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HOUSE BILL 472

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

Raymond G. Sanchez

AN ACT

RELATING TO PROPERTY TAXATION; PROVIDING FOR A CREDIT AGAINST
PROPERTY TAX DUE IN CERTAIN CIRCUMSTANCES; CHANGING THE YIELD
CONTROL FORMULA TO LIMIT INCREASES IN PROPERTY TAX RATES;
AMENDING AND ENACTING SECTIONS OF THE PROPERTY TAX CODE;
DECLARING AN EMERGENCY.

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] CREDIT AGAINST PROPERTY TAX DUE UNDER
CERTAIN CIRCUMSTANCES--CERTIFICATION.--

A. In calendar year 2000 in a qualified county, a
credit shall be applied against the property tax due on every
property in the county equal to the amount determined by
applying the certified rate to the value of the property for
property taxation purposes. The credit shall be applied

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1 first to the second installment of property tax due for tax
2 year 1999 on April 10, 2000. If a taxpayer has no property
3 tax due on that date or if the credit exceeds the tax due,
4 the amount of tax not credited shall be applied to the
5 taxpayer's property tax due for tax year 2000 on November 10,
6 2000. The credit shall be applied only to property tax due
7 and shall not be refunded to a taxpayer. The cost of the
8 credit shall be paid by the county from any available county
9 funds, and the amount of the credit shall not be included in
10 any amounts used for property tax rate-setting purposes for
11 the 2000 tax year.

12 B. For purposes of this section:

13 (1) "certified rate" means the difference,
14 expressed as a rate, between the county debt service rate in
15 a qualifying county in the 1998 tax year and the rate,
16 certified by the department of finance and administration,
17 that would have otherwise been set by the department as a
18 debt service rate in the 1999 tax year if the county had set
19 a debt service rate rather than increasing the county
20 operating rate; and

21 (2) "qualifying county" means a county with
22 outstanding general obligation debt for which a debt service
23 rate was not set for a tax year, but which debt service was
24 paid with revenues from an increase in the county operating
25 rate."

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

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

A. Except as provided in Subsections D and E of
this section, in setting the general property tax rates for
residential and nonresidential property authorized in
Subsection B of Section 7-37-7 NMSA 1978, the other rates and
impositions authorized in Paragraphs (2) and (3) of
Subsection C of Section 7-37-7 NMSA 1978, except the portion
of the rate authorized in Paragraph (1) of Subsection A of
Section 4-48B-12 NMSA 1978 used to meet the requirements of
Section 27-10-4 NMSA 1978, and benefit assessments authorized
by law to be levied upon net taxable value of property,
assessed value or a similar term, neither the department of
finance and administration nor any other entity authorized to
set or impose a rate or assessment shall set a rate or impose
a tax or assessment that will produce revenue from either
residential or nonresidential property in a particular
governmental unit in excess of the sum of a dollar amount
derived by multiplying the appropriate growth control factor
by the revenue due from the imposition on residential or
nonresidential property, as appropriate, for the prior
property tax year in the governmental unit of the rate,
imposition or assessment for the specified purpose plus, for
the calculation for the rate authorized for county operating
purposes by Subsection B of Section 7-37-7 NMSA 1978 with
respect to residential property, any applicable tax rebate
adjustment. The calculation described in this subsection

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1 shall be separately made for residential and nonresidential
2 property. Except as provided in Subsections D and E of this
3 section, no tax rate or benefit assessment that will produce
4 revenue from either class of property in a particular
5 governmental unit in excess of the dollar amount allowed by
6 the calculation shall be set or imposed. The rates imposed
7 pursuant to Sections 7-32-4 and 7-34-4 NMSA 1978 shall be the
8 rates for nonresidential property that would have been
9 imposed but for the limitations in this section. As used in
10 this section, "growth control factor" is a percentage equal
11 to the sum of "percent change I" plus V where:

12 (1)
$$V = \frac{\text{base year value} + \text{net new value}}{\text{base year value}}$$

13
14 expressed as a percentage, but if the percentage calculated
15 is less than one hundred percent, then V shall be set and
16 used as one hundred percent;

17 (2) "base year value" means the value for
18 property taxation purposes of all residential or
19 nonresidential property, as appropriate, subject to valuation
20 under the Property Tax Code in the governmental unit for the
21 specified purpose in the prior property tax year;

22 (3) "net new value" means seventy-five
23 percent of the additional value of residential or
24 nonresidential property, as appropriate, for property
25 taxation purposes placed on the property tax schedule in the
current year resulting from the elements in Subparagraphs (a)
through ~~(d)~~ (c) of this paragraph and the additional value

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1 of nonresidential property determined pursuant to
2 Subparagraph (d) of this paragraph reduced by the value of
3 residential or nonresidential property, as appropriate,
4 removed from the property tax schedule in the current year
5 and, if applicable, the reductions described in Subparagraph
6 (e) of this paragraph:

7 (a) residential or nonresidential
8 property, as appropriate, valued in the current year that was
9 not valued at all in the prior year;

10 (b) improvements to existing
11 residential or nonresidential property, as appropriate;

12 (c) additions to residential or
13 nonresidential property, as appropriate, or values that were
14 omitted from previous years' property tax schedules even if
15 part or all of the property was included on the schedule, but
16 no additions of values attributable to valuation maintenance
17 programs or reappraisal programs shall be included;

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

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

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1 mineral property valued in accordance with Section 7-36-24
2 NMSA 1978; and

3 (4) "percent change I" means a percent not
4 in excess of five percent that is derived by dividing the
5 annual implicit price deflator index for state and local
6 government purchases of goods and services, as published in
7 the United States department of commerce monthly publication
8 entitled "survey of current business" or any successor
9 publication, for the calendar year next preceding the prior
10 calendar year into the difference between the prior year's
11 comparable annual index and that next preceding year's annual
12 index if that difference is an increase, and if the
13 difference is a decrease, the "percent change I" is zero. In
14 the event that the annual implicit price deflator index for
15 state and local government purchases of goods and services is
16 no longer prepared or published by the United States
17 department of commerce, the department shall adopt by
18 regulation the use of any comparable index prepared by any
19 agency of the United States.

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

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1 representing the difference between a maximum rate authorized
2 under Subsection B of Section 7-37-7 NMSA 1978 and the
3 reduced rate resulting from the application of the limitation
4 imposed under Subsection A of this section.

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

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

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

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1 the property tax revenue due for all property for the prior
2 property tax year for the specified purpose of that rate in
3 that governmental unit.

4 F. For the purposes of this section:

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

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

23 Section 3. EMERGENCY.--It is necessary for the public
24 peace, health and safety that this act take effect
25 immediately.