

AN ACT

RELATING TO PROPERTY TAXATION; CONFORMING THE TERMS OF CERTAIN VALUATION INCREASE LIMITATIONS FOR RESIDENTIAL PROPERTY; PROVIDING FOR AN ANNUAL INFLATION ADJUSTMENT OF THE INCOME QUALIFICATION FOR THE LIMITATION ON INCREASES IN VALUATION OF CERTAIN RESIDENTIAL PROPERTY OF PERSONS SIXTY-FIVE YEARS OF AGE OR OLDER; PROVIDING FOR CURRENT AND CORRECT VALUATION OF RESIDENTIAL PROPERTY IN CERTAIN COUNTIES; AMENDING SECTIONS OF THE PROPERTY TAX CODE; DECLARING AN EMERGENCY.

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

Section 1. Section 7-36-21.2 NMSA 1978 (being Laws 2000, Chapter 10, Section 2) is amended to read:

"7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY. --

A. Residential property shall be valued at its current and correct value in accordance with the provisions of the Property Tax Code; provided that for the 2001 and subsequent tax years, the value of a property in any tax year shall not exceed the higher of one hundred three percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred six and one-tenth percent of the value in the tax year two years prior to the tax year in which the property is being valued. This

limitation on increases in value does not apply to:

(1) a residential property in the first tax year that it is valued for property taxation purposes;

(2) any physical improvements made to the property during the year immediately prior to the tax year or omitted in a prior tax year; or

(3) valuation of a residential property in any tax year in which:

(a) a change of ownership of the 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; or

(b) the use or zoning of the property has changed in the year prior to the tax year.

B. If a change of ownership of residential 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.

C. To assure that the values of residential property for property taxation purposes are at current and correct values in all counties prior to application of the limitation in Subsection A of this section, the department

shall determine for the 2000 tax year the sales ratio pursuant to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be determined pursuant to that section, conduct a sales-ratio analysis using both independent appraisals by the department and sales. If the sales ratio for a county for the 2000 tax year is less than eighty-five, as measured by the median ratio of value for property taxation purposes to sales price or independent appraisal by the department, the county shall not be subject to the limitations of Subsection A of this section and shall conduct a reassessment of residential property in the county so that by the 2003 tax year, the sales ratio is at least eighty-five. After such reassessment, the limitation on increases in valuation in this section shall apply in those counties in the earlier of the 2004 tax year or the first tax year following the tax year that the county has a sales ratio of eighty-five or higher, as measured by the median ratio of value for property taxation purposes to sales value or independent appraisal by the department. Thereafter, the limitation on increases in valuation of residential property for property taxation purposes in this section shall apply to subsequent tax years in all counties.

D. The provisions of this section do not apply to residential property for any tax year in which the property is subject to the valuation limitation in Section 7-36-21.3

NMSA 1978.

E. As used in this section:

(1) "change of ownership" means a transfer to a transferee by a transferor of all or any part of the transferor's legal or equitable ownership interest in residential property except for a transfer:

(a) to a trustee for the beneficial use of the spouse of the transferor or the surviving spouse of a deceased transferor;

(b) to the spouse of the transferor that takes effect upon the death of the transferor;

(c) that creates, transfers or terminates, solely between spouses, any co-owner's interest;

(d) to a child of the transferor, who occupies the property as his principal residence at the time of transfer; provided that the first subsequent tax year in which that person does not qualify for the head of household exemption on that property, a change of ownership shall be deemed to have occurred;

(e) that confirms or corrects a previous transfer made by a document that was recorded in the real estate records of the county in which the real property is located;

(f) for the purpose of quieting the title to real property or resolving a disputed location of a

real property boundary;

(g) to a revocable trust by the transferor with the transferor, the transferor's spouse or a child of the transferor as beneficiary; or

(h) from a revocable trust described in Subparagraph (g) of this paragraph back to the settlor or trustor or to the beneficiaries of the trust;

(2) "net new value" means "net new value" as defined in Section 7-37-7.1 NMSA 1978; and

(3) "prior year value" means the value for property taxation purposes of residential property subject to valuation under the Property Tax Code in the prior tax year."

Section 2. Section 7-36-21.3 NMSA 1978 (being Laws 2000, Chapter 21, Section 1) is amended to read:

"7-36-21.3. LIMITATION ON INCREASE IN VALUE FOR SINGLE-FAMILY DWELLINGS OCCUPIED BY OWNER SIXTY-FIVE YEARS OF AGE OR OLDER. --

A. For the 2001 and subsequent tax years the valuation for property taxation purposes of a single-family dwelling owned and occupied by a person who is sixty-five years of age or older and whose modified gross income, as defined in the Income Tax Act, for the prior taxable year did not exceed the greater of eighteen thousand dollars (\$18,000) or the amount calculated pursuant to Subsection C of this

section shall not be greater than the valuation of the property for property taxation purposes in the:

- (1) 2001 tax year;
- (2) year in which the owner has his sixty-fifth birthday, if that is after 2001; or
- (3) tax year following the tax year in which an owner who turns sixty-five or is sixty-five years of age or older first owns and occupies the property, if that is after 2001.

B. The limitation of value specified in Subsection A of this section shall be applied in a tax year in which the owner claiming entitlement files with the county assessor an application for the limitation on a form furnished to him by the assessor. The application form shall be designed by the department and shall provide for proof of age, occupancy and income eligibility for the tax year for which application is made.

C. For the 2002 tax year and each subsequent tax year the maximum amount of modified gross income in Subsection A of this section shall be adjusted to account for inflation. The department shall make the adjustment by multiplying the maximum amount for tax year 2000 by a fraction, the numerator of which is the consumer price index ending during the prior tax year and the denominator of which is the consumer price index ending in tax year 2000. The

result of the multiplication shall be rounded down to the nearest one hundred dollars (\$100) except that if the result would be an amount less than the corresponding amount for the preceding tax year, then no adjustment shall be made. For purposes of this subsection, "consumer price index" means the consumer price index for all urban consumers published by the United States department of labor for the month ending September 30. The department shall publish annually the amount determined by the calculation and distribute it to each county assessor no later than December 1 of each tax year.

D. The limitation of value specified in Subsection A of this section does not apply to:

(1) a change in valuation resulting from any physical improvements made to the property during the year immediately prior to the tax year or a change in the permitted use or zoning of the property during the year immediately prior to the tax year; or

(2) a residential property in the first tax year that is valued for property taxation purposes."

Section 3. Section 7-38-18 NMSA 1978 (being Laws 1973, Chapter 258, Section 58, as amended by Laws 2000, Chapter 92, Section 4 and also by Laws 2000, Chapter 94, Section 4) is amended to read:

"7-38-18. PUBLICATION OF NOTICE OF CERTAIN PROVISIONS

RELATING TO REPORTING PROPERTY FOR VALUATION AND CLAIMING OF EXEMPTIONS. --

A. Each county assessor shall have a notice published in a newspaper of general circulation within the county at least once a week during the first three full weeks in January of each tax year, which notice shall include a brief statement of the provisions of:

(1) Section 7-38-8 NMSA 1978 relating to requirements for reporting property for valuation for property taxation purposes;

(2) Section 7-38-8.1 NMSA 1978 relating to requirements for reporting exempt property;

(3) Section 7-38-13 NMSA 1978 relating to filing statements of decrease in value of property;

(4) Section 7-38-17 NMSA 1978 relating to requirements for claiming veteran, disabled veteran, head-of-family and other exemptions;

(5) Section 7-38-17.1 NMSA 1978 relating to the requirements for declaring residential property and changes in use of property; and

(6) Section 7-36-21.3 NMSA 1978 relating to requirements for claiming eligibility for the limitation on increases in valuation for property taxation purposes of a single-family dwelling owned and occupied by a person who is sixty-five years of age or older.

B. The department shall develop and issue a uniform form of notice to be used by county assessors to fulfill the requirements of this section."

Section 4. Section 7-38-20 NMSA 1978 (being Laws 1973, Chapter 258, Section 60, as amended) is amended to read:

"7-38-20. COUNTY ASSESSOR AND DEPARTMENT TO MAIL NOTICES OF VALUATION. --

A. By April 1 of each year, the county assessor shall mail a notice to each property owner informing him of the net taxable value of his property that has been valued for property taxation purposes by the assessor.

B. By May 1 of each year, the department shall mail a notice to each property owner informing him of the net taxable value of his property that has been valued for property taxation purposes by the department.

C. Failure to receive the notice required by this section does not invalidate the value set on the property, any property tax based on that value or any subsequent procedure or proceeding instituted for the collection of the tax.

D. The notice required by this section shall state:

- (1) the property owner's name and address;
- (2) the description or identification of the property valued;

- (3) the classification of the property valued;
- (4) the value set on the property for property taxation purposes;
- (5) the tax ratio;
- (6) the taxable value of the property;
- (7) the amount of any exemptions allowed and a statement of the net taxable value of the property after deducting the exemptions;
- (8) the allocations of net taxable values to the governmental units;
- (9) briefly, the eligibility requirements and application procedures and deadline for claiming eligibility for a limitation on increases in the valuation for property taxation purposes of a single-family dwelling owned and occupied by a person sixty-five years of age or older; and
- (10) briefly, the procedures for protesting the value determined for property taxation purposes, classification, allocation of values to governmental units or denial of a claim for an exemption or for the limitation on increases in valuation for property taxation purposes.

E. The county assessor may mail the valuation notice required pursuant to Subsection A of this section to taxpayers with the preceding tax year's property tax bills if

the net taxable value of the property has not changed since the preceding taxable year. In this early mailing, the county assessor shall provide clear notice to the taxpayer that the valuation notice is for the succeeding tax year and that the deadlines for protest of the value or classification of the property apply to this mailing date."

Section 5. TEMPORARY PROVISION--APPLICATION DEADLINE EXTENDED FOR CLAIMING ENTITLEMENT TO PROPERTY VALUATION INCREASE LIMITATION.--Notwithstanding any provision of the Property Tax Code to the contrary, the deadline shall be extended to May 1, 2001 for making application to the county assessor to claim entitlement to the limitation on increases in valuation for single family dwellings owned and occupied by certain persons sixty-five years of age or older pursuant to Section 7-36-21.3 NMSA 1978 for the 2001 property tax year. County assessors shall adjust, as necessary, the valuation for property taxation purposes of the 2001 property tax year of single family dwellings owned and occupied by applicants who file a timely application and meet the requirements of Section 7-36-21.3 NMSA 1978.

Section 6. APPLICABILITY.--The provisions of this act apply to property tax year 2001 and succeeding tax years.

Section 7. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately. \_\_\_\_\_

