

LFC Requester:	Laird Graeser
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**AGENCY BILL ANALYSIS  
2015 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)

*and*

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*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply:  
**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** 12 January 2015  
**Bill No:** SB 112

**Sponsor:** Sen. Carlos R. Cisneros  
**Short Title:** Define Agricultural Use for Property Tax

**Agency Code:** Attorney General's Office  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

**BILL SUMMARY**

Synopsis:

Senate Bill 112 (“SB112”) is an act that primarily expands the existing definition of the term “agricultural use” for the purpose of making property tax valuations. Lands designated as agricultural use lands are eligible to be valued on the basis of the land’s capacity to produce agricultural products. SB112 amends NMSA 1978, Section 7-36-20 (2013) to include within the definition of “agricultural use” the use of land to raise or keep horses, resting of land to maintain its capacity to produce agricultural products, or to rest land used in the previous tax year for a purpose identified in Section 7-36-20 if the resting of land is concurrent with and a direct result of at least moderate drought conditions confirmed by the United States Department of Agriculture for the portion of the county within which the land is located. If SB112 were to be approved, land used for these purposes would fall within that category of lands eligible to be valued as an agricultural use land. Excluded from the agricultural use definition are lands used to train, show or race horses, and would therefore remain ineligible for valuation as an agricultural use land. Further, SB112 would amend Section 7-36-20 to require the Taxation and Revenue Department (“TRD”) to adopt rules for determining whether land is used primarily for agricultural purposes, which provide that the acreage of land shall not be considered as the sole factor in determining whether land is used primarily for agricultural purposes. SB112 provides a previously non-existent definition of the term “agricultural products” which includes plants, crops, trees, forest products, orchard crops, livestock, poultry, captive deer or elk, or fish, and clarifies that lands used for the production of agricultural products are among the uses eligible to be valued as an agricultural use land. Finally, SB112 makes clear that its provisions would apply only to 2016 and subsequent tax years.

**FISCAL IMPLICATIONS**

Enactment of SB112 would increase the types of properties eligible for valuation as an agricultural use land, which may have a detrimental effect on property tax revenues generated, resulting in a potential diminishment of funds available for the operation of government functions and services.

**SIGNIFICANT ISSUES**

None noted.

## **PERFORMANCE IMPLICATIONS**

N/A.

## **ADMINISTRATIVE IMPLICATIONS**

N/A.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None noted.

## **TECHNICAL ISSUES**

None noted.

## **OTHER SUBSTANTIVE ISSUES**

None noted.

## **ALTERNATIVES**

N/A.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The status quo will remain, and lands used to raise or keep horses, to rest land to maintain its capacity to produce agricultural products and to rest lands used in the previous tax year for a purpose identified in Section 7-36-30 which is concurrent with and the direct result of certain drought conditions will not be eligible for valuation as agricultural use lands for property tax purposes. TRD will remain at liberty to adopt rules providing that the acreage of a parcel of land be the sole factor considered in determining whether land is used primarily for agricultural purposes.

## **AMENDMENTS**

N/A.