

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

HOUSE BILL 862

**47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005**

INTRODUCED BY

Hector H. Balderas

AN ACT

RELATING TO TAXATION; PROVIDING FOR INCLUSION OF PROPERTY  
ANNEXED INTO A GOVERNMENTAL UNIT AS NET NEW VALUE FOR YIELD  
CONTROL PURPOSES; DECLARING AN EMERGENCY.

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

Section 1. Section 7-37-7.1 NMSA 1978 (being Laws 1979,  
Chapter 268, Section 1, as amended) is amended to read:

"7-37-7.1. ADDITIONAL LIMITATIONS ON PROPERTY TAX  
RATES.--

A. Except as provided in Subsections D and E of  
this section, in setting the general property tax rates for  
residential and nonresidential property authorized in  
Subsection B of Section 7-37-7 NMSA 1978, the other rates and  
impositions authorized in Paragraphs (2) and (3) of Subsection  
C of Section 7-37-7 NMSA 1978, except the portion of the rate  
.154766.1

underscored material = new  
[bracketed material] = delete

underscoring material = new  
[bracketed material] = delete

1 authorized in Paragraph (1) of Subsection A of Section 4-48B-12  
2 NMSA 1978 used to meet the requirements of Section 27-10-4 NMSA  
3 1978, and benefit assessments authorized by law to be levied  
4 upon net taxable value of property, assessed value or a similar  
5 term, neither the department of finance and administration nor  
6 any other entity authorized to set or impose a rate or  
7 assessment shall set a rate or impose a tax or assessment that  
8 will produce revenue from either residential or nonresidential  
9 property in a particular governmental unit in excess of the sum  
10 of a dollar amount derived by multiplying the appropriate  
11 growth control factor by the revenue due from the imposition on  
12 residential or nonresidential property, as appropriate, for the  
13 prior property tax year in the governmental unit of the rate,  
14 imposition or assessment for the specified purpose plus, for  
15 the calculation for the rate authorized for county operating  
16 purposes by Subsection B of Section 7-37-7 NMSA 1978 with  
17 respect to residential property, any applicable tax rebate  
18 adjustment. The calculation described in this subsection shall  
19 be separately made for residential and nonresidential property.  
20 Except as provided in Subsections D and E of this section, no  
21 tax rate or benefit assessment that will produce revenue from  
22 either class of property in a particular governmental unit in  
23 excess of the dollar amount allowed by the calculation shall be  
24 set or imposed. The rates imposed pursuant to Sections 7-32-4  
25 and 7-34-4 NMSA 1978 shall be the rates for nonresidential

.154766.1

underscored material = new  
[bracketed material] = delete

1 property that would have been imposed but for the limitations  
2 in this section. As used in this section, "growth control  
3 factor" is a percentage equal to the sum of "percent change I"  
4 plus V where:

5 (1)  $V = \frac{\text{base year value} + \text{net new value}}{\text{base year value}}$ ,  
6

7 expressed as a percentage, but if the percentage calculated is  
8 less than one hundred percent, then V shall be set and used as  
9 one hundred percent;

10 (2) "base year value" means the value for  
11 property taxation purposes of all residential or nonresidential  
12 property, as appropriate, subject to valuation under the  
13 Property Tax Code in the governmental unit for the specified  
14 purpose in the prior property tax year;

15 (3) "net new value" means the additional value  
16 of residential or nonresidential property, as appropriate, for  
17 property taxation purposes placed on the property tax schedule  
18 in the current year resulting from the elements in  
19 Subparagraphs (a) through (d) of this paragraph reduced by the  
20 value of residential or nonresidential property, as  
21 appropriate, removed from the property tax schedule in the  
22 current year and, if applicable, the reductions described in  
23 Subparagraph (e) of this paragraph:

24 (a) residential or nonresidential  
25 property, as appropriate, valued in the current year that was

.154766.1

underscored material = new  
[bracketed material] = delete

1 not valued at all in the prior year, including residential or  
2 nonresidential property that is annexed into a governmental  
3 unit;

4 (b) improvements to existing residential  
5 or nonresidential property, as appropriate;

6 (c) additions to residential or  
7 nonresidential property, as appropriate, or values that were  
8 omitted from previous years' property tax schedules even if  
9 part or all of the property was included on the schedule, but  
10 no additions of values attributable to valuation maintenance  
11 programs or reappraisal programs shall be included;

12 (d) additions to nonresidential property  
13 due to increases in annual net production values of mineral  
14 property valued in accordance with Section 7-36-23 or 7-36-25  
15 NMSA 1978 or due to increases in market value of mineral  
16 property valued in accordance with Section 7-36-24 NMSA 1978;  
17 and

18 (e) reductions to nonresidential  
19 property due to decreases in annual net production values of  
20 mineral property valued in accordance with Section 7-36-23 or  
21 7-36-25 NMSA 1978 or due to decreases in market value of  
22 mineral property valued in accordance with Section 7-36-24 NMSA  
23 1978; and

24 (4) "percent change I" means a percent not in  
25 excess of five percent that is derived by dividing the annual

.154766.1

underscoring material = new  
[bracketed material] = delete

1 implicit price deflator index for state and local government  
2 purchases of goods and services, as published in the United  
3 States department of commerce monthly publication entitled  
4 "survey of current business" or any successor publication, for  
5 the calendar year next preceding the prior calendar year into  
6 the difference between the prior year's comparable annual index  
7 and that next preceding year's annual index if that difference  
8 is an increase, and if the difference is a decrease, the  
9 "percent change I" is zero. In the event that the annual  
10 implicit price deflator index for state and local government  
11 purchases of goods and services is no longer prepared or  
12 published by the United States department of commerce, the  
13 department shall adopt by regulation the use of any comparable  
14 index prepared by any agency of the United States.

15 B. If, as a result of the application of the  
16 limitation imposed under Subsection A of this section, a  
17 property tax rate for residential or nonresidential property,  
18 as appropriate, authorized in Subsection B of Section 7-37-7  
19 NMSA 1978 is reduced below the maximum rate authorized in that  
20 subsection, no governmental unit or entity authorized to impose  
21 a tax rate under Paragraph (2) of Subsection C of Section  
22 7-37-7 NMSA 1978 shall impose any portion of the rate  
23 representing the difference between a maximum rate authorized  
24 under Subsection B of Section 7-37-7 NMSA 1978 and the reduced  
25 rate resulting from the application of the limitation imposed

.154766.1

underscoring material = new  
[bracketed material] = delete

1 under Subsection A of this section.

2 C. If the net new values necessary to make the  
3 computation required under Subsection A of this section are not  
4 available for any governmental unit at the time the calculation  
5 must be made, the department of finance and administration  
6 shall use a zero amount for net new values when making the  
7 computation for the governmental unit.

8 D. Any part of the maximum tax rate authorized for  
9 each governmental unit for residential and nonresidential  
10 property by Subsection B of Section 7-37-7 NMSA 1978 that is  
11 not imposed for a governmental unit for any property tax year  
12 for reasons other than the limitation required under Subsection  
13 A of this section may be authorized by the department of  
14 finance and administration to be imposed for that governmental  
15 unit for residential and nonresidential property for the  
16 following tax year subject to the restriction of Subsection D  
17 of Section 7-38-33 NMSA 1978.

18 E. If the base year value necessary to make the  
19 computation required under Subsection A of this section is not  
20 available for any governmental unit at the time the calculation  
21 must be made, the department of finance and administration  
22 shall set a rate for residential and nonresidential property  
23 that will produce in that governmental unit a dollar amount  
24 that is not in excess of the property tax revenue due for all  
25 property for the prior property tax year for the specified

.154766.1

underscored material = new  
[bracketed material] = delete

1 purpose of that rate in that governmental unit.

2 F. If property annexed into a governmental unit on  
3 or after January 1, 1978 has not been included as net new value  
4 for the purpose of determining a base year value for any  
5 property tax year ending before January 1, 2006, the property  
6 tax division of the taxation and revenue department shall upon  
7 request of the annexing governmental unit determine a net new  
8 value amount that includes the annexed property for any  
9 property tax year beginning on or after January 1, 1978. The  
10 property tax division shall report to the department of finance  
11 and administration the aggregate net new value determined for  
12 those years. The department of finance and administration  
13 shall calculate for the 2005 property tax year a new base year  
14 value that includes the aggregate net new value amount  
15 determined by the property tax division. That new base year  
16 value shall be used in lieu of the actual base year value for  
17 the previous 2005 property tax year for the governmental unit  
18 for purposes of calculating the allowable revenue for the 2005  
19 property tax year.

20 [F.] G. For the purposes of this section:

21 (1) "nonresidential property" does not include  
22 any property upon which taxes are imposed pursuant to the Oil  
23 and Gas Ad Valorem Production Tax Act, the Oil and Gas  
24 Production Equipment Ad Valorem Tax Act or the Copper  
25 Production Ad Valorem Tax Act; and

.154766.1

