

FORTY-NINTH LEGISLATURE  
FIRST SESSION, 2009

HB 160/a

March 16, 2009

Madam President:

Your **FINANCE COMMITTEE**, to whom has been referred

**HOUSE BILL 160, as amended**

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. Strike House Taxation and Revenue Committee Amendments 1 through 7.

2. On page 1, line 13, after "OWNERSHIP", insert "; PROVIDING FOR THE CALCULATION OF VALUES IN PROPERTY THAT WAS SUBJECT TO CHANGE IN OWNERSHIP IN PRIOR YEARS; PROVIDING FOR DETERMINING VALUES OF NEW RESIDENTIAL CONSTRUCTION; REQUIRING COUNTIES TO PROVIDE CERTAIN INFORMATION ON WEB SITES".

3. On pages 1 through 5, strike Section 1 in its entirety and insert the following:

"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 subsequent tax years, the value of a property in any tax year shall not exceed the higher of one hundred three percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred six and one-tenth percent of the value in the tax year two years prior to the tax year in which the property is being valued. This limitation on increases in value does not apply to:

(1) a residential property in the first tax year that

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it is valued for property taxation purposes;

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

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

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

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

~~[B. If a change of ownership of residential property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined, the value of the property shall be its current and correct value as determined pursuant to the general valuation provisions of the Property Tax Code.]~~

B. For the:

(1) 2010 tax year, the value of property for which one or more changes of ownership occurred in the 2001 through 2003 tax years shall be the value of the property for the tax year prior to the tax year in which the first change of ownership occurred, increased for each tax year from the year the first change of ownership occurred until 2010 by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division of the department; provided that if in any year in which the change in ownership occurred, the county in which the property is located had not reassessed residential property values at the

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current and correct values and the county was unable to apply the three percent limit on the value of the property, the provisions of this paragraph shall not be applied to the property except for the years in which the county reassessed all property in the county at the current and correct value; and provided further that for the 2010 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph;

(2) 2011 tax year, the value of property for which one or more changes of ownership occurred in the 2004 or 2005 tax year shall be the value of the property for the tax year prior to the tax year in which the first change of ownership occurred, increased for each tax year from the year the first change of ownership occurred until the 2011 tax year by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division of the department; provided that for the 2011 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph;

(3) 2012 tax year, the value of property for which one or more changes of ownership occurred in the 2006 or 2007 tax year shall be the value of the property for the tax year prior to the tax year in which the first change of ownership occurred, increased for each tax year from the year the first change of ownership occurred until the 2012 tax year by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division of the department; provided that for the 2012 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph;

(4) 2013 tax year, the value of property for which one or more changes of ownership occurred in the 2008 or 2009 tax

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year shall be the value of the property for the tax year prior to the tax year in which the first change of ownership occurred, increased for each tax year from the year the first change of ownership occurred until the 2013 tax year by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division of the department; provided that for the 2013 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph; and

(5) 2014 tax year and subsequent tax years, the limitation on increases in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this subsection.

C. For the:

(1) 2010 tax year, the value of property that was first valued for property tax purposes as residential property in the 2001 through 2003 tax years or property to which significant improvements to the heated living space were first assessed in the 2001 through 2003 tax years shall be the market value of the property when first valued for property tax purposes or when the improvements were first included in the property value, multiplied by the average ratio of assessed value to market value of comparable existing properties as determined by the county assessor and the property tax division of the department, increased for each tax year since the first year the property was valued as residential property or the improvements were first included in the property value by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division; provided that if in any year in which the property was first valued for property tax purposes as residential property or improvements were first included in the property value, the county in which the property is located had not reassessed residential property values at the current and

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correct values and the county was unable to apply the three percent limit on the value of the property, the provisions of this paragraph shall not be applied to the property except for the years in which the county reassessed all property in the county at the current and correct value; and provided further that for the 2010 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph;

(2) 2011 tax year, the value of property that was first valued for property tax purposes as residential property in the 2004 or 2005 tax year or property to which significant improvements to the heated living space were first assessed in the 2004 or 2005 tax year shall be the market value of the property multiplied by the average ratio of assessed value to market value of comparable existing properties as determined by the county assessor and the property tax division of the department, increased for each tax year since the first year the property was valued as residential property or the improvements were first included in the property value by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division; provided that for the 2011 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph;

(3) 2012 tax year, the value of property that was first valued for property tax purposes as residential property in the 2006 or 2007 tax year or property to which significant improvements to the heated living space were first assessed in the 2006 or 2007 tax year shall be the market value of the property multiplied by the average ratio of assessed value to market value of comparable existing properties as determined by the county assessor and the property tax division of the department, increased for each tax year since the first year the property was valued as residential property or the improvements were first included in the property value by the lesser of three percent or the annual percentage

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increase in assessed value of existing property in the county as determined by the county assessor and the property tax division; provided that for the 2012 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph;

(4) 2013 tax year, the value of property that was first valued for property tax purposes as residential property in the 2008 or 2009 tax year or property to which significant improvements to the heated living space were first assessed in the 2008 or 2009 tax year shall be the market value of the property multiplied by the average ratio of assessed value to market value of comparable existing properties as determined by the county assessor and the property tax division of the department, increased for each tax year since the first year the property was valued as residential property or the improvements were first included in the property value by the lesser of three percent or the annual percentage increase in assessed value of existing property in the county as determined by the county assessor and the property tax division; provided that for the 2013 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to the property subject to the provisions of this paragraph; and

(5) 2014 and subsequent tax years, the limitation on increase in value imposed in Subsection A of this section shall apply to property subject to the provisions of this subsection.

~~(E.)~~ D. To assure that the values of residential property for property taxation purposes are at current and correct values in all counties prior to application of the limitation in Subsection A of this section, the department shall determine for the 2000 tax year the sales ratio pursuant to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be determined pursuant to that section, conduct a sales-ratio analysis using both independent appraisals by the department and sales. If the sales ratio for a county for the 2000 tax year is less than eighty-five, as measured by the median ratio

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of value for property taxation purposes to sales price or independent appraisal by the department, the county shall not be subject to the limitations of Subsection A of this section and shall conduct a reassessment of residential property in the county so that by the 2003 tax year, the sales ratio is at least eighty-five. After such reassessment, the limitation on increases in valuation in this section shall apply in those counties in the earlier of the 2004 tax year or the first tax year following the tax year that the county has a sales ratio of eighty-five or higher, as measured by the median ratio of value for property taxation purposes to sales value or independent appraisal by the department. Thereafter, the limitation on increases in valuation of residential property for property taxation purposes in this section shall apply to subsequent tax years in all counties.

~~[D.]~~ E. The provisions of this section do not apply to residential property for any tax year in which the property is subject to the valuation limitation in Section 7-36-21.3 NMSA 1978.

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

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

(2) to the spouse of the transferor that takes effect upon the death of the transferor;

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

(4) to a child of the transferor, who occupies the property as ~~[his]~~ that person's principal residence at the time of transfer; provided that the first subsequent tax year in which that person does not qualify for the head of household exemption on that

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property, a change of ownership shall be deemed to have occurred;

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

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

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

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

Section 2. A new section of the Property Tax Code is enacted to read:

"[NEW MATERIAL] SPECIAL METHOD OF VALUATION--NEW RESIDENTIAL CONSTRUCTION.--The value of newly constructed residential property in the first year of valuation shall be the market value of the property multiplied by the average ratio of assessed value to market value of comparable existing properties, as determined by the county assessor and the property tax division of the department."

Section 3. Section 7-38-35 NMSA 1978 (being Laws 1973, Chapter 258, Section 75, as amended) is amended to read:

"7-38-35. PREPARATION OF PROPERTY TAX SCHEDULE BY ASSESSOR-- REQUIREMENT FOR ELECTRONIC PROPERTY TAX SCHEDULE AND PROPERTY TAX CALCULATOR.--

A. After receipt of the rate-setting order and the order imposing the tax, but no later than October 1 of each tax year, the



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county assessor shall prepare a property tax schedule for all property subject to property taxation in the county. This schedule shall be in a form that shall be made available electronically. ~~and~~ The schedule shall contain the information required by regulations of the department and shall contain at least the following information:

(1) the description of the property taxed and, if the property is personal property, its location;

(2) the property owner's name and address and the name and address of any person other than the owner to whom the tax bill is to be sent;

(3) the classification of the property;

(4) the value of the property determined for property taxation purposes;

(5) the tax ratio;

(6) the taxable value of the property;

(7) the amount of any exemption allowed and a statement of the net taxable value of the property after deducting the exemption;

(8) the allocations of net taxable value to the governmental units;

(9) the tax rate in dollars per thousand of net taxable value for all taxes imposed on the property;

(10) the amount of taxes due on the described property; and

(11) the amount of any penalties and interest already

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imposed and due on the described property.

B. The property tax schedule is a public record and a part of the valuation records.

C. In addition to the electronic version of the property tax schedule required pursuant to Subsection A of this section, every county shall make available electronically a property tax calculator that allows a user to stipulate a property value for a specific property and calculate the potential property tax liability for that property, using the current mill rate set by state and local governments for that property. The property tax calculator shall be available on a public web site maintained by the county."

4. Renumber the succeeding section accordingly.

Respectfully submitted,

\_\_\_\_\_  
John Arthur Smith, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 10 For 0 Against

Yes: 10

No: 0

Excused: Adair

Absent: None

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