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SENATE BILL 117

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Benny Shendo

ENDORSED BY THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO PROPERTY TAX; CLARIFYING THE LIMITATION ON
VALUATION INCREASES FOR LOW-INCOME DISABLED PERSONS.

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

SECTION 1. Section 7-36-21.3 NMSA 1978 (being Laws 2000,
Chapter 21, Section 1, as amended) is amended to read:

"7-36-21.3. LIMITATION ON INCREASE IN VALUE FOR SINGLE-
FAMILY DWELLINGS OCCUPIED BY LOW-INCOME OWNERS WHO ARE SIXTY-
FIVE YEARS OF AGE OR OLDER OR DISABLED--REQUIREMENTS--
PENALTIES.--

A. The valuation for property taxation purposes of
a single-family dwelling owned and occupied by a person who is
sixty-five years of age or older or disabled and whose modified
gross income for the prior taxable year did not exceed the
greater of thirty-five thousand dollars (\$35,000) or the amount

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1 calculated pursuant to Subsection F of this section shall not
2 be greater than the valuation of the property for property
3 taxation purposes [~~in the~~]:

4 (1) for a person sixty-five years of age or
5 older:

6 (a) in the tax year in which the owner's
7 sixty-fifth birthday occurs, if the owner owns and occupies
8 that property; or

9 [~~(2)~~] (b) in the tax year following the
10 tax year in which an owner who is sixty-five years of age or
11 older first owns and occupies the property; or

12 (2) for a person who is disabled in the tax
13 year in which the owner first files an application for the
14 limitation provided by this section.

15 B. The limitation provided by this section may be
16 claimed by filing proof of eligibility with the county assessor
17 on an application form furnished by the assessor. The
18 application form shall be designed by the department and shall
19 provide for proof of age or disability, occupancy and income
20 eligibility. An owner who applies for the limitation of value
21 specified in this section and files proof of income eligibility
22 for the three consecutive years immediately prior to the tax
23 year for which the application is made need not claim the
24 limitation for subsequent tax years if there is no change in
25 eligibility. The county assessor shall apply the limitation

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1 automatically in subsequent tax years until a change in
2 eligibility occurs.

3 C. An owner who has claimed and been allowed the
4 limitation of value specified in this section for the three
5 consecutive tax years immediately prior to the 2020 tax year is
6 not required to claim the limitation for subsequent tax years
7 if there is no change in eligibility, unless the county
8 assessor requests updated information on the owner's modified
9 gross income. The county assessor shall apply the limitation
10 automatically in subsequent tax years until a change in
11 eligibility occurs.

12 D. A person who has had a limitation applied to a
13 tax year and subsequently becomes ineligible for the limitation
14 because of a change in the person's status or income or a
15 change in the ownership of the property against which the
16 limitation was applied shall notify the county assessor of the
17 loss of eligibility for the limitation by the last day of
18 February of the tax year immediately following the year in
19 which loss of eligibility occurs.

20 E. A person who knowingly violates the provisions
21 of this section by intentionally claiming and receiving the
22 benefit of a limitation to which the person is not entitled or
23 who fails to comply with the provisions of Subsection D of this
24 section shall be liable for all taxes due, interest and a civil
25 penalty of one thousand dollars (\$1,000).

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1 F. For the 2020 tax year and each subsequent tax
2 year, the maximum amount of modified gross income in Subsection
3 A of this section shall be adjusted to account for inflation.
4 The department shall make the adjustment by multiplying thirty-
5 five thousand dollars (\$35,000) by a fraction, the numerator of
6 which is the consumer price index ending during the prior tax
7 year and the denominator of which is the consumer price index
8 ending in tax year 2019. The result of the multiplication
9 shall be rounded down to the nearest one hundred dollars
10 (\$100), except that if the result would be an amount less than
11 the corresponding amount for the preceding tax year, then no
12 adjustment shall be made.

13 G. The department shall publish annually the amount
14 determined by the calculation made pursuant to Subsection F of
15 this section and provide the calculated amount to each county
16 assessor no later than December 1 of each tax year.

17 H. The limitation of value specified in Subsection
18 A of this section does not apply to:

19 (1) a change in valuation resulting from any
20 physical improvements made to the property during the year
21 immediately prior to the tax year or a change in the permitted
22 use or zoning of the property during the year immediately prior
23 to the tax year; or

24 (2) a residential property in the first tax
25 year that is valued for property taxation purposes.

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I. As used in this section:

(1) "consumer price index" means the consumer price index for all urban consumers published by the United States department of labor for the month ending September 30;

(2) "disabled" means a person who has been determined to be blind or permanently disabled with medical improvement not expected pursuant to 42 USCA 421 for purposes of the federal Social Security Act or is determined to have a permanent total disability pursuant to the Workers' Compensation Act; and

(3) "modified gross income" means "modified gross income" as used in the Income Tax Act."