



Property Tax Code – New Mexico State Law

New Mexico “Property Tax Code” [Sections 7-35 thru 7-38, NMSA 1978]

- The Code is administered by the Department of Taxation and Revenue-Property Tax Division
- Partly administered by the Department of Finance & Administration

Section 7-36, NMSA 1978 provides for valuation methods for property taxation

- Responsibility of county assessors to maintain current and correct values (7-36-16)
 - Add new properties;
 - Add property improvements;
 - Compare to sale price

Residential properties limited to annual valuation increase of 3% (7-36-21.2)

- Based on owner-occupancy;
- Conflicts with maintaining current and correct values





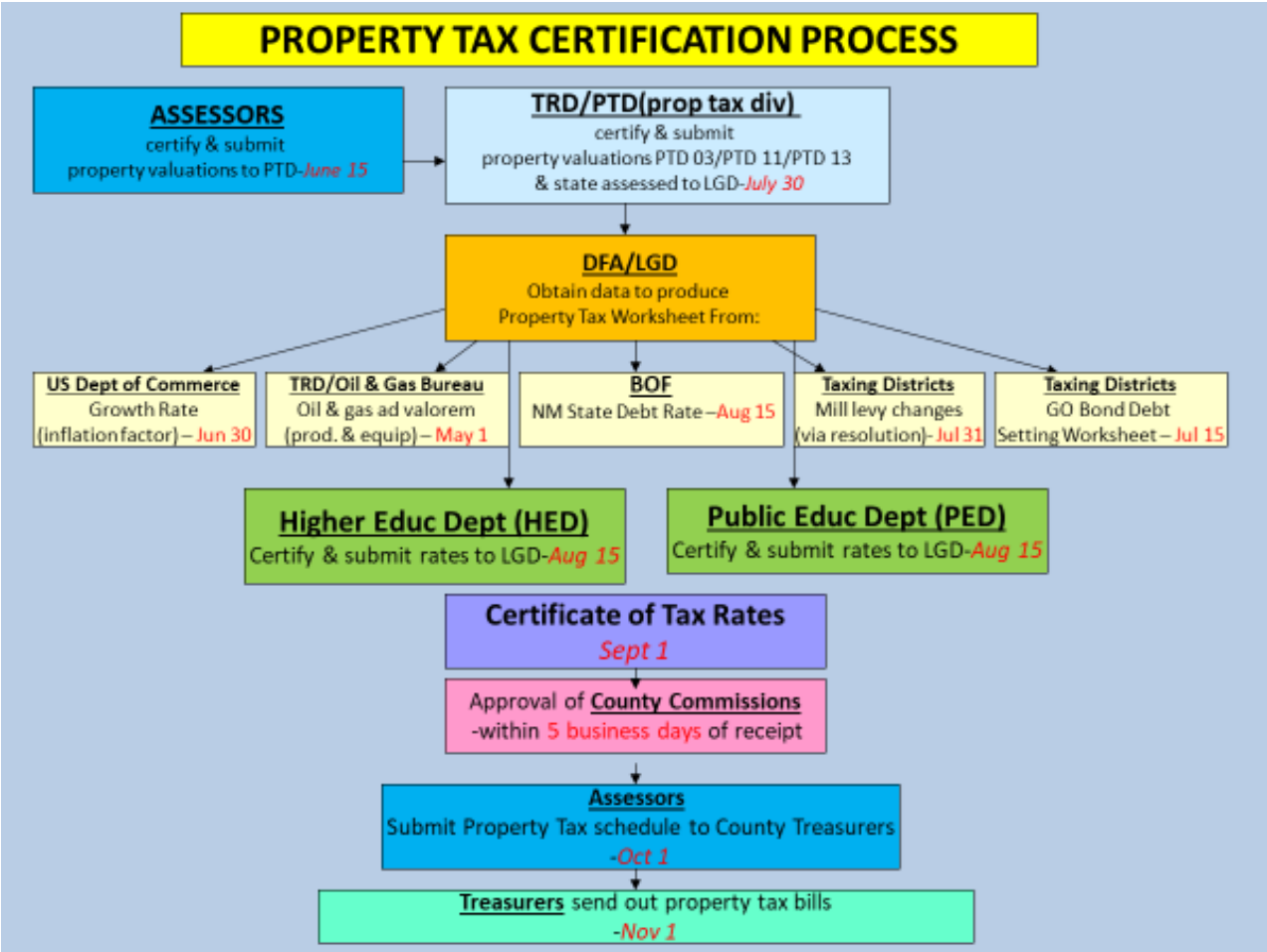
Property Tax Code – New Mexico State Law

- Responsibility of county treasurers
 - Bill property owners;
 - Collect property tax;
 - Distribute property taxes
- Responsibility of county commissioners
 - Impose property tax rates for their respective county as allowed by law;
 - Adopt the “Certification of Tax Rates” that are certified by the Department of Finance & Administration (DFA), with a target goal of 5 business days





Property Tax Mill Rate Setting



Debt Mill Levy:

- Debt Service Worksheet due mid July
 - Debt Service Ending Balance Cash on June 30th
 - Debt Service Worksheet-18 months of debt payments
 - Bond amortization schedules
- NOT subject to Yield Control Formula
- DOES require voter approval to issue bonds





Types of Property Tax Rates

- **Operating Mill Levies** – generates recurring revenue which pays for
 - Examples – salaries & benefits, contractual services, equipment & supplies, insurance, fuel -- the entity's day-to-day operations. **Changes to imposed mill levy, requires governing body approved resolution by June 1st, to DFA, with their interim budget**
- **Special Mill Levies** – generates revenue for school district capital projects, operation & maintenance of county hospitals, and operation of special taxing districts
 - Examples – water & sanitation, arroyo flood control authorities, soil & water conservation districts
- **Debt Mill Levies** – pays the principal and interest on indebtedness, which is incurred generally for acquiring or constructing capital facilities.
 - Example – General Obligation (GO) Bond issuances-requires voter approval





Property Tax Code - New Mexico State Constitution

New Mexico Constitution

- Article VIII - Taxation and Revenue
 - Section 1
 - Taxes shall be levied in proportion to value (**ad valorem**), except that annual increases in value of residential property may be limited by owner-occupancy, age or income
 - Section 2
 - Tax rates for operating purposes limited to \$20 per \$1,000 of net taxable value (20 mills) without voter approval

- Section 7-37, NMSA 1978
 - Applies to and governs the imposition of the property tax rates authorized
 - Defines the allocation of the \$20 maximum mill rate
 - \$11.85 - Counties
 - \$7.65 - Municipalities
 - \$0.50 - School Districts





Yield Control Formula (7-37-7.1 NMSA 1978)

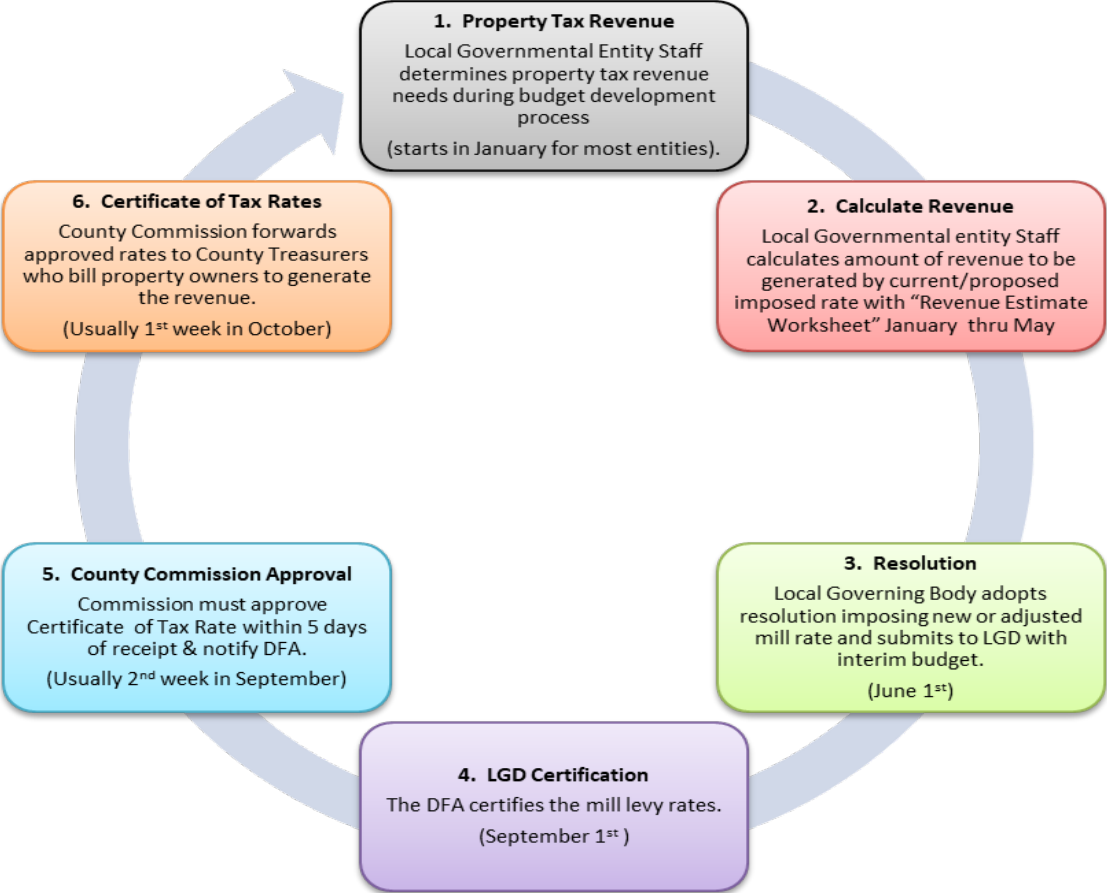
Statutory intent is to prevent extraordinary tax increases in response to property reassessment

- Newly imposed operating or special levies are NOT subject to yield control the first year of imposition
- As valuations increase/decrease, the rate adjusts to limit tax increase/decrease to approximately the rate of inflation and growth attributed to new construction
- Calculates residential & non-residential properties separately based on aggregate totals
- Does not affect valuation of individual properties
- Applies to operating rates imposed under 7-37-7 NMSA 1978
- Applies to other operating and special levies authorized outside the Property Tax Code (for example, county hospitals, school district capital projects) unless authorizing statute specifically excluded the application of yield control
- Does not apply to general obligation bond debt mill levy rates





Property Tax Related to the Budgeting Process





Contact Us

- Cordelia ‘Cordy’ Chavez, Bureau Chief; Cordelia.Chavez@dfa.nm.gov; 505-231-7246
- Shirley Green, Budget & Finance Analyst; ShirleyT.Green@dfa.nm.gov; 505-629-8102
Budget Analyst Supervisor
- Catrina Chavez, Special Projects Analyst; Catrina.Chavez@dfa.nm.gov; 505-479-1247
Property Tax Lead-first point of contact
- Kathleen Coates, Budget & Finance Analyst; kathleen.coates@dfa.nm.gov; 505-487-3907
- Joshua Silva, Budget & Finance Analyst; joshua.silva@dfa.nm.gov; 505- 470-1786
- Michael Steininger, Budget & Finance Special Director; michael.steininger@dfa.nm.gov
Special Assignments



Thank You



New Mexico
**Department of Finance
and Administration**