

1 AN ACT  
2 RELATING TO PROPERTY TAX; AMENDING CERTAIN PROPERTY TAX  
3 EXEMPTIONS FOR VETERANS TO REFLECT CHANGES MADE TO THE  
4 EXEMPTIONS PURSUANT TO CONSTITUTIONAL AMENDMENTS APPROVED BY  
5 VOTERS AT THE NOVEMBER 5, 2024 GENERAL ELECTION; AMENDING A  
6 SECTION OF THE PROPERTY TAX CODE REGARDING CLAIMING  
7 EXEMPTIONS; DECLARING AN EMERGENCY.  
8

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

10 SECTION 1. Section 7-37-5 NMSA 1978 (being Laws 1973,  
11 Chapter 258, Section 38, as amended) is amended to read:

12 "7-37-5. VETERAN EXEMPTION.--

13 A. An amount as provided in Subsection B of this  
14 section of the taxable value of property, including the  
15 community or joint property of married individuals, subject  
16 to the tax is exempt from the imposition of the tax if the  
17 property is owned by a veteran or the veteran's unmarried  
18 surviving spouse if the veteran or surviving spouse is a New  
19 Mexico resident or if the property is held in a grantor trust  
20 established under Sections 671 through 677 of the Internal  
21 Revenue Code of 1986, as those sections may be amended or  
22 renumbered, by a veteran or the veteran's unmarried surviving  
23 spouse if the veteran or surviving spouse is a New Mexico  
24 resident. The exemption shall be deducted from the taxable  
25 value of the property to determine the net taxable value of

1 the property.

2 B. The exemption allowed shall be in the following  
3 amounts for the specified tax years:

4 (1) for tax years 2006 through 2024, four  
5 thousand dollars (\$4,000);

6 (2) for tax year 2025, ten thousand dollars  
7 (\$10,000); and

8 (3) for tax year 2026 and subsequent tax  
9 years, the amount provided in Paragraph (2) of this  
10 subsection, adjusted for inflation pursuant to Subsection C  
11 of this section.

12 C. For tax year 2026 and subsequent tax years, the  
13 amount of exemption shall be adjusted to account for  
14 inflation. The department shall make the adjustment by  
15 multiplying ten thousand dollars (\$10,000) by a fraction, the  
16 numerator of which is the consumer price index ending during  
17 the prior tax year and the denominator of which is the  
18 consumer price index ending in tax year 2025. The result of  
19 the multiplication shall be rounded down to the nearest one  
20 hundred dollars (\$100), except that if the result would be an  
21 amount less than the corresponding amount for the preceding  
22 tax year, then no adjustment shall be made.

23 D. The department shall publish annually the  
24 amount determined by the calculation made pursuant to  
25 Subsection C of this section and provide the calculated

1 amount to each county assessor no later than December 1 of  
2 the prior tax year.

3 E. The veteran exemption shall be applied only if  
4 claimed and allowed in accordance with Section 7-38-17 NMSA  
5 1978 and regulations of the department.

6 F. As used in this section, "veteran" means an  
7 individual who:

8 (1) has been honorably discharged from  
9 membership in the armed forces of the United States; and

10 (2) except as provided in this section,  
11 served in the armed forces of the United States on active  
12 duty continuously for ninety days.

13 G. For the purposes of Subsection F of this  
14 section, a person who would otherwise be entitled to status  
15 as a veteran except for failure to have served in the armed  
16 forces continuously for ninety days is considered to have met  
17 that qualification if the person served for less than ninety  
18 days and the reason for not having served for ninety days was  
19 a discharge brought about by service-connected disablement.

20 H. For the purposes of Subsection F of this  
21 section, a person has been "honorably discharged" unless the  
22 person received either a dishonorable discharge or a  
23 discharge for misconduct.

24 I. For the purposes of this section, a person  
25 whose civilian service has been recognized as service in the

1 armed forces of the United States under federal law and who  
2 has been issued a discharge certificate by a branch of the  
3 armed forces of the United States shall be considered to have  
4 served in the armed forces of the United States."

5 SECTION 2. Section 7-37-5.1 NMSA 1978 (being Laws 2000,  
6 Chapter 92, Section 1 and Laws 2000, Chapter 94, Section 1,  
7 as amended) is amended to read:

8 "7-37-5.1. DISABLED VETERAN EXEMPTION.--

9 A. As used in this section:

10 (1) "disabled veteran" means an individual  
11 who:

12 (a) has been honorably discharged from  
13 membership in the armed forces of the United States or has  
14 received a discharge certificate from a branch of the armed  
15 forces of the United States for civilian service recognized  
16 pursuant to federal law as service in the armed forces of the  
17 United States; and

18 (b) has been determined pursuant to  
19 federal law to have a permanent service-connected disability;  
20 and

21 (2) "honorably discharged" means discharged  
22 from the armed forces pursuant to a discharge other than a  
23 dishonorable or bad conduct discharge.

24 B. The property of a disabled veteran, including  
25 joint or community property of the veteran and the veteran's

1 spouse, is exempt from property taxation in an amount equal  
2 to the percentage of the veteran's disability as determined  
3 by federal law multiplied by the value of the property after  
4 the amount that may be exempted pursuant to Section 7-37-5  
5 NMSA 1978 is deducted; provided that the property is occupied  
6 by the disabled veteran as the veteran's principal place of  
7 residence. Property held in a grantor trust established  
8 under Sections 671 through 677 of the Internal Revenue Code  
9 of 1986, as those sections may be amended or renumbered, by a  
10 disabled veteran or the veteran's surviving spouse is also  
11 exempt from property taxation if the property otherwise meets  
12 the requirements for exemption in this subsection or  
13 Subsection C of this section.

14 C. The property of the surviving spouse of a  
15 disabled veteran is exempt from property taxation if:

16 (1) the surviving spouse and the disabled  
17 veteran were married at the time of the disabled veteran's  
18 death; and

19 (2) the surviving spouse continues to occupy  
20 the property continuously after the disabled veteran's death  
21 as the spouse's principal place of residence.

22 D. Upon the transfer of the principal place of  
23 residence of a disabled veteran or of a surviving spouse of a  
24 disabled veteran entitled to and granted a disabled veteran  
25 exemption, the disabled veteran or the surviving spouse may

1 choose to:

2 (1) maintain the exemption for that  
3 residence for the remainder of the year, even if the  
4 residence is transferred during the year; or

5 (2) remove the exemption for that residence  
6 and apply it to the disabled veteran's or the disabled  
7 veteran's surviving spouse's new principal place of  
8 residence, regardless of whether the exemption was applied  
9 for and claimed within thirty days of the mailing of the  
10 county assessor's notice of valuation made pursuant to the  
11 provisions of Section 7-38-20 NMSA 1978.

12 E. The exemption provided by this section may be  
13 referred to as the "disabled veteran exemption".

14 F. The disabled veteran exemption shall be applied  
15 only if claimed and allowed in accordance with Section  
16 7-38-17 NMSA 1978 and the rules of the department. The  
17 disabled veteran exemption shall be claimed in proportion to  
18 the taxpayer's ownership interest in the property.

19 G. The veterans' services department shall assist  
20 the department and the county assessors in determining which  
21 veterans qualify for the disabled veteran exemption."

22 SECTION 3. Section 7-38-17 NMSA 1978 (being Laws 1973,  
23 Chapter 258, Section 57, as amended) is amended to read:

24 "7-38-17. CLAIMING EXEMPTIONS--REQUIREMENTS--  
25 PENALTIES.--

1           A. Subject to the requirements of Subsection E of  
2 this section, head-of-family exemptions, veteran exemptions,  
3 disabled veteran exemptions or veterans' organization  
4 exemptions claimed and allowed in a tax year need not be  
5 claimed for subsequent tax years if there is no change in  
6 eligibility for the exemption nor any change in ownership of  
7 the property against which the exemption was claimed. Head-  
8 of-family, veteran and veterans' organization exemptions  
9 allowable under this subsection shall be applied  
10 automatically by county assessors in the subsequent tax  
11 years.

12           B. Other exemptions of real property specified  
13 under Section 7-36-7 NMSA 1978 for nongovernmental entities  
14 shall be claimed in order to be allowed. Once such  
15 exemptions are claimed and allowed for a tax year, they need  
16 not be claimed for subsequent tax years if there is no change  
17 in eligibility. Exemptions allowable under this subsection  
18 shall be applied automatically by county assessors in  
19 subsequent tax years.

20           C. Except as set forth in Subsection H of this  
21 section, an exemption required to be claimed under this  
22 section shall be applied for no later than thirty days after  
23 the mailing of the county assessor's notices of valuation  
24 pursuant to Section 7-38-20 NMSA 1978 in order for it to be  
25 allowed for that tax year.

1           D. A person who has had an exemption applied to a  
2 tax year and subsequently becomes ineligible for the  
3 exemption because of a change in the person's status or a  
4 change in the ownership of the property against which the  
5 exemption was applied shall notify the county assessor of the  
6 loss of eligibility for the exemption by the last day of  
7 February of the tax year immediately following the year in  
8 which loss of eligibility occurs.

9           E. Exemptions may be claimed by filing proof of  
10 eligibility for the exemption with the county assessor. The  
11 proof shall be in a form prescribed by regulation of the  
12 department. Procedures for determining eligibility of  
13 claimants for any exemption shall be prescribed by regulation  
14 of the department, and these regulations shall include  
15 provisions for requiring the veterans' services department to  
16 issue certificates of eligibility for veteran and veterans'  
17 organization exemptions in a form and with the information  
18 required by the department. The regulations shall also  
19 include verification procedures to assure that veteran  
20 exemptions in excess of the amount authorized under Section  
21 7-37-5 NMSA 1978 are not allowed as a result of multiple  
22 claiming in more than one county or claiming against more  
23 than one property in a single tax year.

24           F. The department shall consult and cooperate with  
25 the veterans' services department in the development,



1 adoption and promulgation of regulations under Subsection E  
2 of this section. The veterans' services department shall  
3 comply with the promulgated regulations. The veterans'  
4 services department shall collect a fee of five dollars  
5 (\$5.00) for the issuance of a duplicate certificate of  
6 eligibility to a veteran or to a veterans' organization.

7 G. A person who violates the provisions of this  
8 section by intentionally claiming and receiving the benefit  
9 of an exemption to which the person is not entitled or who  
10 fails to comply with the provisions of Subsection D of this  
11 section is guilty of a misdemeanor and shall be punished by a  
12 fine of not more than one thousand dollars (\$1,000). A  
13 county assessor or the assessor's employee who knowingly  
14 permits a claimant for an exemption to receive the benefit of  
15 an exemption to which the claimant is not entitled is guilty  
16 of a misdemeanor and shall be punished by a fine of not more  
17 than one thousand dollars (\$1,000) and shall also be  
18 automatically removed from office or dismissed from  
19 employment upon conviction under this subsection.

20 H. When a disabled veteran or the disabled  
21 veteran's unmarried surviving spouse provides proof of  
22 eligibility pursuant to Subsection E of this section, the  
23 disabled veteran or the disabled veteran's unmarried  
24 surviving spouse shall be allowed the exemption for the tax  
25 year; provided that the exemption shall not be allowed for

1 property tax due for previous tax years."

2 SECTION 4. APPLICABILITY.--The provisions of Section 2  
3 of this act apply to the 2026 and subsequent property tax  
4 years.

5 SECTION 5. EMERGENCY.--It is necessary for the public  
6 peace, health and safety that this act take effect  
7 immediately. \_\_\_\_\_