

Property Splits/Combines--- 7-38-44.1 NMSA (SB 406)

Please be advised there has been a change in the collection requirements for property splits and combinations. These requirements apply to all subdivision plats, and any change in the property description resulting from a split or combination of real property.

The changes are mandated by Senate Bill 406, which passed and signed by the Governor during the 2013 NM State Legislature Session.

The law reads: “A taxpayer shall pay the taxes, penalties, interest and fees on real property divided or combined **through** the taxable year in which the property is divided or combined **prior** to filing a plat”.

In other words, taxes for the “parent” legal description(s) become due immediately for all tax years listing that description(s) as the situs. This includes the current tax year, and any subsequent tax year prior to the plat taking effect as the legal description. As you may know, the situs date for New Mexico is January 1 of each year, and legal description on record as of that date determines the property to be taxed for that tax year.

There are 3 Basic “formulas” that will apply to most cases:

- 1) January through March (approx). Plats filed during this time of year would require full payment of the current year taxes along with the subsequent year’s taxes. Since the Notice of Value would not have been sent by that time, the taxes would be calculated using the current value and tax rates. (*Note – “Subsequent year’s taxes” refers to the tax year that would be billed in November of that calendar year*).

This occurs because the January 1 situs date recorded the “parent” property description for the current calendar year, and this description will be billed in November of that year. The platted descriptions will not appear on the situs until the following calendar year.

- 2) April – September (approx). Plats filed during this time of year would require full payment of any delinquent taxes, penalty, and interest along with the subsequent year’s taxes. After the Notice of Valuation has been sent, the subsequent year’s taxes would be calculated using the subsequent year’s values and current tax Rates.

Again, the January 1 situs dated recorded the “parent” property description for the current calendar year, and this description will be billed in November of that year. The platted descriptions will not appear on the situs until the following year.

- 3) October – December (approx). Plats filed during this time of year would require full payment of any delinquent taxes, penalty, and interest, plus full payment of all taxes billed for that tax year. The platted description will become the situs on January 1 of the following year, so we will not have to collect those taxes in advance. However, that all changes if the plat is brought in January of the following year, because we will then have to collect all current taxes, along with those calculated for the subsequent year.

As for the years paid in advance of their due dates; payments received in advance of a billable tax year are considered “payments in full”. Additional payments for years paid in advance will not become billable, even if property values or tax rates later prove to be higher than the amounts used in determining payment. Considering that tax rates tend to increase over time, paying taxes in advance may actually prove to be a benefit.