

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE GOVERNMENT, ELECTIONS AND INDIAN AFFAIRS
COMMITTEE SUBSTITUTE FOR
HOUSE BILL 47

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57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

AN ACT

RELATING TO PROPERTY TAX; AMENDING CERTAIN PROPERTY TAX
EXEMPTIONS FOR VETERANS TO REFLECT CHANGES MADE TO THE
EXEMPTIONS PURSUANT TO CONSTITUTIONAL AMENDMENTS APPROVED BY
VOTERS AT THE NOVEMBER 5, 2024 GENERAL ELECTION; AMENDING A
SECTION OF THE PROPERTY TAX CODE REGARDING CLAIMING EXEMPTIONS;
DECLARING AN EMERGENCY.

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

SECTION 1. Section 7-37-5 NMSA 1978 (being Laws 1973,
Chapter 258, Section 38, as amended) is amended to read:

"7-37-5. VETERAN EXEMPTION.--

A. [~~Up to four thousand dollars (\$4,000)~~] An amount
as provided in Subsection B of this section of the taxable
value of property, including the community or joint property of
[~~husband and wife~~] married individuals, subject to the tax is

1 exempt from the imposition of the tax if the property is owned
2 by a veteran or the veteran's unmarried surviving spouse if the
3 veteran or surviving spouse is a New Mexico resident or if the
4 property is held in a grantor trust established under Sections
5 671 through 677 of the Internal Revenue Code of 1986, as those
6 sections may be amended or renumbered, by a veteran or the
7 veteran's unmarried surviving spouse if the veteran or
8 surviving spouse is a New Mexico resident. The exemption shall
9 be deducted from the taxable value of the property to determine
10 the net taxable value of the property.

11 B. The exemption allowed shall be in the following
12 amounts for the specified tax years:

13 ~~[(1) for tax year 2004, the exemption shall be~~
14 ~~three thousand dollars (\$3,000);~~

15 ~~(2) for tax year 2005, the exemption shall be~~
16 ~~three thousand five hundred dollars (\$3,500); and~~

17 ~~(3) for tax year 2006 and each subsequent tax~~
18 ~~year, the exemption shall be four thousand dollars (\$4,000)]~~

19 (1) for tax years 2006 through 2024, four
20 thousand dollars (\$4,000);

21 (2) for tax year 2025, ten thousand dollars
22 (\$10,000); and

23 (3) for tax year 2026 and subsequent tax
24 years, the amount provided in Paragraph (2) of this subsection,
25 adjusted for inflation pursuant to Subsection C of this

.230490.1

1 section.

2 C. For tax year 2026 and subsequent tax years, the
 3 amount of exemption shall be adjusted to account for inflation.
 4 The department shall make the adjustment by multiplying ten
 5 thousand dollars (\$10,000) by a fraction, the numerator of
 6 which is the consumer price index ending during the prior tax
 7 year and the denominator of which is the consumer price index
 8 ending in tax year 2025. The result of the multiplication
 9 shall be rounded down to the nearest one hundred dollars
 10 (\$100), except that if the result would be an amount less than
 11 the corresponding amount for the preceding tax year, then no
 12 adjustment shall be made.

13 D. The department shall publish annually the amount
 14 determined by the calculation made pursuant to Subsection C of
 15 this section and provide the calculated amount to each county
 16 assessor no later than December 1 of the prior tax year.

17 ~~[B.] E. The veteran exemption shall be applied only~~
 18 ~~if claimed and allowed in accordance with Section 7-38-17 NMSA~~
 19 ~~1978 and regulations of the department. [For taxpayers who~~
 20 ~~became eligible for a veteran exemption due to the approval of~~
 21 ~~the amendment to Article 8, Section 5 of the constitution of~~
 22 ~~New Mexico in November 2004, a county assessor shall, at the~~
 23 ~~time of determining the net taxable value of the taxpayer's~~
 24 ~~property for the 2005 property tax year, in addition to~~
 25 ~~complying with the provisions of Section 7-38-17 NMSA 1978,~~

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1 ~~determine the net taxable value of the taxpayer's property that~~
2 ~~would result from the application of the veteran exemption for~~
3 ~~the 2004 property tax year had the deadline for applying for~~
4 ~~the veteran exemption in 2004 occurred after the amendment was~~
5 ~~certified. The veteran exemption for 2004 shall not be~~
6 ~~credited against the 2005 property value of a taxpayer until~~
7 ~~the taxpayer has paid in full the taxpayer's property tax~~
8 ~~liability for the 2004 property tax year.~~

9 ~~G.]~~ F. As used in this section, "veteran" means an
10 individual who:

11 (1) has been honorably discharged from
12 membership in the armed forces of the United States; and

13 (2) except as provided in this section, served
14 in the armed forces of the United States on active duty
15 continuously for ninety days.

16 ~~[D.]~~ G. For the purposes of Subsection ~~[E]~~ F of
17 this section, a person who would otherwise be entitled to
18 status as a veteran except for failure to have served in the
19 armed forces continuously for ninety days is considered to have
20 met that qualification if the person served for less than
21 ninety days and the reason for not having served for ninety
22 days was a discharge brought about by service-connected
23 disablement.

24 ~~[E.]~~ H. For the purposes of Subsection ~~[G]~~ F of
25 this section, a person has been "honorably discharged" unless

1 the person received either a dishonorable discharge or a
2 discharge for misconduct.

3 ~~[F-]~~ I. For the purposes of this section, a person
4 whose civilian service has been recognized as service in the
5 armed forces of the United States under federal law and who has
6 been issued a discharge certificate by a branch of the armed
7 forces of the United States shall be considered to have served
8 in the armed forces of the United States."

9 **SECTION 2.** Section 7-37-5.1 NMSA 1978 (being Laws 2000,
10 Chapter 92, Section 1 and Laws 2000, Chapter 94, Section 1, as
11 amended) is amended to read:

12 "7-37-5.1. DISABLED VETERAN EXEMPTION.--

13 A. As used in this section:

14 (1) "disabled veteran" means an individual
15 who:

16 (a) has been honorably discharged from
17 membership in the armed forces of the United States or has
18 received a discharge certificate from a branch of the armed
19 forces of the United States for civilian service recognized
20 pursuant to federal law as service in the armed forces of the
21 United States; and

22 (b) has been determined pursuant to
23 federal law to have a [~~one hundred percent~~] permanent [~~and~~
24 ~~total~~] service-connected disability; and

25 (2) "honorably discharged" means discharged

.230490.1

1 from the armed forces pursuant to a discharge other than a
2 dishonorable or bad conduct discharge.

3 B. The property of a disabled veteran, including
4 joint or community property of the veteran and the veteran's
5 spouse, is exempt from property taxation [~~if it~~] in an amount
6 equal to the percentage of the veteran's disability as
7 determined by federal law multiplied by the value of the
8 property after the amount that may be exempted pursuant to
9 Section 7-37-5 NMSA 1978 is deducted; provided that the
10 property is occupied by the disabled veteran as the veteran's
11 principal place of residence. Property held in a grantor trust
12 established under Sections 671 through 677 of the Internal
13 Revenue Code of 1986, as those sections may be amended or
14 renumbered, by a disabled veteran or the veteran's surviving
15 spouse is also exempt from property taxation if the property
16 otherwise meets the requirements for exemption in this
17 subsection or Subsection C of this section.

18 C. The property of the surviving spouse of a
19 disabled veteran is exempt from property taxation if:

20 (1) the surviving spouse and the disabled
21 veteran were married at the time of the disabled veteran's
22 death; and

23 (2) the surviving spouse continues to occupy
24 the property continuously after the disabled veteran's death as
25 the spouse's principal place of residence.

.230490.1

1 D. Upon the transfer of the principal place of
2 residence of a disabled veteran or of a surviving spouse of a
3 disabled veteran entitled to and granted a disabled veteran
4 exemption, the disabled veteran or the surviving spouse may
5 choose to:

6 (1) maintain the exemption for that residence
7 for the remainder of the year, even if the residence is
8 transferred during the year; or

9 (2) remove the exemption for that residence
10 and apply it to the disabled veteran's or the disabled
11 veteran's surviving spouse's new principal place of residence,
12 regardless of whether the exemption was applied for and claimed
13 within thirty days of the mailing of the county assessor's
14 notice of valuation made pursuant to the provisions of Section
15 7-38-20 NMSA 1978.

16 E. The exemption provided by this section may be
17 referred to as the "disabled veteran exemption".

18 F. The disabled veteran exemption shall be applied
19 only if claimed and allowed in accordance with Section 7-38-17
20 NMSA 1978 and the rules of the department. The disabled
21 veteran exemption shall be claimed in proportion to the
22 taxpayer's ownership interest in the property.

23 G. The veterans' services department shall assist
24 the department and the county assessors in determining which
25 veterans qualify for the disabled veteran exemption."

.230490.1

1 **SECTION 3.** Section 7-38-17 NMSA 1978 (being Laws 1973,
2 Chapter 258, Section 57, as amended) is amended to read:

3 "7-38-17. CLAIMING EXEMPTIONS--REQUIREMENTS--PENALTIES.--

4 A. Subject to the requirements of Subsection E of
5 this section, head-of-family exemptions, veteran exemptions,
6 disabled veteran exemptions or veterans' organization
7 exemptions claimed and allowed in a tax year need not be
8 claimed for subsequent tax years if there is no change in
9 eligibility for the exemption nor any change in ownership of
10 the property against which the exemption was claimed. Head-of-
11 family, veteran and veterans' organization exemptions allowable
12 under this subsection shall be applied automatically by county
13 assessors in the subsequent tax years.

14 B. Other exemptions of real property specified
15 under Section 7-36-7 NMSA 1978 for nongovernmental entities
16 shall be claimed in order to be allowed. Once such exemptions
17 are claimed and allowed for a tax year, they need not be
18 claimed for subsequent tax years if there is no change in
19 eligibility. Exemptions allowable under this subsection shall
20 be applied automatically by county assessors in subsequent tax
21 years.

22 C. Except as set forth in Subsection H of this
23 section, an exemption required to be claimed under this section
24 shall be applied for no later than thirty days after the
25 mailing of the county assessor's notices of valuation pursuant

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1 to Section 7-38-20 NMSA 1978 in order for it to be allowed for
2 that tax year.

3 D. A person who has had an exemption applied to a
4 tax year and subsequently becomes ineligible for the exemption
5 because of a change in the person's status or a change in the
6 ownership of the property against which the exemption was
7 applied shall notify the county assessor of the loss of
8 eligibility for the exemption by the last day of February of
9 the tax year immediately following the year in which loss of
10 eligibility occurs.

11 E. Exemptions may be claimed by filing proof of
12 eligibility for the exemption with the county assessor. The
13 proof shall be in a form prescribed by regulation of the
14 department. Procedures for determining eligibility of
15 claimants for any exemption shall be prescribed by regulation
16 of the department, and these regulations shall include
17 provisions for requiring the veterans' services department to
18 issue certificates of eligibility for veteran and veterans'
19 organization exemptions in a form and with the information
20 required by the department. The regulations shall also include
21 verification procedures to assure that veteran exemptions in
22 excess of the amount authorized under Section 7-37-5 NMSA 1978
23 are not allowed as a result of multiple claiming in more than
24 one county or claiming against more than one property in a
25 single tax year.

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1 F. The department shall consult and cooperate with
2 the veterans' services department in the development, adoption
3 and promulgation of regulations under Subsection E of this
4 section. The veterans' services department shall comply with
5 the promulgated regulations. The veterans' services department
6 shall collect a fee of five dollars (\$5.00) for the issuance of
7 a duplicate certificate of eligibility to a veteran or to a
8 veterans' organization.

9 G. A person who violates the provisions of this
10 section by intentionally claiming and receiving the benefit of
11 an exemption to which the person is not entitled or who fails
12 to comply with the provisions of Subsection D of this section
13 is guilty of a misdemeanor and shall be punished by a fine of
14 not more than one thousand dollars (\$1,000). A county assessor
15 or the assessor's employee who knowingly permits a claimant for
16 an exemption to receive the benefit of an exemption to which
17 the claimant is not entitled is guilty of a misdemeanor and
18 shall be punished by a fine of not more than one thousand
19 dollars (\$1,000) and shall also be automatically removed from
20 office or dismissed from employment upon conviction under this
21 subsection.

22 H. When a disabled veteran or the disabled
23 veteran's unmarried surviving spouse provides proof of
24 eligibility pursuant to Subsection E of this section, the
25 disabled veteran or the disabled veteran's unmarried surviving

.230490.1

1 spouse shall be allowed the exemption for the [~~current~~] tax
2 year; provided that the exemption shall not be allowed for
3 property tax due for previous tax years."

4 SECTION 4. APPLICABILITY.--The provisions of Section 2 of
5 this act apply to the 2026 and subsequent property tax years.

6 SECTION 5. EMERGENCY.--It is necessary for the public
7 peace, health and safety that this act take effect immediately.

underscoring material = new
~~[bracketed material]~~ = delete