

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 263

**49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

INTRODUCED BY

Edward C. Sandoval

AN ACT

RELATING TO TAXATION; PROVIDING FOR A PROPERTY VALUATION LIMIT OF FIVE PERCENT FOR ONE YEAR; PROVIDING FOR RESIDENTIAL PROPERTY VALUE LIMITS TO CONTINUE REGARDLESS OF A CHANGE IN OWNERSHIP OF THE PROPERTY; REQUIRING ANNUAL PROPERTY VALUATIONS BY ALL COUNTIES.

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

Section 1. Section 7-36-16 NMSA 1978 (being Laws 1973, Chapter 258, Section 18, as amended) is amended to read:

"7-36-16. RESPONSIBILITY OF COUNTY ASSESSORS TO DETERMINE AND MAINTAIN CURRENT AND CORRECT VALUES OF PROPERTY.--

A. County assessors shall determine values of property for property taxation purposes in accordance with the Property Tax Code and the regulations, orders, rulings and instructions of the department. Except as limited in Section

.181189.1

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

underscoring material = new  
[bracketed material] = delete

1 7-36-21.2 NMSA 1978, [~~they~~] county assessors, beginning in the  
2 2011 tax year, shall also implement a program of updating  
3 property values on an annual basis so that current and correct  
4 values of property are maintained, except for residential  
5 property under a valuation limitation pursuant to Section  
6 7-36-21.2 NMSA 1978, and shall have sole responsibility and  
7 authority at the county level for property valuation  
8 maintenance, subject only to the general supervisory powers of  
9 the [~~director~~] secretary.

10 B. The [~~director~~] secretary shall implement a  
11 program of regular evaluation of county assessors' valuation  
12 activities with particular emphasis on the maintenance of  
13 current and correct values.

14 C. Upon request of the county assessor, the  
15 [~~director~~] secretary may contract with a board of county  
16 commissioners for the department to assume all or part of the  
17 responsibilities, functions and authority of a county assessor  
18 to establish or operate a property valuation maintenance  
19 program in the county. The contract shall be in writing and  
20 shall include provisions for the sharing of the program costs  
21 between the county and the department. The contract must  
22 include specific descriptions of the objectives to be reached  
23 and the tasks to be performed by the contracting parties. The  
24 initial term of any contract authorized under this subsection  
25 shall not extend beyond the end of the fiscal year following

.181189.1

underscoring material = new  
[bracketed material] = delete

1 the fiscal year in which it is executed, but contracts may be  
2 renewed for additional one-year periods for succeeding years.

3 D. The department of finance and administration  
4 shall not approve the operating budget of any county in which  
5 there is not an adequate allocation of funds to the county  
6 assessor for the purpose of fulfilling ~~[his]~~ the county  
7 assessor's responsibilities for property valuation maintenance  
8 under this section. If the department of finance and  
9 administration questions the adequacy of any allocation of  
10 funds for this purpose, it shall consult with the taxation and  
11 revenue department, the board of county commissioners and the  
12 county assessor in making its determination of adequacy.

13 E. To aid the board of county commissioners in  
14 determining whether a county assessor is operating an efficient  
15 program of property valuation maintenance and in determining  
16 the amount to be allocated to ~~[him]~~ the county assessor for  
17 this function, the county assessor shall present with ~~[his]~~ the  
18 county assessor's annual budget request a written report  
19 setting forth improvements of property added to valuation  
20 records during the year, additions of new property to valuation  
21 records during the year, increases and decreases of valuation  
22 during the year, the relationship of sales prices of property  
23 sold to values of the property for property taxation purposes  
24 and the current status of the overall property valuation  
25 maintenance program in the county. The county assessor shall

.181189.1

underscored material = new  
[bracketed material] = delete

1 send a copy of this report to the department."

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

4 "7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF  
5 RESIDENTIAL PROPERTY.--

6 A. Residential property shall be valued at its  
7 current and correct value in accordance with the provisions of  
8 the Property Tax Code; provided that for the 2001 [~~and~~  
9 ~~subsequent~~] through 2010 tax years, the value of a property in  
10 any of those tax [~~year~~] years shall not exceed the higher of  
11 one hundred three percent of the value in the tax year prior to  
12 the tax year in which the property is being valued or one  
13 hundred six and one-tenth percent of the value in the tax year  
14 two years prior to the tax year in which the property is being  
15 valued. This limitation on increases in value does not apply  
16 to:

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

19 (2) any physical improvements made to the  
20 property during the year immediately prior to the tax year or  
21 omitted in a prior tax year; or

22 (3) valuation of a residential property in any  
23 tax year in which

24 [~~(a) a change of ownership of the~~  
25 ~~property occurred in the year immediately prior to the tax year~~

.181189.1

underscored material = new  
[bracketed material] = delete

1 ~~for which the value of the property for property taxation~~  
2 ~~purposes is being determined; or~~

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

5 ~~[B. If a change of ownership of residential~~  
6 ~~property occurred in the year immediately prior to the tax year~~  
7 ~~for which the value of the property for property taxation~~  
8 ~~purposes is being determined, the value of the property shall~~  
9 ~~be its current and correct value as determined pursuant to the~~  
10 ~~general valuation provisions of the Property Tax Code.~~

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

.181189.1

underscored material = new  
[bracketed material] = delete

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

11 B. For the 2011 tax year, the value of a  
12 residential property shall not exceed one hundred five percent  
13 of the value of the property in the 2010 tax year.

14 C. For the 2012 and subsequent tax years, the value  
15 of a residential property shall not exceed one hundred three  
16 percent of the value of the property in the prior tax year.

17 D. The provisions of this section do not apply to  
18 residential property for any tax year in which the property is  
19 subject to the valuation limitation in Section 7-36-21.3 NMSA  
20 1978.

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

25 ~~(1) to a trustee for the beneficial use of the~~

underscored material = new  
[bracketed material] = delete

1 ~~spouse of the transferor or the surviving spouse of a deceased~~  
2 ~~transferor;~~

3 ~~(2) to the spouse of the transferor that takes~~  
4 ~~effect upon the death of the transferor;~~

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

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

13 ~~(5) that confirms or corrects a previous~~  
14 ~~transfer made by a document that was recorded in the real~~  
15 ~~estate records of the county in which the real property is~~  
16 ~~located;~~

17 ~~(6) for the purpose of quieting the title to~~  
18 ~~real property or resolving a disputed location of a real~~  
19 ~~property boundary;~~

20 ~~(7) to a revocable trust by the transferor~~  
21 ~~with the transferor, the transferor's spouse or a child of the~~  
22 ~~transferor as beneficiary; or~~

23 ~~(8) from a revocable trust described in~~  
24 ~~Paragraph (7) of this subsection back to the settlor or trustor~~  
25 ~~or to the beneficiaries of the trust.]"~~

.181189.1

