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SENATE BILL 108

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

Tim Eichenberg

AN ACT

RELATING TO TAXATION; EXTENDING THE THREE PERCENT LIMIT ON ANNUAL VALUATION INCREASES TO ALL OWNER-OCCUPIED RESIDENTIAL PROPERTIES REGARDLESS OF WHETHER A CHANGE IN OWNERSHIP OCCURRED IN THE PRIOR TAX YEAR; 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, as amended) 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 [~~an~~] an owner-occupied residential property in any tax year shall not exceed the

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

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

9 (2) any physical improvements, except for
10 solar energy system installations, made to the property during
11 the year immediately prior to the tax year or omitted in a
12 prior tax year; ~~[or]~~

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

15 ~~[(a) a change of ownership of the~~
16 ~~property occurred in the year immediately prior to the tax year~~
17 ~~for which the value of the property for property taxation~~
18 ~~purposes is being determined; or~~

19 ~~(b)]~~ the use or zoning of the property
20 has changed in the year prior to the tax year; or

21 (4) a residential property in which the owner
22 does not occupy the property as the owner's permanent primary
23 residence, as defined by department rules.

24 B. If a change of ownership of residential property
25 occurred in the year immediately prior to the tax year for

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1 which the value of the property for property taxation purposes
2 is being determined, the value of the property for the current
3 tax year shall be [~~its current and correct value~~] as determined
4 pursuant to [~~the general valuation provisions of the Property~~
5 ~~Tax Code~~] Subsection A of this section. The value for the
6 current tax year and each subsequent tax year shall not exceed
7 one hundred three percent of the value of the property in the
8 year prior to the year in which the property is being valued or
9 one hundred six and one-tenth percent of the value in the tax
10 year two years prior to the tax year in which the property is
11 being valued.

12 C. To assure that the values of residential
13 property for property taxation purposes are at current and
14 correct values in all counties prior to application of the
15 limitation in Subsection A of this section, the department
16 shall determine for the 2000 tax year the sales ratio pursuant
17 to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be
18 determined pursuant to that section, conduct a sales-ratio
19 analysis using both independent appraisals by the department
20 and sales. If the sales ratio for a county for the 2000 tax
21 year is less than eighty-five, as measured by the median ratio
22 of value for property taxation purposes to sales price or
23 independent appraisal by the department, the county shall not
24 be subject to the limitations of Subsection A of this section
25 and shall conduct a reassessment of residential property in the

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1 county so that by the 2003 tax year, the sales ratio is at
2 least eighty-five. After such reassessment, the limitation on
3 increases in valuation in this section shall apply in those
4 counties in the earlier of the 2004 tax year or the first tax
5 year following the tax year that the county has a sales ratio
6 of eighty-five or higher, as measured by the median ratio of
7 value for property taxation purposes to sales value or
8 independent appraisal by the department. Thereafter, the
9 limitation on increases in valuation of residential property
10 for property taxation purposes in this section shall apply to
11 subsequent tax years in all counties.

12 D. The provisions of this section do not apply to
13 residential property for any tax year in which the property is
14 subject to the valuation limitation in Section 7-36-21.3 NMSA
15 1978.

16 E. As used in this section, "change of ownership"
17 means a transfer to a transferee by a transferor of all or any
18 part of the transferor's legal or equitable ownership interest
19 in residential property except for a transfer:

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

23 (2) to the spouse of the transferor that takes
24 effect upon the death of the transferor;

25 (3) that creates, transfers or terminates,

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1 solely between spouses, any co-owner's interest;

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

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

12 (6) for the purpose of quieting the title to
13 real property or resolving a disputed location of a real
14 property boundary;

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

18 (8) from a revocable trust described in
19 Paragraph (7) of this subsection back to the settlor or trustor
20 or to the beneficiaries of the trust.

21 F. As used in this section, "solar energy system
22 installation" means an installation that is used to provide
23 space heat, hot water or electricity to the property in which
24 it is installed and is:

25 (1) an installation that uses solar panels

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1 that are not also windows;

2 (2) a dark-colored water tank exposed to
3 sunlight; or

4 (3) a non-vented trombe wall."

5 SECTION 2. APPLICABILITY.--The provisions of this act
6 apply to valuation of residential property for tax year 2011 or
7 succeeding tax years.

8 SECTION 3. EMERGENCY.--It is necessary for the public
9 peace, health and safety that this act take effect immediately.