

1 SENATE BILL 316

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

3 INTRODUCED BY

4 Mark Boitano

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10 AN ACT

11 RELATING TO PROPERTY TAXATION; ESTABLISHING A SPECIAL METHOD OF
12 VALUATION FOR NEW RESIDENTIAL CONSTRUCTION.

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

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

17 "7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF
18 RESIDENTIAL PROPERTY.--

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

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1 percent of the value in the tax year two years prior to the tax
2 year in which the property is being valued. This limitation on
3 increases in value does not apply to:

4 (1) a residential property in the first tax
5 year that it is valued for property taxation purposes pursuant
6 to Subsection E of this section;

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

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

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

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

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

25 C. To assure that the values of residential

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

25 D. The provisions of this section do not apply to

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1 residential property for any tax year in which the property is
2 subject to the valuation limitation in Section 7-36-21.3 NMSA
3 1978.

4 E. A county assessor shall:

5 (1) value new construction of residential
6 property by multiplying the sales price of the property by the
7 prior values median ratio generated for the tax year in which
8 the property is being valued by the department for the county
9 in which the new construction is located; and

10 (2) revalue residential property that was
11 first valued for tax purposes as residential property between
12 tax years 2002 and 2011 by adjusting the current assessed value
13 of the property to be consistent with the prior values median
14 ratio for the county in which the property being valued is
15 located.

16 [~~E.~~] F. As used in this section:

17 (1) "change of ownership" means a transfer to
18 a transferee by a transferor of all or any part of the
19 transferor's legal or equitable ownership interest in
20 residential property except for a transfer:

21 [~~(1)~~] (a) to a trustee for the
22 beneficial use of the spouse of the transferor or the surviving
23 spouse of a deceased transferor;

24 [~~(2)~~] (b) to the spouse of the
25 transferor that takes effect upon the death of the transferor;

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1 [~~(3)~~] (c) that creates, transfers or
2 terminates, solely between spouses, any co-owner's interest;

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

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

13 [~~(6)~~] (f) for the purpose of quieting
14 the title to real property or resolving a disputed location of
15 a real property boundary;

16 [~~(7)~~] (g) to a revocable trust by the
17 transferor with the transferor, the transferor's spouse or a
18 child of the transferor as beneficiary; or

19 [~~(8)~~] (h) from a revocable trust
20 described in [~~Paragraph (7)~~] Subparagraph (g) of this
21 [~~subsection~~] paragraph back to the settlor or trustor or to the
22 beneficiaries of the trust;

23 [~~F. As used in this section~~]

24 (2) "solar energy system installation" means
25 an installation that is used to provide space heat, hot water

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1 or electricity to the property in which it is installed and is:

2 [~~(1)~~] (a) an installation that uses
3 solar panels that are not also windows;

4 [~~(2)~~] (b) a dark-colored water tank
5 exposed to sunlight; or

6 [~~(3)~~] (c) a non-vented trombe wall; and

7 (3) "prior values median ratio" means a ratio
8 generated by the department for a county to be used to
9 determine values of new construction set forth in the Sales
10 Ratio Statistical Summary published annually by the
11 department."

12 SECTION 2. APPLICABILITY.--The provisions of this act
13 apply to the 2012 and subsequent property tax years.

14 SECTION 3. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is July 1, 2011.

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