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SENATE BILL 260

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

INTRODUCED BY

Steven P. Neville

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; LIMITING INCREASES IN VALUE OF
RESIDENTIAL PROPERTY FOR PROPERTY TAXATION PURPOSES; PROVIDING
FOR ADDITIONAL LIMITS ON INCREASES IN VALUE OF CERTAIN 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~~

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1 ~~value in the tax year prior to the tax year in which the~~
2 ~~property is being valued or one hundred six and one-tenth~~
3 ~~percent of the value in the tax year two years prior to the tax~~
4 ~~year in which the property is being valued. This]~~

5 (1) 2015 tax year, the value of a property
6 shall not exceed whichever value is the highest of the
7 following:

8 (a) one hundred five percent of the
9 value in the tax year prior to the tax year in which the
10 property is being valued;

11 (b) one hundred ten and twenty-five
12 hundredths percent of the value in the tax year two years prior
13 to the tax year in which the property is being valued; or

14 (c) seventy percent of the current and
15 correct value of the property determined for property taxation
16 purposes; and

17 (2) 2016 and subsequent tax years, the value
18 of a property in any tax year shall not exceed whichever value
19 is the highest of the following:

20 (a) one hundred five percent of the
21 value in the tax year prior to the tax year in which the
22 property is being valued;

23 (b) one hundred ten and twenty-five
24 hundredths percent of the value in the tax year two years prior
25 to the tax year in which the property is being valued; or

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1 (c) eighty-five percent of the current
2 and correct value of the property determined for property
3 taxation purposes.

4 B. The limitation on increases in value provided by
5 Subsection A of this section shall be the highest value and
6 shall not exceed the current and correct value of the property
7 determined for property taxation purposes in accordance with
8 the provisions of the Property Tax Code.

9 C. In addition to the limitation on increases in
10 value provided by Subsection A of this section, the valuation
11 for property taxation purposes of an owner-occupied dwelling
12 that is the primary residence and has been owned by the same
13 New Mexico resident for:

14 (1) ten or more years shall not exceed ninety-
15 five percent of the value of the property determined after the
16 application of the limitation provided pursuant to Subsection A
17 of this section; and

18 (2) twenty or more years, and that person is
19 sixty-five years of age or older, shall not exceed ninety
20 percent of the value of the property determined after the
21 application of the limitation provided pursuant to Subsection A
22 of this section.

23 D. The limitation on increases in value pursuant to
24 this section does not apply to:

25 (1) a residential property in the first tax

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1 year that it is valued for property taxation purposes;

2 (2) any physical improvements, except for
3 solar energy system installations, made to the property during
4 the year immediately prior to the tax year or omitted in a
5 prior tax year; or

6 (3) valuation of a residential property in any
7 tax year in which

8 [~~(a) a change of ownership of the~~
9 ~~property occurred in the year immediately prior to the tax year~~
10 ~~for which the value of the property for property taxation~~
11 ~~purposes is being determined; or~~

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

14 [~~B. If a change of ownership of residential~~
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, the value of the property shall~~
18 ~~be its current and correct value as determined pursuant to the~~
19 ~~general valuation provisions of the Property Tax Code.~~

20 ~~C. To assure that the values of residential~~
21 ~~property for property taxation purposes are at current and~~
22 ~~correct values in all counties prior to application of the~~
23 ~~limitation in Subsection A of this section, the department~~
24 ~~shall determine for the 2000 tax year the sales ratio pursuant~~
25 ~~to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be~~

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

20 ~~D.]~~ E. The provisions of this section do not apply
21 to residential property for any tax year in which the property
22 is subject to the valuation limitation in Section 7-36-21.3
23 NMSA 1978.

24 ~~[E. As used in this section, "change of ownership"~~
25 ~~means a transfer to a transferee by a transferor of all or any~~

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1 ~~part of the transferor's legal or equitable ownership interest~~
2 ~~in residential property except for a transfer:~~

3 ~~(1) to a trustee for the beneficial use of the~~
4 ~~spouse of the transferor or the surviving spouse of a deceased~~
5 ~~transferor;~~

6 ~~(2) to the spouse of the transferor that takes~~
7 ~~effect upon the death of the transferor;~~

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

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

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

20 ~~(6) for the purpose of quieting the title to~~
21 ~~real property or resolving a disputed location of a real~~
22 ~~property boundary;~~

23 ~~(7) to a revocable trust by the transferor~~
24 ~~with the transferor, the transferor's spouse or a child of the~~
25 ~~transferor as beneficiary; or~~

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

4 F. As used in this section:

5 (1) "primary residence" means the domicile
6 where a person resides for more than six months of the year;
7 and

8 (2) "solar energy system installation" means
9 an installation that is used to provide space heat, hot water
10 or electricity to the property in which it is installed and is:

11 ~~(1)~~ (a) an installation that uses
12 solar panels that are not also windows;

13 ~~(2)~~ (b) a dark-colored water tank
14 exposed to sunlight; or

15 ~~(3)~~ (c) a non-vented trombe wall."

16 SECTION 2. APPLICABILITY.--The provisions of this act
17 apply to taxable years beginning on or after January 1, 2015.