

HOUSE BILL 647

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Matthew McQueen

AN ACT

RELATING TO PROPERTY TAX; PROVIDING THAT A LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY BE LIMITED TO OWNER-OCCUPIED RESIDENTIAL 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 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) residential property that is not occupied
20 by the owner as the owner's principal place of residence.

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

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1 valuation provisions of the Property Tax Code.

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

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1 subsequent tax years in all counties.

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

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

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

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

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

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

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

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1 located;

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

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

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

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

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

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

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

20 SECTION 2. APPLICABILITY.--The provisions of this act
21 apply to property tax years beginning on or after January 1,
22 2020.