

1 AN ACT  
2 RELATING TO TAXATION; MAKING IMPROVEMENTS ON LAND OWNED BY  
3 THE NEW MEXICO RENEWABLE ENERGY AUTHORITY EXEMPT FROM  
4 PROPERTY TAX FOR SO LONG AS THE AUTHORITY HOLDS TITLE TO THE  
5 PROPERTY.

6  
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

8 SECTION 1. Section 7-36-4 NMSA 1978 (being Laws 1976,  
9 Chapter 61, Section 1, as amended) is amended to read:

10 "7-36-4. FRACTIONAL PROPERTY INTERESTS--DEFINITIONS--  
11 TAXATION AND VALUATION OF FRACTIONAL INTERESTS.--

12 A. As used in this section:

13 (1) "fractional interest" means a tangible  
14 interest in real property, except for mineral property as  
15 defined in Section 7-36-22 NMSA 1978, that is less than the  
16 total of the interests existing in the property, but  
17 "fractional interest" does not include those property  
18 interests described in Sections 7-36-3, 7-36-3.1 and 7-36-3.2  
19 NMSA 1978 nor does it include the lessee's interest under a  
20 lease when the term of the lease is more than seventy-five  
21 years;

22 (2) "exempt entity" means any person whose  
23 real property is exempt from taxation under the constitution  
24 of New Mexico or the Enabling Act (36 Stat. 557, as amended)  
25 by reason of ownership;

1                   (3) "exempt property" means property that is  
2 exempt from property taxation pursuant to Article 8, Section  
3 3 of the constitution of New Mexico by reason of use;

4                   (4) "improvements" includes surface and  
5 subsurface structures, fixtures, transmission lines,  
6 pipelines and other works, but "improvements" does not  
7 include:

8                   (a) that property either included or  
9 specifically excluded under the terms "property used in  
10 connection with mineral property" under Section 7-36-23 NMSA  
11 1978, "property used in connection with potash mineral  
12 property" under Section 7-36-24 NMSA 1978 and "property used  
13 in connection with uranium mineral property" under Section  
14 7-36-25 NMSA 1978;

15                   (b) a dwelling occupied by a low-income  
16 resident in a housing project authorized under the provisions  
17 of the Municipal Housing Law; and

18                   (c) those property interests described  
19 in Sections 7-36-3, 7-36-3.1 and 7-36-3.2 NMSA 1978;

20                   (5) "nonexempt entity" means any person that  
21 is not an exempt entity; and

22                   (6) "nonexempt property" means property that  
23 is not exempt property.

24                   B. Fractional interests of nonexempt entities in  
25 real property of exempt entities are exempt from property

1     taxation under the Property Tax Code, but this exemption  
2     shall not apply to the following property:

3                 (1)   improvements of land of an exempt entity  
4     if the improvements are owned or leased by a nonexempt  
5     entity; these improvements are subject to valuation for  
6     property taxation purposes and to property taxation to be  
7     paid by the nonexempt entity; provided, however, that  
8     improvements, including leasehold interest in the  
9     improvements, are exempt if the improvements are:

10                (a)   electric transmission and  
11     interconnected storage facilities and all related structures,  
12     properties and supporting infrastructure that have been  
13     acquired by the New Mexico renewable energy transmission  
14     authority and qualify as an eligible facility pursuant to the  
15     New Mexico Renewable Energy Transmission Authority Act; and

16                (b)   leased by the New Mexico renewable  
17     energy transmission authority to a nonexempt entity to  
18     construct, operate or assist the authority in constructing or  
19     operating the eligible facility; and

20                (2)   property interests of nonexempt entities  
21     held under equitable title in the property of exempt  
22     entities.

23                C.   When fractional interests are created in  
24     property:

25                    (1)   fractional interests that are nonexempt

1 property shall be reported to the appropriate valuation  
2 authority by the fractional interest owners for valuation for  
3 property tax purposes if the owner is a nonexempt entity; and

4 (2) except for fractional interests owned by  
5 the United States, an Indian nation, tribe or pueblo, the  
6 state of New Mexico or a political subdivision of the state,  
7 fractional interests that are owned by a nonexempt entity but  
8 are claimed to be exempt property shall be reported by the  
9 owner to the appropriate valuation authority for a  
10 determination of exemption status and valuation if determined  
11 to be nonexempt property.

12 D. Fractional interests that are nonexempt  
13 property shall be valued by the applicable method of  
14 valuation pursuant to the Property Tax Code, and if  
15 fractional interests that are exempt property have been  
16 created, the value of the remaining nonexempt fractional  
17 interests shall be determined in the property tax year  
18 following the creation of the interests as the value of the  
19 property in the property tax year immediately prior to the  
20 year in which creation of the fractional interests occurred,  
21 increased or decreased by the value directly attributable to  
22 the creation of the fractional interests that are exempt  
23 property. For subsequent property tax years, the nonexempt  
24 fractional interests shall be valued pursuant to the  
25 applicable methods of valuation."

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

SECTION 2. APPLICABILITY.--The provisions of this act  
apply to the 2026 and subsequent property tax years.\_\_\_\_\_