
PROPERTY TAXES

1. What is the property tax rate in New Mexico?

Rates vary substantially and depend on property type and location. The statewide weighted average rates, i.e., total obligations/total net taxable value, are about \$26.47 per \$1,000 for residential property and \$29.80 per \$1,000 for non-residential property. Taxable value is one-third of assessed value (see below). **NOTE: These property tax rates are for the 2005 tax year.**

2. How is taxable value of property determined?

New Mexico assesses residences at market value. Assessors usually determine market value by the sales-comparison approach which matches a property's value to that of similar properties. One-third of that amount is the taxable value, but taxable value may be further reduced by exemptions of \$2,000 each for heads of household. The exemption for veterans is \$4,000 for the 2006 tax year. Veterans who are totally and permanently disabled and who have remodeled their residences may qualify for a total exemption from property tax. Beginning in 2001, the assessed value of a residence that did not change hands in the prior year may not increase by more than 3% annually (excluding any increase due to physical changes to the property). This covers rental properties as well as owner-occupied residences.

3. Is personal property taxed?

In general, no. Personal household effects, licensed vehicles, registered aircraft, certain personal property warehoused in the state, and business personal property not depreciated for federal income tax purposes are exempt from the property tax. Business personal property for which the owner has claimed depreciation is taxable.

4. Is there a property tax break for older taxpayers?

Yes. This rebate may be claimed annually on the personal income tax return. To qualify for the Property Tax Rebate, you must:

- be age 65 or older;
- have been a resident of New Mexico on the last day of the tax year;
- have been physically present in New Mexico for at least six months during the tax year;
- have had a modified gross income of \$16,000 or less for the tax year;
- not have been claimed as a dependent of another taxpayer for that year, and
- not have been an inmate of a penal institution for more than six months during the previous tax year.

The property tax rebate may be claimed on form PIT-1-RC for the property tax billed or rent paid during the tax year on the claimant's principal place of residence in New Mexico. The rebate may not exceed \$250 for married taxpayers filing jointly (\$125 for married taxpayers filing separately or single taxpayers). Beginning with the 2001 property tax year the valuation of a single-family, owner-occupied residence whose owner is 65 years of age or older and who has a modified gross income of \$18,000 or less cannot climb higher than its year 2001 valuation or its valuation in the year the owner reached his or her 65th birthday.
