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HOUSE BILL 537

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Teresa A. Zanetti

AN ACT

RELATING TO TAXATION; PROVIDING FOR AGRICULTURAL LAND
VALUATION.

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

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1 agricultural purposes during the tax year in which the
2 determination is made. If the land was valued under this
3 section in one or more of the [~~three~~] five tax years preceding
4 the year in which the determination is made and the use of the
5 land has not changed since the most recent valuation under this
6 section, a presumption is created that the land continues to be
7 entitled to that valuation.

8 B. For the purpose of this section, "agricultural
9 use" means the use of land for the production of plants, crops,
10 trees, forest products, orchard crops, livestock, poultry or
11 fish. The term also includes the use of land that meets the
12 requirements for payment or other compensation pursuant to a
13 soil conservation program under an agreement with an agency of
14 the federal government.

15 C. The department shall adopt regulations for
16 determining whether [~~or not~~] land is used primarily for
17 agricultural purposes.

18 D. The department shall adopt regulations for
19 determining the value of land used primarily for agricultural
20 purposes. The regulations shall:

21 (1) specify procedures to use in determining
22 the capacity of land to produce agricultural products and the
23 derivation of value of the land based upon its production
24 capacity;

25 (2) establish carrying capacity as the

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1 measurement of the production capacity of land used for grazing
2 purposes, develop a system of determining carrying capacity
3 through the use of an animal unit concept and establish
4 carrying capacities for the land in the state classified as
5 grazing land;

6 (3) provide for the consideration of
7 determinations of any other governmental agency concerning the
8 capacity of the same or similar lands to produce agricultural
9 products;

10 (4) assure that land determined under the
11 regulations to have the same or similar production capacity
12 shall be valued uniformly throughout the state; and

13 (5) provide for the periodic review by the
14 department of determined production capacities and
15 capitalization rates used for determining annually the value of
16 land used primarily for agricultural purposes.

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

22 F. The owner of the land must make application to
23 the county assessor in a tax year in which the valuation method
24 of this section is first claimed to be applicable to the land
25 or in a tax year immediately subsequent to a tax year in which

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1 the land was not valued under this section. Application shall
2 be made under oath, shall be in a form and contain the
3 information required by department regulations and must be made
4 no later than the last day of February of the tax year. Once
5 land is valued under this section, application need not be made
6 in subsequent tax years as long as there is no change in the
7 use of the land.

8 G. The owner of land valued under this section
9 shall report to the county assessor whenever the use of the
10 land changes so that it is no longer being used primarily for
11 agricultural purposes. This report shall be made on a form
12 prescribed by department regulations and shall be made by the
13 last day of February of the tax year immediately following the
14 year in which the change in the use of the land occurs.

15 H. Any person who is required to make a report
16 under the provisions of Subsection G of this section and who
17 fails to do so is personally liable for a civil penalty in an
18 amount equal to the greater of twenty-five dollars (\$25.00) or
19 twenty-five percent of the difference between the property
20 taxes ultimately determined to be due and the property taxes
21 originally paid for the tax [~~year or~~] years for which the
22 person failed to make the required report."