



The Legislature  
of the  
State of New Mexico

49th Legislature, 2nd Session

LAWS 2010

CHAPTER 30

HOUSE BILL 233

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Introduced by

REPRESENTATIVE MIMI STEWART AND  
REPRESENTATIVE BRIAN F. EGOLF



# Chapter 30

## AN ACT

1  
2 RELATING TO TAXATION; AMENDING THE PROPERTY TAX CODE TO  
3 PROVIDE THAT THE ADDITION OF A SOLAR ENERGY INSTALLATION SHALL  
4 NOT BE CONSIDERED A PHYSICAL IMPROVEMENT FOR PURPOSES OF THE  
5 LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY.  
6

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

8 Section 1. Section 7-36-21.2 NMSA 1978 (being Laws  
9 2000, Chapter 10, Section 2, as amended) is amended to read:

10 "7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF  
11 RESIDENTIAL PROPERTY.--

12 A. Residential property shall be valued at its  
13 current and correct value in accordance with the provisions of  
14 the Property Tax Code; provided that for the 2001 and  
15 subsequent tax years, the value of a property in any tax year  
16 shall not exceed the higher of one hundred three percent of  
17 the value in the tax year prior to the tax year in which the  
18 property is being valued or one hundred six and one-tenth  
19 percent of the value in the tax year two years prior to the  
20 tax year in which the property is being valued. This  
21 limitation on increases in value does not apply to:

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

24 (2) any physical improvements, except for  
25 solar energy system installations, made to the property during

1 the year immediately prior to the tax year or omitted in a  
2 prior tax year; or

3 (3) valuation of a residential property in  
4 any tax year in which:

5 (a) a change of ownership of the  
6 property occurred in the year immediately prior to the tax  
7 year for which the value of the property for property taxation  
8 purposes is being determined; or

9 (b) the use or zoning of the property  
10 has changed in the year prior to the tax year.

11 B. If a change of ownership of residential  
12 property occurred in the year immediately prior to the tax  
13 year for which the value of the property for property taxation  
14 purposes is being determined, the value of the property shall  
15 be its current and correct value as determined pursuant to the  
16 general valuation provisions of the Property Tax Code.

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

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

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

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

3 (2) to the spouse of the transferor that  
4 takes 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  
8 occupies the property as that person's principal residence at  
9 the time of transfer; provided that the first subsequent tax  
10 year in which that person does not qualify for the head of  
11 household exemption on that property, a change of ownership  
12 shall be 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  
25 trustor or to the beneficiaries of the trust.

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

5                   (1) an installation that uses solar panels  
6 that are not also windows;

7                   (2) a dark-colored water tank exposed to  
8 sunlight; or

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

10           Section 2. APPLICABILITY.--The provisions of this act  
11 apply to property tax years beginning on or after January 1,  
12 2010.

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*Ben Lujan*

BEN LUJAN, SPEAKER  
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*Stephen R. Arias*

STEPHEN R. ARIAS, CHIEF CLERK  
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SENATE

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LENORE M. NARANJO, CHIEF CLERK  
SENATE

Approved by me this 3rd day of March, 2010

*Bill Richardson*

BILL RICHARDSON, GOVERNOR  
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