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SENATE BILL 45

**49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

INTRODUCED BY

Tim Eichenberg

AN ACT

RELATING TO TAXATION; PROVIDING A FORMULA TO LIMIT PROPERTY TAX  
VALUES ON RESIDENTIAL PROPERTY THAT IS AN OWNER-OCCUPIED  
SINGLE-FAMILY DWELLING AND THE OWNER OF WHICH IS SIXTY-FIVE  
YEARS OF AGE OR OLDER.

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. Except for residential property identified in  
Section 7-36-21.3 NMSA 1978, residential property shall be  
valued at its current and correct value in accordance with the  
provisions of the Property Tax Code and this section; provided  
that for the 2001 and subsequent tax years, the value of a

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

21 (4) residential property that is valued  
22 pursuant to Subsection C of this section.

23 B. If a change of ownership of residential property  
24 occurred in the year immediately prior to the tax year for  
25 which the value of the property for property taxation purposes

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1 is being determined, the value of the property shall be its  
2 current and correct value as determined pursuant to the general  
3 valuation provisions of the Property Tax Code.

4 C. If a person who is sixty-five years of age or  
5 older engages in a change of ownership of property by selling  
6 that person's single-family dwelling and within a twelve-month  
7 period purchases another single-family dwelling, the taxable  
8 value of the dwelling purchased shall be determined by  
9 multiplying the market value of the purchased dwelling by the  
10 person's single-family dwelling ratio. To derive the single-  
11 family dwelling ratio, the numerator shall be the taxable value  
12 in the last year of the person's ownership increased by three  
13 percent, and the denominator shall be the market value of the  
14 person's sold house. In subsequent tax years in which a change  
15 of ownership does not occur, the increase in value of the  
16 residential property shall in any tax year not exceed the  
17 higher of one hundred three percent of the value in the tax  
18 year prior to the tax year in which the property is being  
19 valued or one hundred six and one-tenth percent of the value in  
20 the tax year two years prior to the tax year in which the  
21 property is being valued.

22 [~~C.~~] D. To assure that the values of residential  
23 property for property taxation purposes are at current and  
24 correct values in all counties prior to application of the  
25 limitation in Subsection A of this section, the department

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1 shall determine for the 2000 tax year the sales ratio pursuant  
2 to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be  
3 determined pursuant to that section, conduct a sales-ratio  
4 analysis using both independent appraisals by the department  
5 and sales. If the sales ratio for a county for the 2000 tax  
6 year is less than eighty-five, as measured by the median ratio  
7 of value for property taxation purposes to sales price or  
8 independent appraisal by the department, the county shall not  
9 be subject to the limitations of Subsection A of this section  
10 and shall conduct a reassessment of residential property in the  
11 county so that by the 2003 tax year, the sales ratio is at  
12 least eighty-five. After such reassessment, the limitation on  
13 increases in valuation in this section shall apply in those  
14 counties in the earlier of the 2004 tax year or the first tax  
15 year following the tax year that the county has a sales ratio  
16 of eighty-five or higher, as measured by the median ratio of  
17 value for property taxation purposes to sales value or  
18 independent appraisal by the department. Thereafter, the  
19 limitation on increases in valuation of residential property  
20 for property taxation purposes in this section shall apply to  
21 subsequent tax years in all counties.

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

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

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

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

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

13                   (4) to a child of the transferor, who occupies  
14 the property as ~~[his]~~ that person's principal residence at the  
15 time of transfer; provided that the first subsequent tax year  
16 in which that person does not qualify for the head of household  
17 exemption on that property, a change of ownership shall be  
18 deemed to have occurred;

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

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

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(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."