

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

HOUSE BILL 210

**52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

INTRODUCED BY

Jason C. Harper

AN ACT

RELATING TO TAXATION; INCREASING THE LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY; ALLOWING THE LIMITATION TO APPLY TO A CHANGE OF OWNERSHIP OF THE PROPERTY.

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 a property in any tax year shall not exceed the higher of one hundred [~~three~~] seven percent of the value in the tax year prior to the tax year in

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

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

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

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

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

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

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

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

.202927.1

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

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

.202927.1

underscored material = new  
[bracketed material] = delete

1           ~~[D.]~~ C. The provisions of this section do not apply  
2 to residential property for any tax year in which the property  
3 is subject to the valuation limitation in Section 7-36-21.3  
4 NMSA 1978.

5           ~~[E. As used in this section, "change of ownership"~~  
6 ~~means a transfer to a transferee by a transferor of all or any~~  
7 ~~part of the transferor's legal or equitable ownership interest~~  
8 ~~in residential property except for a transfer:~~

9                   ~~(1) to a trustee for the beneficial use of the~~  
10 ~~spouse of the transferor or the surviving spouse of a deceased~~  
11 ~~transferor;~~

12                   ~~(2) to the spouse of the transferor that takes~~  
13 ~~effect upon the death of the transferor;~~

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

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

22                   ~~(5) that confirms or corrects a previous~~  
23 ~~transfer made by a document that was recorded in the real~~  
24 ~~estate records of the county in which the real property is~~  
25 ~~located;~~

.202927.1

underscored material = new  
[bracketed material] = delete

1                   ~~(6) for the purpose of quieting the title to~~  
2 ~~real property or resolving a disputed location of a real~~  
3 ~~property boundary;~~

4                   ~~(7) to a revocable trust by the transferor~~  
5 ~~with the transferor, the transferor's spouse or a child of the~~  
6 ~~transferor as beneficiary; or~~

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

10                   F.] D. As used in this section, "solar energy  
11 system installation" means an installation that is used to  
12 provide space heat, hot water or electricity to the property in  
13 which it is installed and is:

14                   (1) an installation that uses solar panels  
15 that are not also windows;

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

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

19                   SECTION 2. APPLICABILITY.--The provisions of this act  
20 apply to property tax years beginning on or after January 1,  
21 2016.