HOUSE BILL 285

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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and Harold Pope

AN ACT

RELATING TO TAXATION; AMENDING THE DISABLED VETERAN PROPERTY TAX EXEMPTION; CLARIFYING OCCUPANCY REQUIREMENTS; CLARIFYING EXEMPTION DETERMINATIONS FOR PROPERTIES WITH MULTIPLE OWNERSHIP INTERESTS; PROVIDING PROTEST PROCEDURES AND PROCEDURES TO CLAIM THE EXEMPTION; DECLARING AN EMERGENCY.

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

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

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

A. As used in this section:

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

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

(b) has been determined pursuant to federal law to have a permanent service-connected disability; and

(2) "honorably discharged" means discharged from the armed forces pursuant to a discharge other than a dishonorable or bad conduct discharge.

B. The property of a disabled veteran, including joint or community property of the veteran and the veteran's spouse, is exempt from property taxation in an amount equal to the percentage of the veteran's disability as determined by federal law multiplied by the <u>taxable</u> value of the property after the amount that may be exempted pursuant to Section 7-37-5 NMSA 1978 is deducted; provided that the <u>disabled veteran occupies the</u> property [~~is occupied by the disabled~~

~~veteran~~] continuously as the veteran's principal place of residence pursuant to regulations issued by the department and claimed pursuant to Section 7-38-17 NMSA 1978. Property held in a grantor trust established under Sections 671 through 677 of the Internal Revenue Code of 1986, as those sections may be amended or renumbered, by a disabled veteran or the veteran's surviving spouse is also exempt from property taxation if the property otherwise meets the requirements for exemption in this subsection or Subsection C of this section.

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

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

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

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

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

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

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

F. [~~The disabled veteran exemption shall be applied only if claimed and allowed in accordance with Section 7-38-17 NMSA 1978 and the rules of the department. The disabled veteran exemption shall be claimed in proportion to the taxpayer's ownership interest in the property.~~] If two or more disabled veterans qualify for the disabled veteran exemption on the same property, the exemption shall be determined using the highest disability percentage among the eligible disabled veteran owners.

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

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

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

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

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

C. [~~Except as set forth in Subsection H of this section~~] An exemption required to be claimed under this section shall be applied for no later than thirty days after the mailing of the county assessor's notices of valuation pursuant to Section 7-38-20 NMSA 1978 in order for it to be allowed for that tax year. A property owner claiming an exemption that is still pending thirty days after the mailing of the county assessor's notices of valuation may file a protest pursuant to

Section 7-38-21 NMSA 1978. A determination on the pending claim shall be made by the county assessor within the protest period.

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

E. Exemptions may be claimed by filing proof of eligibility for the exemption with the county assessor. The proof shall be in a form prescribed by regulation of the department. Procedures for determining eligibility of claimants for any exemption shall be prescribed by regulation of the department, and these regulations shall include provisions for requiring the veterans' services department to issue certificates of eligibility for veteran and veterans' organization exemptions in a form and with the information required by the department. The regulations shall also include verification procedures to assure that veteran exemptions in excess of the amount authorized under Section 7-37-5 NMSA 1978 are not allowed as a result of multiple claiming in more than one county or claiming against more than one property in a single tax year. For purposes of claiming the disabled veteran property tax exemption pursuant to Section 7-37-5.1 NMSA 1978:

(1) a disabled veteran shall present to the assessor a form prescribed by the department certifying that the veteran is an owner of the property and occupies the property continuously as the veteran's principal place of residence. The form shall be accompanied by the disabled veteran's certificate of eligibility issued by the veterans' services department and be presented to the county assessor at the time the disabled veteran exemption is initially claimed and upon any change in ownership of the property; or

(2) if the disabled veteran has submitted a veteran's disability claim to the United States department of veterans affairs and the disabled veteran certificate of eligibility has not been issued by the veterans' services department by thirty days after the mailing of the county assessor's notices of valuation, the veteran may file a protest and attach the notice of receipt of a disabled veteran's disability claim as required by 35 U.S.C. 5103.

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

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

[~~H. When a disabled veteran or the disabled veteran's unmarried surviving spouse provides proof of eligibility pursuant to Subsection E of this section, the disabled veteran or the disabled veteran's unmarried surviving spouse shall be allowed the exemption for the tax year; provided that the exemption shall not be allowed for property tax due for previous tax years.~~]"

SECTION 3. Section 7-38-21 NMSA 1978 (being Laws 1973, Chapter 258, Section 61, as amended) is amended to read:

"7-38-21. PROTESTS--COUNTY-ASSESSED PROPERTY--ELECTION OF

REMEDIES.--

A. A property owner may protest:

(1) the value or classification determined by the county assessor for the property owner's property for property taxation purposes;

(2) the allocation of value of the property to a particular governmental unit [~~or~~];

(3) a denial of a claim for an exemption or [~~for~~] a pending claim for an exemption; or

(4) a limitation on increase in value.

B. A property owner may protest pursuant to Subsection A of this section, either by:

(1) filing a petition with the county assessor as provided in the Property Tax Code; or

(2) filing a claim for refund after paying the property owner's taxes as provided in the Property Tax Code.

[~~B.~~] C. The initiation of a protest under Paragraph (1) of Subsection [~~A~~] B of this section is an election to pursue that remedy and is an unconditional and irrevocable waiver of the right to pursue the remedy provided in Paragraph (2) of Subsection [~~A~~] B of this section.

[~~C.~~] D. A property owner may also protest the application to the property owner's property of any administrative fee adopted pursuant to Section 7-38-36.1 NMSA 1978 by filing a claim for refund after paying the property owner's taxes as provided in the Property Tax Code."

SECTION 4. Section 7-38-24 NMSA 1978 (being Laws 1973, Chapter 258, Section 64, as amended) is amended to read:

"7-38-24. PROTESTING VALUES, CLASSIFICATION, ALLOCATION OF VALUES AND DENIAL OF EXEMPTION OR LIMITATION ON INCREASE IN VALUE DETERMINED BY THE COUNTY ASSESSOR.--

HLVMC→~~A. A property owner may protest the value or classification determined by the county assessor for [his] property for property taxation purposes, the assessor's allocation of value of [his] the property to a particular governmental unit or denial of a claim for an exemption or for a limitation on increase in value by filing a petition with the assessor. Filing a petition in accordance with this section or Section 7-38-21 NMSA 1978 entitles the property owner to a hearing on [his] the protest.~~**←HLVMC**

HLVMC→~~B.~~**←HLVMC HLVMC→A.←HLVMC** Petitions **HLVMC→for protest authorized by Section 7-38-21 NMSA 1978←HLVMC** shall:

(1) be filed with the county assessor on or before:

(a) the later of April 1 of the property tax year to which the notice applies or thirty days after the mailing by the assessor of the notice of valuation if the notice was mailed with the preceding year's tax bill in accordance with Section 7-38-20 NMSA 1978;

(b) thirty days after the mailing of a

property tax bill on omitted property pursuant to Section 7-38-76 NMSA 1978; or

(c) in all other cases, thirty days after the mailing by the assessor of the notice of valuation;

(2) state the property owner's name and address and the description of the property;

(3) state why the property owner believes the value, classification, allocation of value or denial of a claim of an exemption or of a limitation on increase in value is incorrect and what [~~he~~] the property owner believes the correct value, classification, allocation of value or exemption to be; and

(4) state the value, classification, allocation of value or exemption that is not in controversy.

HLVMC→~~C.~~←HLVMC HLVMC→**B.**←HLVMC Upon receipt of the petition, the county assessor shall schedule a hearing before the county valuation protests board and notify the property owner by certified mail of the date, time and place that [~~he~~] the property owner may appear to support [~~his~~] the petition. The notice shall be mailed at least fifteen days prior to the hearing date.

HLVMC→~~D.~~←HLVMC HLVMC→**C.**←HLVMC The county assessor may provide for an informal conference on the protest before the hearing."

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