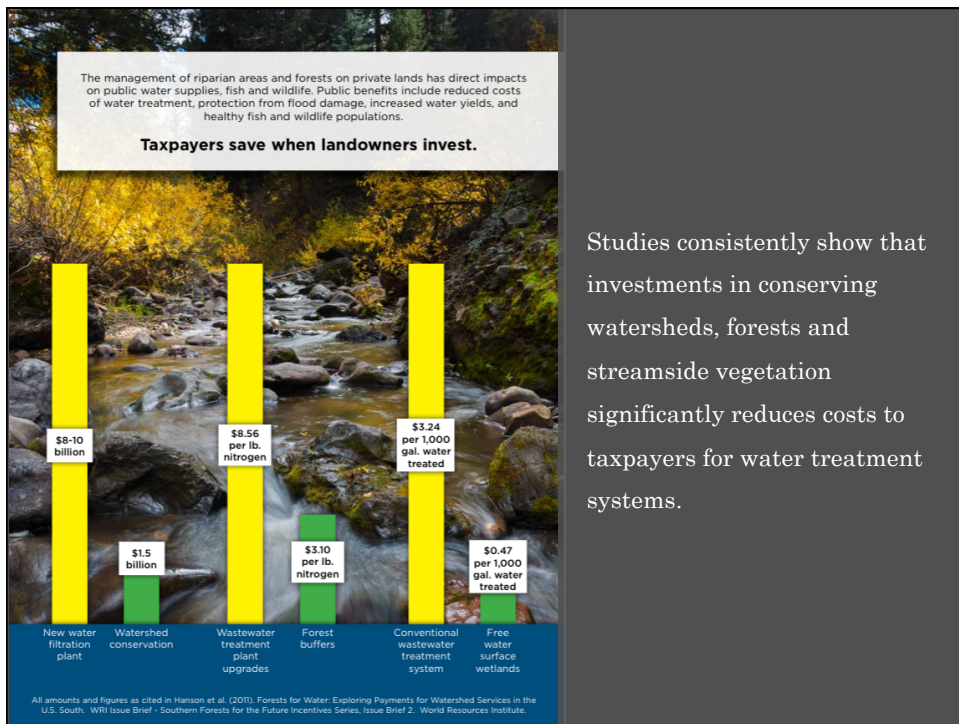
#3: NEW MEXICO'S FUTURE DEPENDS ON HOW WE MANAGE OUR WATER



40% of New Mexico's streams are located on private land.



The way in which landowners manage these streams and the surrounding vegetation impacts water supplies, water quality and fisheries.



Studies consistently show that investments in conserving watersheds, forests and streamside vegetation significantly reduces costs to taxpayers for water treatment systems.

WHY THIS MATTERS

- 1 The sun's rays are reflected and absorbed by the tree canopy.
- 2 Trees provide shade to help moderate air and water temperature.
- 3 Stream water is cooler, providing better habitat for fish, amphibians and invertebrates.
- 4 Plant and tree roots hold soil in place, helping prevent erosion and runoff.
- 5 Woody debris and other substrates provide habitat for fish and invertebrates.

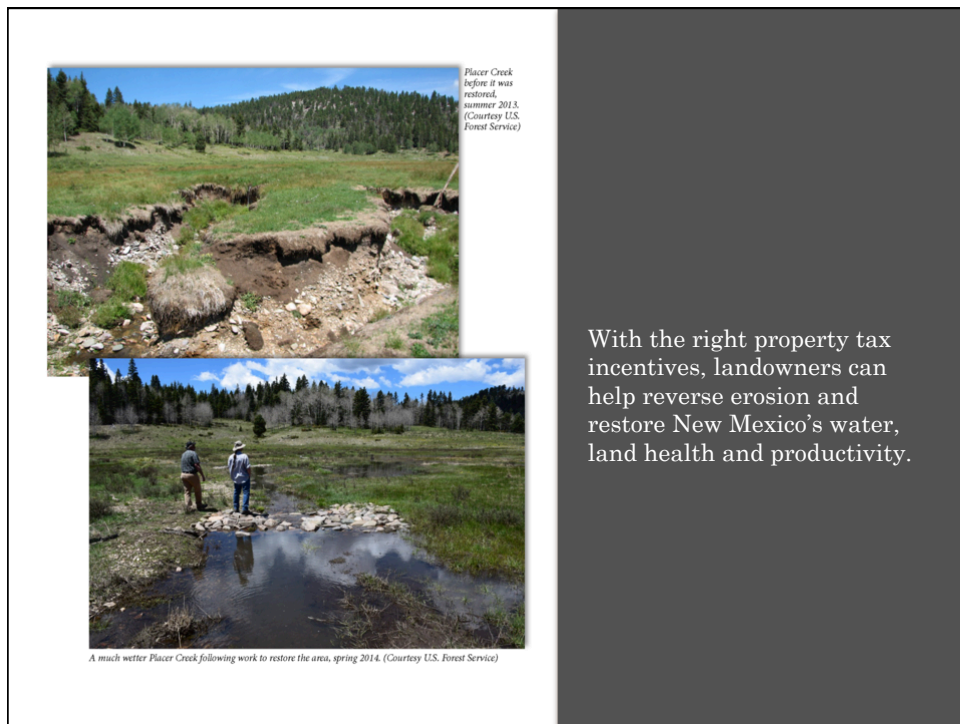
- A The sun's rays are not reflected and cause stream water to heat up and evaporate.
- B Invasive plants and lack of trees provide no shade and stream temperature is not moderated.
- C Stream water is warmer and less moderated, preventing fish, amphibians and invertebrates from thriving.
- D Exposed stream banks cause erosion and cut banks.
- E Increased erosion causes suspended solids in the stream channel, reducing habitat for important invertebrates.

Property tax incentives are a cost-effective way to partner with landowners to maintain healthy stream systems and wetlands.

Erosion is a major concern for New Mexico. Gullies are often created by culverts, roads and human or livestock trails. As the gully deepens, the water table drops.

The water table drops as a gully deepens.

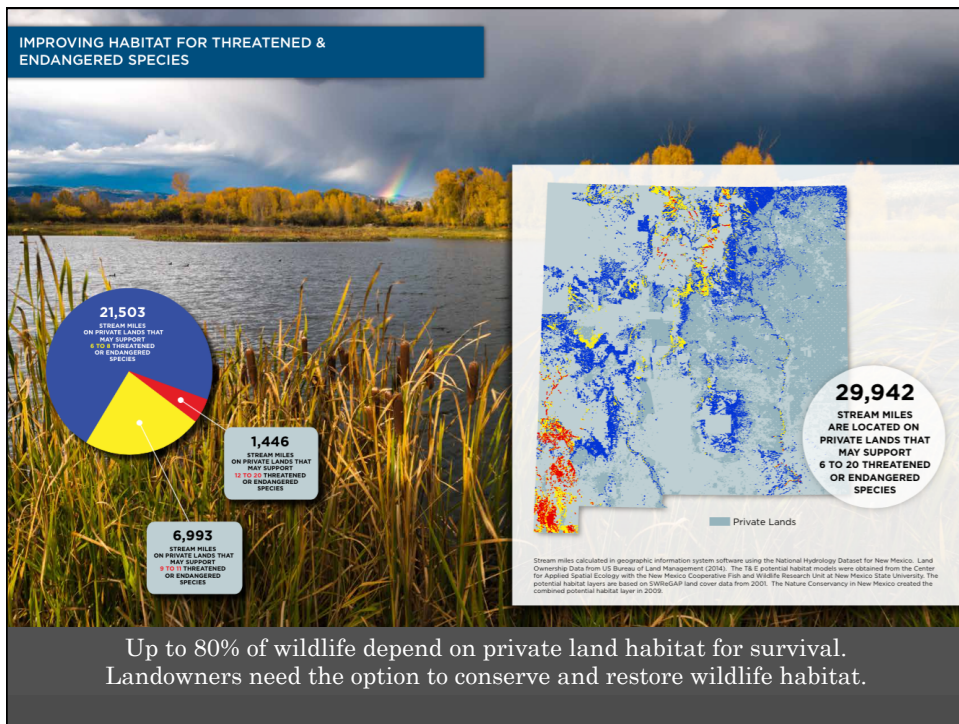
This can cause desertification.



WHY IT MATTERS



#4: WILDLIFE POPULATIONS ARE DECLINING

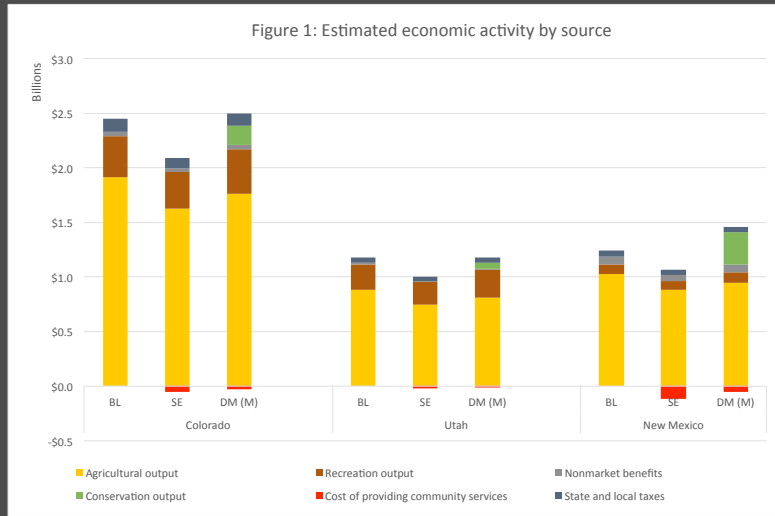


WHY IT MATTERS



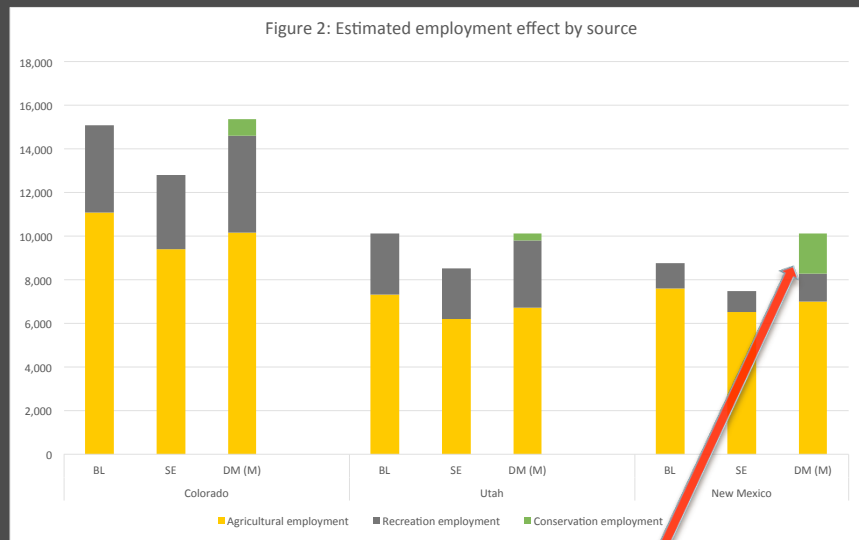
#5: NEW MEXICO NEEDS RURAL JOBS AND A BETTER ECONOMY

June 2015		
ARPR 15-02		
	Agricultural and Resource Policy Report	
Department of Agricultural and Resource Economics, Fort Collins, CO 80523-1172 http://dare.agsci.colostate.edu/outreach/outreach-resources/		
Economic implications of differential taxation for agriculture in the Intermountain West: Issues and Alternatives¹ Daniel Villar ² , Andrew Seidl ³ , Jeffrey Sundberg ⁴ , Lesli Allison ⁵ , Hallie Mahowald ⁶		
<p>Introduction: Differential taxation and public benefits</p> <p>Private lands occupy the most biologically diverse portions of the landscape in the Intermountain West, provide more than 80 percent of the critical habitat of about half of America's threatened or endangered wildlife species⁷, sustain food and fiber production, source and purify drinking water, and protect important riparian resources. These lands also provide recreational opportunities and scenic values, create a transition and connectivity between developed communities and public wildlands, and provide an economic foundation for Western communities.</p> <p>The population and economies of the Intermountain West are among the fastest growing in the</p>	<p>United States. Population and income growth create upward pressure on private land prices, particularly in and near communities with high natural amenities and where private developable land is limited due to a high proportion of public lands in the area. This creates both challenge and opportunity to rural landowners who contribute to the stewardship of these desirable and valuable ecosystem services and the communities they live in or near. As rural lands are irreversibly converted to accommodate low density residential and commercial development typical of the region, residents may experience negative fiscal and service effects and critical habitat connectivity and ecological quality thresholds may be reached or surpassed, putting the very attributes of the landscape that attracted people to the community at risk. As a result, the manner in which the remaining pri-</p>	<p>This 2015 study by agricultural economists at Colorado State University found that New Mexico would benefit economically through property tax incentives that support landowners in conserving and restoring open land.</p>
¹ Suggested citation: Villar, Daniel, Seidl, Andrew, Sundberg, Jeffrey, Allison, Lesli, and Mahowald, Hallie. 2015. Economic implications of differential taxation for agriculture in the Intermountain West: Issues and Alternatives. ARPR15-02, Agricultural and Resource Policy Report, Department of Agricultural and Resource Economics, Colorado State University, Fort Collins, Colorado, USA. 80523-1172. http://dare.agsci.colostate.edu/outreach/outreach-resources/ARPR		
² Department of Agricultural and Resource Economics, Colorado State University, Fort Collins, CO 80523-1172.		
³ Lake Forest College, Lake Forest, Illinois		
⁴ Western Landowners Alliance, Santa Fe, New Mexico		
⁵ Bean, M., Bonnie, R., Male, T., and T. Searchinger. 2003. The Private Lands Opportunity: The case for conservation incentives. Environmental Defense.		
Extension programs are available to all without discrimination.		
June 2015 Agricultural and Resource Policy Report, No. 2	Page 1	



The study compared the current baseline (BL), stricter enforcement of agricultural property tax requirements (SE), and an option for diversified management (DM).

Researchers found that a property tax option for conserving and restoring land could increase economic activity up to nearly half a billion dollars for New Mexico.



And create up to 2600 new jobs.

HOW IT WORKS

1. Eligible lands must be 10 acres or greater OR have a valid associated agricultural water right.
2. Enrollment is voluntary.
3. Land must be managed under a qualified 10-year management plan with qualified third-party certified compliance.
4. Property tax is based on 5% of fair market value.
5. A rollback tax of up to five years is applied should the land be developed. The owner at the time of development is liable for the rollback tax.

Sample tax on 10-acre parcel by use



**Irrigated Ag
Tax: \$39**




**Natural
Resource
Management
Tax: \$500**




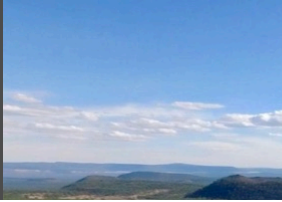
**Fair Market
Tax: \$3,333**




**Sample tax on 160-
acre parcel by use**




**Fair Market
Tax: \$10,667**



**Natural
Resource
Management
Tax: \$1,600**



**Grazing
Tax: \$4**



**Sample tax on 3500-
acre parcel by use**



**Fair Market
Tax: \$14,000**



**Natural
Resource
Management
Tax: \$2,100**



**Grazing
Tax: \$93**



What is natural resource management?

- Improve water quality and quantity by restoring native vegetation along streams
- Improve watershed health and reduce wildfire risk
- Control soil loss from wind and water erosion
- Restore and maintain fish and wildlife habitat
- Restore pasture and rangeland health
- Control noxious weeds
- Maintain roads, culverts and driveways to prevent erosion
- Protect scenic views by keeping land free of junk and debris



A much wetter Placer Creek following work to restore the area, spring 2014. (Courtesy U.S. Forest Service)

WHO BENEFITS



AGRICULTURE

1. Enables landowners to keep lands intact, in the family and available for future agricultural use
2. Provides three disincentives to taking land out of agriculture:
 - Higher tax rate
 - Mandatory land use plan with annual certification
 - Rollback tax penalty if land is developed
3. Restores and protects New Mexico's watersheds which provide water for agricultural use
4. Restores rangeland and forest health and future productivity

COUNTIES

1. Enables counties to partner with landowners at little to no cost to meet priority land use goals
2. Helps local families stay on the land
3. Increases future food and water security
4. Increases equity among taxpayers
5. Slows rural sprawl and associated costs to counties
6. Creates new jobs and diversifies land-based economies

ASSESSORS

1. Provides an equitable alternative to landowners who do not qualify for the agricultural special method of valuation but wish to keep land undeveloped
2. Limited to parcels of 10 acres or greater except where valid agricultural water rights apply to smaller acreage area
3. Land management plan and annual third-party certification are required
4. Tax is based on percentage of fair market value, not agricultural special method
5. Rollback tax recaptures up to five years of revenue if land is developed

NEW MEXICANS

1. Enables landowners to keep land intact and in the family
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