

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

SENATE BILL 322

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

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO PROPERTY TAXATION; SUSPENDING THE LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY FOR THE 2012 TAXABLE YEAR; REQUIRING REASSESSMENT OF RESIDENTIAL PROPERTY TO CURRENT AND CORRECT VALUE; PROVIDING FOR AN OPTIONAL THREE-YEAR PHASING-IN OF THE RESULTING CHANGES IN VALUATION; PROVIDING FOR A SALES RATIO OF NINETY-FIVE; ELIMINATING THE REVALUATION OF RESIDENTIAL PROPERTY UPON CHANGE IN OWNERSHIP.

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. Except as otherwise provided in this section, residential property shall be valued at its current and correct .183604.2

underscored material = new
~~[bracketed material]~~ = delete

underscored material = new
[bracketed material] = delete

1 value in accordance with the provisions of the Property Tax
2 Code; provided that for the [~~2001~~] 2013 and subsequent tax
3 years, the value of a property in any tax year shall not exceed
4 the higher of one hundred three percent of the value in the tax
5 year prior to the tax year in which the property is being
6 valued or one hundred six and one-tenth percent of the value in
7 the tax year two years prior to the tax year in which the
8 property is being valued. This limitation on increases in
9 value does not apply to:

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

12 (2) any physical improvements, except for
13 solar energy system installations, made to the property during
14 the year immediately prior to the tax year or omitted in a
15 prior tax year; or

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

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

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

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

.183604.2

underscored material = new
[bracketed material] = delete

1 ~~for which the value of the property for property taxation~~
2 ~~purposes is being determined, the value of the property shall~~
3 ~~be its current and correct value as determined pursuant to the~~
4 ~~general valuation provisions of the Property Tax Code.~~

5 G.] B. To assure that the values of residential
6 property for property taxation purposes are at current and
7 correct values in all counties prior to application of the
8 limitation in Subsection A of this section:

9 (1) for the 2012 tax year, residential
10 property shall be reassessed and shall be valued at the current
11 and correct value; and

12 (2) the department shall determine for the
13 [2000] 2012 tax year the sales ratio pursuant to Section
14 7-36-18 NMSA 1978 or, if a sales ratio cannot be determined
15 pursuant to that section, conduct a sales-ratio analysis using
16 both independent appraisals by the department and sales. If
17 the sales ratio for a county for the [2000] 2012 tax year is
18 less than [eighty-five] ninety-five, as measured by the median
19 ratio of value for property taxation purposes to sales price or
20 independent appraisal by the department, the county shall not
21 [be subject to] apply the limitations of Subsection A of this
22 section and the department shall conduct a reassessment of
23 residential property in the county so that by the [2003] 2014
24 tax year, the sales ratio is at least [eighty-five] ninety-
25 five. After such reassessment, the limitation on increases in

.183604.2

underscored material = new
[bracketed material] = delete

1 valuation in this section shall apply in those counties in the
2 earlier of the [2004] 2015 tax year or the first tax year
3 following the tax year that the county has a sales ratio of
4 [~~eighty-five~~] ninety-five or higher, as measured by the median
5 ratio of value for property taxation purposes to sales value or
6 independent appraisal by the department. Thereafter, the
7 limitation on increases in valuation of residential property
8 for property taxation purposes in this section shall apply to
9 subsequent tax years in all counties.

10 C. If the valuation of a taxpayer's residential
11 property is more than one hundred three percent of the value in
12 the prior tax year as a result of the reassessment provisions
13 of Subsection B of this section, the taxpayer may elect to
14 phase in over a period of three years in amounts as nearly
15 equal as practicable the increase in valuation for property
16 taxation purposes. The county assessor shall inform a taxpayer
17 if the valuation of the taxpayer's residential property for
18 property taxation purposes will qualify for the phasing-in
19 period and shall inform the taxpayer of any property tax
20 exemptions or limitations to which the taxpayer is entitled.

21 D. The provisions of this section do not apply to
22 residential property for any tax year in which the property is
23 subject to the valuation limitation in Section 7-36-21.3 NMSA
24 1978.

25 [~~E. As used in this section, "change of ownership"~~

.183604.2

underscoring material = new
[bracketed material] = delete

1 ~~means a transfer to a transferee by a transferor of all or any~~
2 ~~part of the transferor's legal or equitable ownership interest~~
3 ~~in residential property except for a transfer:~~

4 ~~(1) to a trustee for the beneficial use of the~~
5 ~~spouse of the transferor or the surviving spouse of a deceased~~
6 ~~transferor;~~

7 ~~(2) to the spouse of the transferor that takes~~
8 ~~effect upon the death of the transferor;~~

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

11 ~~(4) to a child of the transferor, who occupies~~
12 ~~the property as that person's principal residence at the time~~
13 ~~of transfer; provided that the first subsequent tax year in~~
14 ~~which that person does not qualify for the head of household~~
15 ~~exemption on that property, a change of ownership shall be~~
16 ~~deemed to have occurred;~~

17 ~~(5) that confirms or corrects a previous~~
18 ~~transfer made by a document that was recorded in the real~~
19 ~~estate records of the county in which the real property is~~
20 ~~located;~~

21 ~~(6) for the purpose of quieting the title to~~
22 ~~real property or resolving a disputed location of a real~~
23 ~~property boundary;~~

24 ~~(7) to a revocable trust by the transferor~~
25 ~~with the transferor, the transferor's spouse or a child of the~~

.183604.2

underscored material = new
[bracketed material] = delete

1 ~~transferor as beneficiary; or~~
2 ~~(8) from a revocable trust described in~~
3 ~~Paragraph (7) of this subsection back to the settlor or trustor~~
4 ~~or to the beneficiaries of the trust.~~

5 F.] E. As used in this section, "solar energy
6 system installation" means an installation that is used to
7 provide space heat, hot water or electricity to the property in
8 which it is installed and is:

9 (1) an installation that uses solar panels
10 that are not also windows;

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

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

14 **SECTION 2. APPLICABILITY.**--The provisions of this act
15 apply to the 2012 and subsequent property tax years.