

1 SENATE BILL 457

2 **49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009**

3 INTRODUCED BY

4 Mark Boitano

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10 AN ACT

11 RELATING TO PROPERTY TAXATION; PROVIDING THAT RESIDENTIAL
12 PROPERTY TRANSFERRED IN 2005 THROUGH 2009 SHALL BE REASSESSED
13 AND VALUED AT THE PROPERTY'S 2005 VALUE.

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

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

18 "7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF
19 RESIDENTIAL PROPERTY.--

20 A. Residential property shall be valued at its
21 current and correct value in accordance with the provisions of
22 the Property Tax Code; provided that for the 2001 and
23 subsequent tax years, the value of a property in any tax year
24 shall not exceed the higher of one hundred three percent of the
25 value in the tax year prior to the tax year in which the

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1 property is being valued or one hundred six and one-tenth
2 percent of the value in the tax year two years prior to the tax
3 year in which the property is being valued. This limitation on
4 increases in value does not apply to:

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

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

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

12 (a) a change of ownership of the
13 property occurred in the year immediately prior to the tax year
14 for which the value of the property for property taxation
15 purposes is being determined; or

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

18 B. If a change of ownership of residential property
19 occurred in the year immediately prior to the tax year for
20 which the value of the property for property taxation purposes
21 is being determined, the value of the property shall be its
22 current and correct value as determined pursuant to the general
23 valuation provisions of the Property Tax Code.

24 C. Residential property that was subject to a
25 change in ownership during the period January 1, 2005 through

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1 December 31, 2009 shall be reassessed for the 2010 tax year and
2 the value shall be based on the property's 2005 value for
3 property taxation purposes. The limitation on increases in
4 value imposed in Subsection A of this section shall apply to
5 the value of the reassessed residential property beginning in
6 the year following the tax year in which the property was
7 reassessed.

8 ~~[G-]~~ D. To assure that the values of residential
9 property for property taxation purposes are at current and
10 correct values in all counties prior to application of the
11 limitation in Subsection A of this section, the department
12 shall determine for the 2000 tax year the sales ratio pursuant
13 to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be
14 determined pursuant to that section, conduct a sales-ratio
15 analysis using both independent appraisals by the department
16 and sales. If the sales ratio for a county for the 2000 tax
17 year is less than eighty-five, as measured by the median ratio
18 of value for property taxation purposes to sales price or
19 independent appraisal by the department, the county shall not
20 be subject to the limitations of Subsection A of this section
21 and shall conduct a reassessment of residential property in the
22 county so that by the 2003 tax year, the sales ratio is at
23 least eighty-five. After such reassessment, the limitation on
24 increases in valuation in this section shall apply in those
25 counties in the earlier of the 2004 tax year or the first tax

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1 year following the tax year that the county has a sales ratio
2 of eighty-five or higher, as measured by the median ratio of
3 value for property taxation purposes to sales value or
4 independent appraisal by the department. Thereafter, the
5 limitation on increases in valuation of residential property
6 for property taxation purposes in this section shall apply to
7 subsequent tax years in all counties.

8 ~~[D.]~~ E. The provisions of this section do not apply
9 to residential property for any tax year in which the property
10 is subject to the valuation limitation in Section 7-36-21.3
11 NMSA 1978.

12 ~~[E.]~~ F. As used in this section, "change of
13 ownership" means a transfer to a transferee by a transferor of
14 all or any part of the transferor's legal or equitable
15 ownership interest in residential property except for a
16 transfer:

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

20 (2) to the spouse of the transferor that takes
21 effect upon the death of the transferor;

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

24 (4) to a child of the transferor, who occupies
25 the property as ~~[his]~~ that person's principal residence at the

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1 time of transfer; provided that the first subsequent tax year
2 in which that person does not qualify for the head of household
3 exemption on that property, a change of ownership shall be
4 deemed to have occurred;

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

9 (6) for the purpose of quieting the title to
10 real property or resolving a disputed location of a real
11 property boundary;

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

15 (8) from a revocable trust described in
16 Paragraph (7) of this subsection back to the settlor or trustor
17 or to the beneficiaries of the trust."

18 Section 2. EFFECTIVE DATE.--The effective date of the
19 provisions of this act is January 1, 2010.