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HOUSE BILL 132

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

INTRODUCED BY

Karen E. Giannini

AN ACT

RELATING TO TAXATION; ROLLING BACK THE VALUES OF RESIDENTIAL  
PROPERTY TRANSFERRED SINCE 2004 TO THE 2004 CURRENT AND CORRECT  
VALUE AND INCREASING THAT VALUE BY NO MORE IN SUBSEQUENT YEARS  
THAN ONE HUNDRED THREE PERCENT PER YEAR; PROVIDING FOR  
VALUATION OF NEW CONSTRUCTION.

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

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1 shall not exceed the higher of one hundred three percent of the  
2 value in the tax year prior to the tax year in which the  
3 property is being valued or one hundred six and one-tenth  
4 percent of the value in the tax year two years prior to the tax  
5 year in which the property is being valued. This limitation on  
6 increases in value does not apply to:

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

9 (2) any physical improvements made to the  
10 property during the year immediately prior to the tax year or  
11 omitted in a prior tax year; or

12 (3) valuation of a residential property in any  
13 tax year in which [~~(a) a change of ownership of the property~~  
14 ~~occurred in the year immediately prior to the tax year for~~  
15 ~~which the value of the property for property taxation purposes~~  
16 ~~is being determined; or (b)] the use or zoning of the property  
17 has changed in the year prior to the tax year.~~

18 B. If a change of ownership of residential property  
19 occurred in the year immediately prior to the tax year for  
20 which the value of the property for property taxation purposes  
21 is being determined, the value of the property shall [~~be its~~  
22 ~~current and correct value as determined pursuant to the general~~  
23 ~~valuation provisions of the Property Tax Code] not exceed the  
24 value of the property in the 2004 tax year increased by no more  
25 than one hundred three percent in each subsequent year through~~

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1 the tax year in which the property is being valued; provided  
2 that the increase shall not result in a valuation greater than  
3 the current and correct value for the tax year in which the  
4 property is being revalued.

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

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1 independent appraisal by the department. Thereafter, the  
2 limitation on increases in valuation of residential property  
3 for property taxation purposes in this section shall apply to  
4 subsequent tax years in all counties.

5 D. The provisions of this section do not apply to  
6 residential property for any tax year in which the property is  
7 subject to the valuation limitation in Section 7-36-21.3 NMSA  
8 1978.

9 E. The county assessor shall revalue residential  
10 property that was first valued for tax purposes as residential  
11 property between tax years 2002 and 2011 by determining the  
12 taxable value in the first year in which the property was  
13 valued, increasing that number by one hundred three percent for  
14 each subsequent year through the year for which the property is  
15 being valued and multiplying by the pre-sales ratio for the tax  
16 year in which the property is being valued. For the tax year  
17 beginning on or after January 1, 2011, all residential housing  
18 in the first year it is identified for tax purposes shall be  
19 valued by multiplying the sales price by the pre-sales ratio  
20 for the tax year in which the property is being valued.

21 [~~E.~~] F. As used in this section:

22 (1) "change of ownership" means a transfer to  
23 a transferee by a transferor of all or any part of the  
24 transferor's legal or equitable ownership interest in  
25 residential property except for a transfer:

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1                    [~~(1)~~] (a) to a trustee for the  
2 beneficial use of the spouse of the transferor or the surviving  
3 spouse of a deceased transferor;

4                    [~~(2)~~] (b) to the spouse of the  
5 transferor that takes effect upon the death of the transferor;

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

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

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

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

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

24                    [~~(8)~~] (h) from a revocable trust  
25 described in [~~Paragraph (7) of this subsection~~] Subparagraph

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1 (g) of this paragraph back to the settlor or trustor or to the  
2 beneficiaries of the trust; and

3 (2) "pre-sales ratio" means a ratio generated  
4 annually by the department as the "prior values median" ratio  
5 for a county to be used to determine values of new construction  
6 or to raise values rolled back to present taxable values as set  
7 forth in the Sales Ratio Statistical Summary published annually  
8 by the department."

9 Section 2. APPLICABILITY.--The provisions of this act  
10 apply to valuation of property for property tax years beginning  
11 on or after January 1, 2011.

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