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HOUSE BILL 178

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Brian F. Egolf, Jr.

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO PROPERTY VALUATION; REQUIRING THE VALUATION OF
RESIDENTIAL PROPERTY AT THE CURRENT AND CORRECT VALUE FOR
PROPERTY THAT CHANGES OWNERSHIP ON OR AFTER JANUARY 1, 2015.

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 percent of the
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, 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; or

19 (4) valuation of a residential property in any
20 tax year in which a change of ownership of the property occurs
21 on or after January 1, 2015.

22 B. If a change of ownership of residential property
23 occurred in the year immediately prior to the tax year for
24 which the value of the property for property taxation purposes
25 is being determined, the value of the property shall be its

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1 current and correct value as determined pursuant to the general
2 valuation provisions of the Property Tax Code.

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

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1 for property taxation purposes in this section shall apply to
2 subsequent tax years in all counties.

3 D. The provisions of this section do not apply to
4 residential property for any tax year in which the property is
5 subject to the valuation limitation in Section 7-36-21.3 NMSA
6 1978.

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

11 (1) to a trustee for the beneficial use of the
12 spouse of the transferor or the surviving spouse of a deceased
13 transferor;

14 (2) to the spouse of the transferor that takes
15 effect upon the death of the transferor;

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

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

24 (5) that confirms or corrects a previous
25 transfer made by a document that was recorded in the real

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1 estate records of the county in which the real property is
2 located;

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

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

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

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

16 (1) an installation that uses solar panels
17 that are not also windows;

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

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

21 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
22 provisions of this act is January 1, 2015.

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