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HOUSE BILL 261

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Edward C. Sandoval

AN ACT

RELATING TO REAL PROPERTY; REQUIRING DISCLOSURE OF ESTIMATED
FUTURE PROPERTY TAXES TO A BUYER OF RESIDENTIAL REAL PROPERTY.

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

Section 1. Section 47-13-1 NMSA 1978 (being Laws 1991,
Chapter 74, Section 1) is amended to read:

"47-13-1. SHORT TITLE.--~~[Sections 1 through 3 of this
act]~~ Chapter 47, Article 13 NMSA 1978 may be cited as the "Real
Estate Disclosure Act"."

Section 2. A new section of the Real Estate Disclosure
Act, Section 47-13-1.1 NMSA 1978, is enacted to read:

"47-13-1.1. [NEW MATERIAL] DEFINITION.--As used in the
Real Estate Disclosure Act, "estimated amount of property tax
due" means the product of one-third of the offer price, sales
price or specified value, as appropriate, of the residential

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1 real property being sold or otherwise transferred in the
2 transaction multiplied by the current property tax rates
3 applicable to the property if those tax rates have been imposed
4 in accordance with Section 7-38-34 NMSA 1978 for the current
5 year for the county in which the property is located or, in all
6 other cases, by the tax rates for the prior year."

7 Section 3. A new section of the Real Estate Disclosure
8 Act, Section 47-13-4 NMSA 1978, is enacted to read:

9 "47-13-4. [NEW MATERIAL] FINDING--DISCLOSURE OF
10 INFORMATION REQUIRED IN CERTAIN REAL ESTATE TRANSACTIONS.--

11 A. The legislature finds that property tax due on a
12 residential property for the current year can be a misleading
13 guide to property tax due in the years following the sale of
14 that property and that a prospective buyer needs information
15 regarding the property tax obligation in the year following the
16 property's sale to judge properly the affordability of a
17 contemplated purchase.

18 B. At the time an offer for a residential property
19 is being prepared, each real estate broker or agent acting on
20 behalf of the prospective buyer shall present to the
21 prospective buyer, or ensure that the buyer is presented with,
22 the information specified in Subsection F of this section based
23 on the offer price.

24 C. At the time a title binder is offered to a
25 prospective insured with respect to residential property, the

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1 title company shall present to the prospective insured, or
2 ensure that the prospective insured is presented with, the
3 information specified in Subsection F of this section based on
4 the sales price for the property.

5 D. At the time a prospective buyer of residential
6 property applies for a loan from any lending institution in
7 this state to buy the property, the lending institution shall
8 present to the prospective buyer, or ensure that the
9 prospective buyer is presented with, the information specified
10 in Subsection F of this section based on the sales price for
11 the property.

12 E. Each county assessor or county treasurer shall
13 promptly reply to inquiries as to the estimated property tax
14 liability with respect to a residential property in the county
15 at a value specified by the requestor by furnishing the
16 information specified in Subsection F of this section. A
17 county may satisfy this obligation through an internet site or
18 other automated format. A document associated with the request
19 or answer is not a public record or a valuation record. County
20 assessors shall not use information provided with a request,
21 including the specified value, to assess the valuation of the
22 property. Neither the county nor any jurisdiction levying a
23 tax against residential property in the county is bound in any
24 way by the estimate given.

25 F. When required by Subsections B through D of this

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1 section or when requested pursuant to Subsection E of this
2 section, the following information shall be provided:

3 (1) the actual amount of property tax due for
4 the residential property for the current calendar year if the
5 tax rates for the current year have been imposed in accordance
6 with Section 7-38-34 NMSA 1978 for the county in which the
7 property is located or, in all other cases, the amount of
8 property tax due with respect to the property for the prior
9 year; and

10 (2) the estimated amount of property tax due
11 for the property for the year following the year in which the
12 transaction takes place with a disclaimer substantially similar
13 to the following:

14 "The estimated amount of property tax due is calculated
15 using the stated price and estimates of the applicable tax
16 rates. The county assessor is required by law to value
17 the property at its "current and correct" value, which may
18 differ from the stated price. Further, the estimated tax
19 rates may be higher or lower than those that will actually
20 be imposed. Accordingly, the actual tax due may be higher
21 or lower than the estimated amount of property tax.".

22 Section 3. EFFECTIVE DATE.--The effective date of the
23 provisions of this act is July 1, 2009.