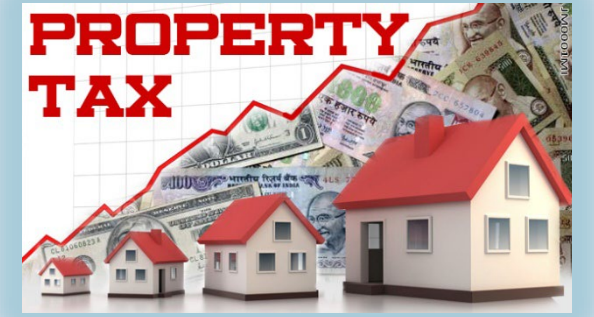
New Mexico Department of Finance and Administration
LOCAL GOVERNMENT DIVISION

Overview of Property Tax Certification Process Per Adoption of Changes to Rule 3.6.50 NMAC Effective July 28, 2026



Purpose of This Training Session

This webinar is a technical training session focused on:

- Understanding the updated certification timeline
- Applying rate-verification steps
- Using data inputs for the yield control formula
- Implementing required procedures consistently statewide

Important:
Today’s session is not a forum for airing complaints, debating the rule changes, or discussing broader policy concerns.

Our goal is to provide clear, practical guidance on how to implement the requirements now in effect.

Purpose of Rule Change

Multiple Reviews for Improved Tax Rate Accuracy

- Draft proposed rates sent to counties by DFA Local Government Division **by August 10th and second draft by August 21st**
- Counties review draft proposed rates to certify accuracy to DFA Local Government Division **by August 15th, and second draft is reviewed by August 28th**

Error Identification and Correction Process Defined

- Process to identify and correct errors early, prior to the DFA Secretary issuing property tax rate setting orders **by September 1st**
- Process to correct errors on property tax rate setting orders **by September 17th**
- Process to identify and correct errors **after October 1st** property tax schedule

PROPERTY TAX CERTIFICATION PROCESS

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Impact of Rule Adoption 3.6.50 NMAC

New steps in certification process

June 30	August 1	August 10	August 15	August 21	August 28
TRD Property Tax Division provides DFA Local Government Division with digital copy of net taxable values	**TRD Property Tax Division provides DFA Local Government Division with digital copy of <u>amended</u> net taxable values**	**DFA Local Government Division sends a copy of proposed tax rates to counties (will exclude rates of school districts and institutions of higher education) PED/HED not new**	**Counties certify accuracy of proposed tax rates to DFA Local Government Division after working with local taxing entities to verify proposed rates and applying the yield control formula and other tax rate limitations to the proposed tax rates Public Education Department and Higher Education Department certify rates of school districts and institutions of higher education to DFA Local Government Division**	**DFA Local Government Division compiles those rates certified on August 15 and sends results to counties, municipalities, special districts, school districts, institutions of higher education, and state debt service and will send draft rate setting orders to county assessors for review and concurrence (Public Education Department and Higher Education Department can help with sending rate compilation to school districts and institutions of higher education)**	**County assessors shall review and identify any errors or requested corrections of draft rate setting orders to DFA Local Government Division <u>after</u> they have: (1) reported net taxable value errors to the TRD Property Tax Division; (2) reported tax rate errors to the appropriate municipality, special district, public education department, higher education department or state debt service; and (3) confirmed with the TRD Property Tax Division, appropriate municipality, special district, public education department, higher education department or state debt service any identified errors**

PROPERTY TAX CERTIFICATION PROCESS
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Impact of Rule Adoption 3.6.50 NMAC

New steps in certification process

September 1	September 12	September 15	September 17	October 1	Post October 1
The DFA Secretary shall issue written orders to each county setting property tax rates for the governmental units sharing in the tax in accordance with the Property Tax Code	**If errors are identified in the September 1 rate setting order, county assessors shall coordinate with governmental units in the county and submit to DFA Local Government Division a letter identifying the errors**	**The DFA Local Government Division will review requests for corrections and issue county draft correction orders**	**County Assessors shall confirm the accuracy of correction orders to the DFA Local Government Division**	**County Assessors submit property tax schedule to County Treasurers**	**Upon determination of an error by the DFA Local Government Division and confirmation by the county assessor, the DFA Local Government Division will issue a written order identifying any errors in the property tax rate-setting order and requiring the county treasurer to correct the errors in the property tax schedule**
<u>5 business days after September 1:</u> The Board of County Commissioners shall issue by written order imposing the certified tax rates on the net taxable value of property allocated to the appropriate governmental units					

New Key Dates in Process: First Draft

August 10

- DFA Local Government Division sends proposed tax rates to counties
- Information to make yield control calculations will also be sent (valuation data, imposed rates, inflation factor)

August 15

- Counties verify proposed rates with local taxing entities
- Counties apply the yield control formula and other tax rate limitations
- Counties certify accuracy of proposed rates to DFA/LGD

New Key Dates in Process: Second Draft

August 21

- DFA Local Government Division compiles August 15th certified rates and sends results to counties
- Draft rate setting orders will also be sent to County Assessors for review and concurrence

August 28

- County Assessors report and confirm net taxable value errors to TRD Property Tax Division
- County Assessors report and confirm tax rate errors to applicable local taxing entities
- County Assessors notify DFA Local Government Division of requested corrections

Operational Tax Rates

- NM Constitution sets a maximum limit of 20 mills
- Section 7-37-7 NMSA 1978 defines the maximum rates that may be imposed for general purposes by the local governments without requiring voter approval which total to the constitutional 20 mills as follows:
  - Counties can impose a maximum rate of $11.85 for each $1,000 of net taxable value.
  - Municipalities can impose a maximum rate of $7.65 for each $1,000 of net taxable value.
  - School Districts maximum imposed rate is $.50 for each $1,000 of net taxable value.
- Operational rates for other taxing entities are authorized throughout statute if approved by voters, and each specific statute will define the maximum allowable rates.

The imposed operational rate is uniformly applied to residential and non-residential properties. However, the rate set for residential properties may differ from the rate set for non-residential properties due to the application of the yield control formula (see next slide).

When does yield control apply?

- The yield control formula is explained in Section 7-37-7.1 NMSA 1978 and applies to operational rates imposed under Section 7-37-7 ***(previous slide)***

- The yield control formula also applies to authorized levies under other sections of statute unless the statutory language for a particular levy specifically excludes the application of yield control. <u>Some examples</u> where yield control applies are:
  - hospital mill levies
  - water & sanitation district mill levies
  - public school capital improvements (SB9)
  - public school buildings (HB33)

  - ***<u>Doesn't</u> apply to general obligation debt mill levy rates***
  - ***<u>Doesn't</u> apply to oil and gas ad valorem rates***
  - ***<u>Doesn't</u> apply the first year of a new or reauthorized mill levy***

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

Purpose: The Yield Control formula was developed by statute to prevent extraordinary tax increases in response to reassessment and to encourage reassessment.

Results: As valuations increase, rates adjust to limit tax increases to approximately the rate of inflation (implicit price deflator) and new construction. On average, impacts of yield control on particular property owners will vary depending on changes to the assessed values on their property.

The yield control formula is applied separately to residential and non-residential properties. Therefore, these two rates may not be the same on the tax certificate.

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

Equation – Part A:

new revenues = prior year property tax effort *x* ***growth control factor***

- **Prior Year Property Tax Effort** = (***base year value*** / 1000) x ***base year's rate***
  - The **"base year's rate"** is the rate on the previous year's tax certificate
  - Because a mill rate is defined as a dollar amount levied on each $1,000 of net taxable value of property allocated to a taxing entity, the **"base year value"** is divided by 1000)
- **Growth Control Factor (G)** = V + I

$$V = \frac{(base\ year\ value + net\ new\ value\ )}{base\ year\ value}$$

I = percent change in the cost of government services (i.e., implicit price deflator)

(NOTE: "I" is also referred to as the "inflation factor" and is calculated by DFA)

- "New Revenues" can also be referred to as "Current Year Property Tax Effort"

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

Equation – Part B:

computed rate = *new revenues* / (*current year value* / *1000*)

- New Revenues = Part A of Basic Equation ***(See Slide 10)***
- **Current Year Value** = *base year value + net new value + valuation maintenance*
  - Because a mill rate is defined as a dollar amount levied on each $1,000 of net taxable value of property allocated to a taxing entity, the **"current year value"** is divided by 1000
- **"Computed Rate"** can also be referred to as "yield control rate"

Rate on Tax Certificate:

The rate that is set and published on the tax certificate (also referred to as the "correct rate") is the **lower of**:

- ***Imposed Rate*** (this is the rate the governing body imposed by resolution) ***–OR-***
- ***Statutory Maximum Rate*** (this is the maximum rate allowed in statute for the taxing entity, for example, 11.850 for counties and 7.650 for municipalities) ***–OR-***
- **Computed Rate** (this is also known as the "yield control rate" that was calculated above)

Data Sources for Yield Control Formula

Current Year Values	Inflation Factor	Base Year Rate	Imposed Rate	Statutory Maximum Rate
• PTD Forms: ○ PTD3: residential and non-residential ○ PTD11: livestock ○ PTD13: special district breakout ○ State Assessed (non-residential) ○ Copper (Grant County only) • Oil & Gas Production and Equipment	• Calculated by DFA Economist ○ LGD will provide to counties annually ○ Also available on LGD website	• Rate on previous year's tax certificate ○ Tax certificates available on LGD website	• Rate imposed by a local entity's governing body ○ LGD collects mill levy resolutions for counties, municipalities and special districts during annual budget process ○ LGD will provide to counties annually	• Maximum rate allowed by statute for taxing entities • Maximum rates without voter approval are: ○ Counties: 11.850 ○ Municipalities: 7.650 ○ School Districts: 0.500 • Maximum rates for other taxing entities are defined throughout statute • LGD will provide to counties annually

Data Sources for Yield Control Formula

- The following items will be provided **with August 10th communication**:
  - First draft of property tax certificates with proposed rates calculated by LGD
  - Current year valuation data
  - Inflation Factor
  - Imposed rates table
  - Statutory maximum rates table
  - Current year mill levy resolutions as applicable
  - **Videos** demonstrating how to use the data sources mentioned above, how to find base year rates, and how to apply this information to the yield control formula

- The following items will be provided **with August 21st communication**:
  - Second draft of property tax certificates with proposed rates calculated by LGD and those rates certified by the Public Education Department and Higher Education Department
  - General obligation bond debt levy worksheets for applicable counties, municipalities and special districts.
  - Any additional current year mill levy resolutions as applicable
  - **Videos** demonstrating how to read the general obligation bond debt levy worksheets will be provided

How are General Obligation Bond Debt Mill Levies Calculated?

- Debt Service Worksheets submitted to oversight agencies (DFA/LGD, PED, HED)
- Contracted bond advisors should be consulted by the local government for help in preparing the Debt Service Worksheets
- Debt Service Fund cash balance as of June 30th
- 18 months of debt service payments per amortization schedule(s) for existing bonds
- Consideration of future bonds if approved by voters and pursuant with local government's finance plan
- 3-year average collection rate as reported by County Treasurers
- Net taxable value for the local government imposing the general obligation bond debt mill levy

Goal is to maintain a steady debt mill levy from year to year.

Property Tax Module on LGBMS (Local Government Budget Management System)

- Data imports eliminate manual key entry of:
  - Assessed valuation data from TRD, Property Tax Division
  - Oil and gas ad valorem valuation data from TRD, Oil & Gas Bureau
  - PED certified mill rates for public school districts
  - HED certified mill rates for college districts
  - Debt service mill rates
- Automatic rollover of prior year mill rates for use in yield control formula
- Automatic calculation of yield-controlled mill rates
- Standard tax certificates in PDF and Excel formats

Header with County Name and Tax Year

Columns sorted in alphanumeric order

Certificate of Property Tax Rates in Mills
Grant County
Tax Year 2023

OVERALL COUNTY NET TAXABLE VALUE: $852,304,320

County Net Taxable Value for all properties

Property Classification	Re[illegible]	[illegible]	Residential	Non-Residential	Copper Production	Residential
Tax District	**1 IN R**	**1 IN NR**	**1 OUT R**	**1 OUT NR**	**1 OUT CP**	**2 OUT R**
Municipality	Silver City [illegible]wn)	Silver City (Town)				
Public School District	Silver Conso[illegible]ated	Silver Consolidated	Silver Consolidated	Silver Consolidated	Silver Consolidated	Cobre
College District						
Taxable Value	160,[illegible]8,740	73,435,096	235,678,474	118,013,028	48,960,264	46,117,463
Mill Levies for State, County, Municipality, and School District						
State Debt Service	1.360	1.360	1.360	1.360	1.360	1.360
Total State	**1.360**	**1.360**	**1.360**	**1.360**	**1.360**	**1.360**
County Debt Service	1.123	1.123	1.123	1.123	1.123	1.123
County Operational	6.930	11.850	6.930	11.850	-	6.930
County Operational (Copper)	-	-	-	-	11.850	-
Total County	**8.053**	**12.973**	**8.053**	**12.973**	**12.973**	**8.053**
Municipal Debt Service	-	-	-	-	-	-
Municipal Operational	2.828	3.825	-	-	-	-
Total Municipal	**2.828**	**3.825**	**0.000**	**0.000**	**0.000**	**0.000**
School Building (House Bill 33 Levy)	1.500	1.500	1.500	1.500	1.500	-
School Capital Improvement (Senate Bill 9 Levy)	2.000	2.000	2.000	2.000	2.000	2.000
School District Debt Service	1.923	1.923	1.923	1.923	1.923	3.250
School District Ed. Tech. Debt Service	-	-	-	-	-	4.508
School District Operational	0.288	0.500	0.288	0.500	0.500	0.341
Total School District	**5.711**	**5.923**	**5.711**	**5.923**	**5.923**	**10.099**
Total State, County, Municipal and School District	**17.952**	**24.081**	**15.124**	**20.256**	**20.256**	**19.512**

Tax District
(IN= incorporated,
OUT= unincorporated area)

Page 1 of Tax Certificate: State, County, Municipal and School District

Tax District	1 IN R	1 IN NR	1 OUT R	1 OUT NR	1 OUT CP	2 OUT R
Mill Levies for College and Hospital						
Total Higher Education	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Total Hospital	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Total College and Hospital	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Grand Total State, County, Municipal, Public School, College, Hospital	**17.952**	**24.081**	**15.124**	**20.256**	**20.256**	**19.512**
Mill Levies for Other Taxing Entities						
Upper Gila Watershed District						
Special District Debt Service				-	-	-
Special District Operational	-	-	5.000	5.000	-	-
Total Other	**0.000**	**0.000**	**5.000**	**5.000**	**0.000**	**0.000**
Grand Total	**17.952**	**24.081**	**20.124**	**25.256**	**20.256**	**19.512**

Total from Page 1 plus college and hospital

Special district rates listed under associated tax district column according to information on certified PTD forms.

Taxing districts listed for livestock rates according to information on PTD-11 forms.

Livestock Mill Levies

Category	Rate	Applicable Tax Districts
	10.000	
Dairy Cattle	5.000	1 OUT,2 OUT,1 OUT,2 OUT,2 OUT,1 OUT,1 OUT
Cattle Indemnity	9.538	1 OUT,1 OUT,2 OUT,2 OUT,1 OUT,1 OUT,2 OUT,2 OUT
Sheep/Goats/Swine/Alpaca	9.010	1 OUT,2 OUT,1 OUT,1 OUT,1 OUT,2 OUT,2 OUT,2 OUT,2 OUT,2 OUT,2 OUT,2 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT,1 OUT
Horses/Asses/Mules	9.296	1 OUT,2 OUT,2 OUT,2 OUT,1 OUT,1 OUT,1 OUT,2 OUT
Bison/Camelids/Ratite	7.892	1 OUT
Dairy Cattle	4.714	1 OUT,2 OUT,1 OUT,2 OUT,2 OUT,1 OUT,1 OUT

Other Assessments

Category

"Other assessments" include irrigation rates, special assessments, Public Improvement Districts (PIDs)

Footnotes

Tax District	Classification

Amendments

Date	Description

"Amendments" after September 1st summarized here (if applicable)

Closing Comments by Budget & Finance Bureau Chief

Thank you for your participation and engagement.

Effective certification depends on:

- Clear communication among assessors, counties, TRD, PED, HED, and DFA
- Timely coordination throughout the August–September workflow
- Consistent statewide application of the updated procedures
- Shared commitment to accurate and compliant administration of property tax rates

We appreciate your collaboration and look forward to ongoing partnership as we move through this year's certification cycle.

Questions?