

**Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department**

January 28, 2026

Bill:
HB-103

Sponsor:
Representative Cristina Parajón

Short Title:
Residential Property Valuation Increases

Description:
This bill amends Section 7-36-21.2 NMSA 1978 to allow for residential property that has been re-zoned to non-residential to remain subject to the 3% limitation on residential property valuation increases so long as the use of the property remains residential. This change will result in only residential property that has a change in its use to be brought to current and correct value for property tax valuation purposes.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026). Applicability – to property tax years beginning on or after January 1, 2026.

Taxation and Revenue Department Analyst:
Lucinda Sydow

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(Negative but minimal, See Narrative)				R	Counties, Municipalities, Property Taxing Districts
--	(Negative but minimal, See Narrative)				R	State General Obligation Bond Fund

* In thousands of dollars. Parentheses () indicate a revenue loss.

Methodology for Estimated Revenue Impact:
Tax & Rev sees the underlying valuation changes in residential property as more strongly tied to ‘use’ versus ‘zoning’ changes. Zoning changes could lead to a ‘use’ change in a residential property but then the statute still holds that any change in the ‘use’ of the property would not be subject to the limitation of increases in valuation, thus maintaining the status quo.

Policy Issues:
This proposal provides clarity that exceptions to the 3% residential valuation limitation should be tied to the ‘use’ of the property versus a ‘zoning’ designation. The proposal also removes any bias or unfair treatment between similar residential properties that may be in different zoning districts. If there are two similarly-valued residential properties and one is in an area that is rezoned, the property in a new zoning district is no longer subject to the 3% residential limitation of increases in valuation even if the use of the property has not changed.

Technical Issues:
None.

Other Issues:
None.

Administrative & Compliance Impact:

Zoning is a locally (municipality or County) implemented mechanism. Tax & Rev's Property Tax Division
PTD does not anticipate state-level impacts by adding "zoning" to the limited increases in valuation.