

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AN ACT

RELATING TO TAXATION; CLARIFYING THAT A CONTRIBUTION MADE TO
A UTILITY FOR THE EXPANSION, IMPROVEMENT OR REPLACEMENT OF
SERVICE OR A FACILITY OF THE UTILITY IS NOT SUBJECT TO
VALUATION FOR PROPERTY TAX PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-36-29 NMSA 1978 (being Laws 1975,
Chapter 165, Section 10) is amended to read:

"7-36-29. SPECIAL METHOD OF VALUATION--PROPERTY USED
FOR THE GENERATION, TRANSMISSION OR DISTRIBUTION OF ELECTRIC
POWER OR ENERGY.--

A. All property used for the generation,
transmission or distribution of electric power or energy
subject to valuation for property taxation purposes shall be
valued in accordance with the provisions of this section.

B. As used in this section:

(1) "depreciation" means straight line
depreciation over the useful life of the item of property;

(2) "electric plant" means all property
situated in this state used or useful for the generation,
transmission or distribution of electric power or energy, but
does not include land, land rights, general buildings and
improvements, construction work in progress, materials and
supplies and licensed vehicles;

1 (3) "construction work in progress" means
2 the total of the balances of work orders for an electric
3 plant in process of construction on the last day of the
4 preceding calendar year exclusive of land, land rights and
5 licensed vehicles;

6 (4) "general buildings and improvements"
7 means buildings of the nature of offices, residential
8 housing, warehouses, shops and associated improvements in
9 general use by the taxpayer and not directly associated with
10 generation, transmission or distribution of electric power or
11 energy;

12 (5) "materials and supplies" means the cost,
13 including sales, use and excise taxes, and transportation
14 costs to point of delivery in this state, less purchases and
15 trade discounts, of all unapplied material and supplies on
16 hand in this state as of December 31 of the preceding
17 calendar year; and

18 (6) "tangible property cost" means the
19 actual cost of acquisition or construction of property,
20 including additions, retirements, adjustments and transfers,
21 but without deduction of related accumulated provision for
22 depreciation, amortization or other purposes; "tangible
23 property cost" excludes the cost of property contributed to,
24 or acquired with funds contributed to, a utility by or on
25 behalf of a ratepayer or potential ratepayer for the

1 expansion, improvement or replacement of property used for
2 the transmission or distribution of electric power of the
3 utility.

4 C. An electric plant shall be valued as follows:

5 (1) the department shall determine the
6 tangible property cost of the electric plant;

7 (2) such tangible property cost shall then
8 be reduced by the related accumulated provision for
9 depreciation and any other justifiable factors, including
10 functional and economic obsolescence, such as the limitation
11 on the use of the property based on the available reserves
12 committed to the property; and

13 (3) notwithstanding the foregoing
14 determination of value for property taxation purposes, the
15 value for property taxation purposes of an electric plant
16 shall not be less than twenty percent of the tangible
17 property cost of the electric plant.

18 D. The value of construction work in progress
19 shall be fifty percent of the amount expended and entered
20 upon the accounting records of the taxpayer as of December 31
21 of the preceding calendar year as construction work in
22 progress.

23 E. The value of materials and supplies shall be
24 the tangible property cost for such property as of December
25 31 of the preceding calendar year.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

F. Each item of property having a taxable situs in the state and valued under this section shall have its net taxable value allocated to the governmental units in which the property is located.

G. The department shall adopt regulations under Section 72-31-88 NMSA 1953 to implement the provisions of this section."
