

NEW MEXICO HOUSE BILL 332 – RURAL HERITAGE ACT

PART 1: AGRICULTURAL LANDS TRANSITION PROGRAM

Purpose: To conserve agricultural lands, family ownership, traditional land-based communities, watershed values and open space as foundations of New Mexico’s rural and natural heritage.

Parcels less than 160 acres but greater than 10 acres and which have been qualified as agricultural land in the immediately preceding five years but which no longer qualify as agricultural will be eligible for enrollment in the agricultural lands transition program. Lands under 10 acres may also be eligible if they have valid associated agricultural water rights. Landowners who voluntarily enroll in this program agree to the following conditions:

1. With the exception of improvements designed specifically to support or restore agricultural production or conservation activities, qualifying land must remain undeveloped.
2. Land must be managed within rules and guidelines established by the New Mexico Energy, Minerals and Natural Resources Department in consultation with the Department of Taxation and Revenue. Guidelines will be intended to ensure the land is managed to conserve soil and water, improve forest and rangeland health, reduce noxious weeds and risk of fire, and support native wildlife. Agricultural activities are not precluded.
3. Parcel will be valued for property tax purposes at 25% of fair market value.

Example comparison: 40-acre parcel with a fair market value of \$15,000/acre and a mill rate of 20:

Classification	Tax
Dry land agriculture (@ \$133/acre)	\$ 35.00
Agricultural transition (@ 25% market value)	\$ 990.00
Vacant land (@ full market value)	\$ 3,960.00

PART 2: INTEGRATED RESOURCE MANAGEMENT

Purpose: To provide an option for landowners to partner with the state in meeting high priority agricultural and natural resource priority objectives.

NM 7-36-20 is amended to expand the definition of agricultural activities to management under a state-approved management plan. The New Mexico Energy Minerals and Natural Resources Department, in consultation with the Department of Agriculture and the Department of Taxation and Revenue, shall promulgate rules as to the nature and scope of management plans that shall be considered “qualified” for purposes under this section. Such plans will be designed to ensure the health and future agricultural viability of forests, increase or restore agricultural productivity on rangelands, secure the state’s current and future agricultural water supplies, and provide for the needs of wildlife as prioritized by the state.

NEW MEXICO HOUSE BILL 332 – FREQUENTLY ASKED QUESTIONS

Q: Why is it needed?

A: In New Mexico, land that is not in agricultural production is taxed based on appraised market value. As land values and property taxes continue to rise, this makes continued land ownership unaffordable for many New Mexicans. This especially impacts retiring farmers and ranchers who increasingly cannot afford to stay on their land after retiring. Though ideally these lands could be leased to younger farmers, the reality is that markets and available farmers are limited, particularly in remote and aging rural communities.

In addition, current tax restrictions limit landowners' ability to implement integrated resource management. This is because any portion of land that is not in agricultural production is taxed based on full market value. This means landowners who reduce or remove livestock or crop production from riparian areas, sensitive soils or critical wildlife habitat areas are taxed higher, despite explicit public interest in conserving these values. Similarly, some assessors do not consider non-commercial forest restoration an agricultural activity, even where such management conserves current and future timber supplies, restores forested watersheds and reduces the risk of fire.

Q: Why can't all landowners keep their land in agricultural production?

A: There are many legitimate reasons, including family circumstances such as age and health, lack of water resources, limited market opportunities, degraded land or land not suited to agriculture, restoration activities, natural resource needs and incompatible surrounding land uses.

Q: How does HB 332 encourage continued agricultural production?

A: HB 332 includes several incentives to encourage agricultural production: (1) Lands must have been qualified as agricultural for at least five years to be eligible for the agricultural transition program; (2) Lands in the agricultural transition program will be taxed at a higher rate than those in agriculture; and (3) Land can be returned to agriculture and agricultural tax rates at any time without penalty.

Q: How will HB 332 benefit young ranchers and farmers?

A: The loss of agricultural land and water to development is a threat to the future of agriculture. HB 332 enables families to keep land intact for future generations of farmers and ranchers.

Q: How will HB 332 impact tax revenues?

A: HB 332 should have a neutral to positive impact on the property tax base for the following reasons: 1) Eligibility for the program is limited to lands that have been qualified as agricultural for property tax purposes during the immediately preceding five years and therefore all landowners enrolled in the program will pay a higher tax than they did previously; and 2) New Mexico has a yield control policy that adjusts tax rates to ensure consistent revenues.

Q: How will HB 332 impact local economies?

A: A 2015 study by Colorado State University concluded that a bill like HB 332 would increase jobs and economic activity in New Mexico. This is because HB 332 requires that landowners enrolled in the program actively restore and manage their land to provide public benefits such as soil and water conservation, wildlife habitat and healthy watersheds. This active management and investment create new and diverse jobs and generates economic activity.