

Valuation for Agricultural purposes

7-36-20. Special method of valuation; land used primarily for agricultural purposes

A. The value of land used primarily for agricultural purposes shall be determined on the basis of the land's capacity to produce agricultural products. Evidence of bona fide primary **agricultural** use of **land** for the **tax** year preceding the year for which determination is made of eligibility for the **land** to be valued under this section creates a presumption that the **land** is used primarily for **agricultural** purposes during the **tax** year in which the determination is made. If the **land** was valued under this section in one or more of the three **tax** years preceding the year in which the determination is made and the use of the **land** has not changed since the most recent valuation under this section, a presumption is created that the **land** continues to be entitled to that valuation.

B. For the purpose of this section, "agricultural use" means the use of land for the production of plants, crops, trees, forest products, orchard crops, livestock, poultry, captive deer or elk, or fish. The term also includes the use of **land** that meets the requirements for payment or other compensation pursuant to a soil conservation program under an agreement with an agency of the federal government.

C. The department shall adopt rules for determining whether land is used primarily for agricultural purposes. The rules shall provide that the use of **land** for the lawful taking of game shall not be considered in determining whether **land** is used primarily for **agricultural** purposes.

D. The department shall adopt rules for determining the value of land used primarily for agricultural purposes. The rules shall:

- (1) **specify procedures to use in determining the capacity of land to produce agricultural products and the derivation of value of the land based upon its production capacity;**
- (2) establish carrying capacity as the measurement of the production capacity of **land** used for grazing purposes, develop a system of determining carrying capacity through the use of an animal unit concept and establish carrying capacities for the **land** in the state classified as grazing **land**;
- (3) provide that **land** the bona fide and primary use of which is the production of captive deer or elk shall be valued as grazing **land**, and that captive deer shall be valued and **taxed** as sheep and captive elk shall be valued and **taxed** as cattle;
- (4) provide for the consideration of determinations of any other governmental agency concerning the capacity of the same or similar **lands** to produce **agricultural** products;
- (5) assure that **land** determined under the rules to have the same or similar production capacity shall be valued uniformly throughout the state; and
- (6) provide for the periodic review by the department of determined production capacities and capitalization rates used for determining annually the value of **land** used primarily for **agricultural** purposes.

E. All improvements, other than those specified in Section [7-36-15](#) NMSA 1978, on land used primarily for agricultural purposes shall be valued separately for property taxation purposes and the value of these improvements shall be added to the value of the land determined under this section.

F. The owner of the land must make application to the county assessor in a tax year in which the valuation method of this section is first claimed to be applicable to the land or in a tax year immediately subsequent to a tax year in which the land was not valued under this section. Application shall be made under oath, shall be in a form and contain the information required by department rules and must be made no later than the last day of February of the **tax** year. Once **land** is valued under this section, application need not be made in subsequent **tax** years as long as there is no change in the use of the **land**.

G. The owner of land valued under this section shall report to the county assessor whenever the use of the land changes so that it is no longer being used primarily for agricultural

purposes. This report shall be made on a form prescribed by department rules and shall be made by the last day of February of the **tax** year immediately following the year in which the change in the use of the **land** occurs.

H. Any person who is required to make a report under the provisions of Subsection G of this section and who fails to do so is personally liable for a civil penalty in an amount equal to the greater of twenty-five dollars (\$25.00) or twenty-five percent of the difference between the property **taxes** ultimately determined to be due and the property **taxes** originally paid for the **tax** years for which the person failed to make the required report.

Pasted from <<http://www.conwaygreene.com/nmsu/lpext.dll/nmsa1978/4cf/4835/65dc/6655?f=templates&fn=document-frame.htm&q=agricultural%20land%20tax&x=Simple&2.0#LPHit1>>