

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 647

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

AN ACT

RELATING TO PROPERTY TAX; LIMITING A THREE PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY TO PROPERTY THAT IS OCCUPIED BY THE OWNER AS THE OWNER'S PRINCIPAL PLACE OF RESIDENCE; PROVIDING A TEN PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY THAT IS NOT OCCUPIED BY THE OWNER AS THE OWNER'S PRINCIPAL PLACE OF RESIDENCE.

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 as provided in Subsections B through D of this section, residential property shall be valued at its current and correct value in accordance with the provisions of .214536.4

underscored material = new
[bracketed material] = delete

1 the Property Tax Code. [~~provided that~~]

2 B. For the 2001 [~~and subsequent~~] through 2020 tax
3 years, the value of a property in any tax year shall not exceed
4 the higher of one hundred three percent of the value in the tax
5 year prior to the tax year in which the property is being
6 valued or one hundred six and one-tenth percent of the value in
7 the tax year two years prior to the tax year in which the
8 property is being valued. [~~This limitation~~]

9 C. For the 2021 and subsequent tax years, the value
10 of a residential property that is occupied by the owner as the
11 owner's principal place of residence in any tax year shall not
12 exceed the higher of one hundred three percent of the value in
13 the tax year prior to the tax year in which the property is
14 being valued or one hundred six and one-tenth percent of the
15 value in the tax year two years prior to the tax year in which
16 the property is being valued.

17 D. For the 2021 and subsequent tax years, the value
18 of a residential property that is not occupied by the owner as
19 the owner's principal place of residence in any tax year shall
20 not exceed the higher of one hundred ten percent of the value
21 in the tax year prior to the tax year in which the property is
22 being valued or one hundred twenty-one percent of the value in
23 the tax year two years prior to the tax year in which the
24 property is being valued.

25 E. The limitations on increases in value [~~does~~]

.214536.4

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[bracketed material] = delete

1 pursuant to Subsections B through D of this section shall not
2 apply to:

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

5 (2) any physical improvements, except for
6 solar energy system installations, made to the property during
7 the year immediately prior to the tax year or omitted in a
8 prior tax year; or

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

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

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

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

23 ~~[C.]~~ G. To assure that the values of residential
24 property for property taxation purposes are at current and
25 correct values in all counties prior to application of the

.214536.4

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

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

.214536.4

1 NMSA 1978.

2 ~~[E.]~~ I. As used in this section:

3 (1) "change of ownership" means a transfer to
4 a transferee by a transferor of all or any part of the
5 transferor's legal or equitable ownership interest in
6 residential property except for a transfer:

7 ~~[(1)]~~ (a) to a trustee for the
8 beneficial use of the spouse of the transferor or the surviving
9 spouse of a deceased transferor;

10 ~~[(2)]~~ (b) to the spouse of the
11 transferor that takes effect upon the death of the transferor;

12 ~~[(3)]~~ (c) that creates, transfers or
13 terminates, solely between spouses, any co-owner's interest;

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

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

24 ~~[(6)]~~ (f) for the purpose of quieting
25 the title to real property or resolving a disputed location of

.214536.4

1 a real property boundary;

2 [~~(7)~~] (g) to a revocable trust by the
3 transferor with the transferor, the transferor's spouse or a
4 child of the transferor as beneficiary; or

5 [~~(8)~~] (h) from a revocable trust
6 described in [~~Paragraph (7) of this subsection~~] Subparagraph
7 (g) of this paragraph back to the settlor or trustor or to the
8 beneficiaries of the trust; and

9 [~~F. As used in this section~~]

10 (2) "solar energy system installation" means
11 an installation that is used to provide space heat, hot water
12 or electricity to the property in which it is installed and is:

13 [~~(1)~~] (a) an installation that uses
14 solar panels that are not also windows;

15 [~~(2)~~] (b) a dark-colored water tank
16 exposed to sunlight; or

17 [~~(3)~~] (c) a non-vented trombe wall."