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SENATE BILL 450

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY
Mark Boitano

AN ACT

RELATING TO RESIDENTIAL PROPERTY TAX VALUATION; REQUIRING THAT
RESIDENTIAL PROPERTY BE VALUED AT ITS CURRENT AND CORRECT
VALUE; PROVIDING FOR VALUATION OF TRANSFERRED RESIDENTIAL
PROPERTY TRANSFERRED IN 2005 THROUGH 2008 TO BE REASSESSED AND
VALUED AT THE PROPERTY'S 2004 VALUE; AMENDING A SECTION OF THE
NMSA 1978.

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

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1 subsequent tax years, the value of a property in ~~[any]~~ the tax
2 year shall not exceed the higher of one hundred three percent
3 of the value in the tax year prior to the tax year in which the
4 property is being valued or one hundred six and one-tenth
5 percent of the value in the tax year two years prior to the tax
6 year in which the property is being valued. This limitation on
7 increases in value does not apply to:

8 (1) a residential property in the first tax
9 year that it is valued for property taxation purposes;

10 (2) any physical improvements made to the
11 property during the year immediately prior to the tax year or
12 omitted in a prior tax year; or

13 (3) valuation of a residential property in any
14 tax year in which

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

19 ~~(b)]~~ the use or zoning of the property
20 has changed in the year prior to the tax year.

21 B. If a change of ownership of residential property
22 occurred in the year immediately prior to the tax year for which
23 the value of the property for property taxation purposes is
24 being determined, the value of the property shall ~~[be its
25 current and correct value as determined pursuant to the general~~

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1 ~~valuation provisions of the Property Tax Code]~~ not exceed the
2 higher of one hundred three percent of the value in the tax year
3 prior to the tax year in which the property is being valued or
4 one hundred six and one-tenth percent of the value in the tax
5 year two years prior to the tax year in which the property is
6 being valued; provided that residential property that was
7 subject to a change in ownership during the period January 1,
8 2005 through December 31, 2008 shall be reassessed and the value
9 shall be based on the property's 2004 value for property
10 taxation purposes. The limitation on increases in value imposed
11 in Subsection A of this section shall apply to the value of the
12 reassessed residential property beginning in the year following
13 the tax year in which the property is reassessed.

14 C. To assure that the values of residential property
15 for property taxation purposes are at current and correct values
16 in all counties prior to application of the limitation in
17 Subsection A of this section, the department shall determine for
18 the 2000 tax year the sales ratio pursuant to Section 7-36-18
19 NMSA 1978 or, if a sales ratio cannot be determined pursuant to
20 that section, conduct a sales-ratio analysis using both
21 independent appraisals by the department and sales. If the
22 sales ratio for a county for the 2000 tax year is less than
23 eighty-five, as measured by the median ratio of value for
24 property taxation purposes to sales price or independent
25 appraisal by the department, the county shall not be subject to

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1 the limitations of Subsection A of this section and shall
2 conduct a reassessment of residential property in the county so
3 that by the 2003 tax year, the sales ratio is at least eighty-
4 five. After such reassessment, the limitation on increases in
5 valuation in this section shall apply in those counties in the
6 earlier of the 2004 tax year or the first tax year following the
7 tax year that the county has a sales ratio of eighty-five or
8 higher, as measured by the median ratio of value for property
9 taxation purposes to sales value or independent appraisal by the
10 department. Thereafter, the limitation on increases in
11 valuation of residential property for property taxation purposes
12 in this section shall apply to subsequent tax years in all
13 counties.

14 D. The provisions of this section do not apply to
15 residential property for any tax year in which the property is
16 subject to the valuation limitation in Section 7-36-21.3 NMSA
17 1978.

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

22 (1) to a trustee for the beneficial use of the
23 spouse of the transferor or the surviving spouse of a deceased
24 transferor;

25 (2) to the spouse of the transferor that takes

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1 effect upon the death of the transferor;

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

4 (4) to a child of the transferor, who occupies
5 the property as his principal residence at the time of transfer;
6 provided that the first subsequent tax year in which that person
7 does not qualify for the head of household exemption on that
8 property, a change of ownership shall be deemed to have
9 occurred;

10 (5) that confirms or corrects a previous
11 transfer made by a document that was recorded in the real estate
12 records of the county in which the real property is located;

13 (6) for the purpose of quieting the title to
14 real property or resolving a disputed location of a real
15 property boundary;

16 (7) to a revocable trust by the transferor
17 with the transferor, the transferor's spouse or a child of the
18 transferor as beneficiary; or

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

22 Section 2. EFFECTIVE DATE.--The effective date of the
23 provisions of this act is January 1, 2009.

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