

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

January 30, 2026

Bill:
HB-148

Sponsor:
Representatives Patricia A. Lundstrom, Derrick J. Lente, Javier Martínez, Mark Duncan and Senator Michael Padilla

Short Title:
Property Tax Affidavits

Description:
This bill provides for a temporary limitation on an increase in nonresidential property valuation for the 2026 through 2036 tax years. The annual increase in value shall not exceed 105% of the value for the tax year prior to the tax year.

The bill also amends Section 7-38-12.1 NMSA 1978 to require that a real property transfer affidavit must be filed with the county assessor for the transfer of nonresidential property, excluding transfers of the mineral or subsurface estate of real property.

Effective Date, Applicability, and Contingency Language:
Emergency provision. Applicable 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
Unknown but likely negative, see narrative					R	Counties, Municipalities, Property Taxing Districts
Unknown but likely negative, see narrative					R	State General Obligation Bond Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact:

Tax & Rev currently does not have sufficient data to model the impact of limiting the growth in valuations for nonresidential properties to 5% in any tax year.

Requiring an affidavit notifying assessors of sales of nonresidential properties provides more visibility for county assessors of the current and correct value for these properties. Tax & Rev does not have data to validate the proportion of nonresidential properties that are undervalued or have been valued at more than 5%. Overall, this should represent a loss to property tax revenue for taxing districts as properties have been assessed at growth rates far above the 5%. (See Policy Issues). Local impacts of the legislation proposed in this bill will vary widely depending on local trends in nonresidential property valuation.

Policy Issues:

This bill limits abrupt increases in the valuation of nonresidential property for the next 10 years. In recent years, some counties have increased commercial property values by more than 200% after properties that had not been site-valued for many years were reassessed.

Second, the bill increases transparency in the valuation of commercial property upon sale. It requires the filing of affidavits when nonresidential property is sold, providing assessors with reliable sales data to inform their valuations.

Technical Issues:

[Section 1] The limitation in increase in property value includes when a property is sold. Tax & Rev suggests adding language from Section 7-36-21.2(B) NMSA 1978, changing residential to nonresidential to apply to the new proposed section on nonresidential. Tax & Rev suggests adding a new Subsection on page 2, B (4) that reads “If a change of ownership of nonresidential property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined, the value of the property shall be its current and correct value as determined pursuant to the general valuation provisions of the Property Tax Code.”

Subsection A, pages 1 and 2, in conjunction with subsection B(2), page 2, lines 9-13, Tax & Rev is concerned about the following example for a building rebuilt after a disaster and the logic applied under the proposal: if a building burns down in 2025 and is not rebuilt until 2027, the property would only have the land value assessed in 2026. The limitation says that for 2027, the assessor can’t assess a value greater than the 2026 value plus 5%. The purpose of the proposal appears to be that a county assessor should be able to pick up the new building at the value at the time it is replaced. Tax & Rev suggests the following language be added on line 13, after the word emergency that reads: “If the state disaster occurred prior to January 1, 2026, the property’s value as of January 1, 2026, as if it had not been destroyed adjusted pursuant to Subsection 1; or If the state disaster occurred after January 1, 2026, its value as the date the property was destroyed adjusted pursuant to Subsection 1.”

Subsection D(17), page 6, lines 22-24, any property that sold and was valued under the Special method of valuation and land used primarily for agricultural purposes would not be reported to the county assessor. This could lead to inconsistent valuations of similar properties. Tax & Rev suggests that on page 7, line 2, a new Subsection D(19) be added that reads: “A deed, patent or contract for sale or transfer of real property that is subject to valuation by the department.”

Other Issues:

None.

Administrative & Compliance Impact:

Tax & Rev will update relevant publications from the department. This can be completed during the normal implementation cycle with current staff members.