PROPERTY TAX RATES are the total of a complex set of factors and calculations. Many different governmental units or subdivisions (taxing authorities) can impose property taxes. Each individual taxing authority has limitations to its authority set by State law. Taxing authorities that contribute to the total property tax rate include: the State, the County, municipalities, school districts, the Community College, water and sewer districts, and special assessment districts. Rates also differ between residential and non-residential property within each taxing authority's jurisdiction.

BECAUSE OF THE DIFFERENT TAXING AUTHORITIES, your property tax rate may be very different from your family or friends who live in a different part of Santa Fe County. The municipality in addition to the school district and any special assessment districts in which you live all play a role in the tax rate for your property.

YOUR PROPERTY TAX RATE also includes the repayment of General Obligation bonds. A General Obligation bond is governmental debt which is repaid with property taxes. Because debt repayment comes from property taxes it impacts property tax rates. General Obligation bonds are sold to finance major infrastructure projects such as water and sewer lines, roads, fire stations, etc.

Santa Fe County has two taxes that contribute to your overall property tax rate: the operational mill rate and the debt service mill rate. The debt service mill rate is determined based upon the amount of debt payments the County must make during the coming year. Santa Fe County structures its debt payments in a manner to maintain a stable debt service mill rate, i.e. annual amounts do not cause a large fluctuation in the rate.

The information contained in this document focuses on the Santa Fe County Operational Mill Rate for Tax Year 2011 which runs from November 1, 2011 to October 31, 2012.

There are three independent entities that impact the Santa Fe County Operational Mill Rate.

By State law only one of them actually sets the rates.

Board of County Commissioners

County Assessor

New Mexico Department of Finance and Administration (DFA) sets the property tax rates.

In Santa Fe County the Board of County Commissioners (BCC) imposes the operational mill rates for residential (R) and non-residential (NR) properties subject to a maximum rate set by State Statute. The maximum rate is 11.85 mills.

Santa Fe County **HAS NOT INCREASED** the *imposed* property tax mill rate since FY 2000. The imposed rate currently stands at 11.85 mills for both R and NR property.

The County Assessor is required by State Statute to maintain "correct and current" property values for purposes of property taxation. The Assessor annually certifies the property valuations of all residential (R) and non-residential (NR) property within the County's borders, and submits that certification to DFA.

The County Assessor establishes the *assessed value* and *taxable value* of each property. The assessed value is determined utilizing manual and computer assisted appraisal techniques. The taxable value is 1/3 of the assessed value less any exemptions for which the property owner qualifies. A property owner may *protest* her/his assessed value.

DFA utilizes information provided by the County Assessor to perform a series of calculations to determine its computed property tax rate before it sets property tax rates. The rate set will be the *LESSER* of the rate imposed by the BCC or the DFA computed rate.

The calculation that DFA uses to determine the property tax rate is complex. It utilizes information from the previous tax year's valuation and the current year's valuation and calculated "tax effort" as well as an inflationary factor and a calculated "growth factor."

HOW ARE PROPERTY TAX RATES CALCULATED?

DFA uses a complex series of calculations to determine its computed property tax rate for both R and NR properties. Although it is the same calculation for each the results are very different. These differing results illustrate the impact that property VALUEs have on tax rates

Yield Control (Computed Tax Rate) =
Prior Year Tax Effort
X Growth Factor
= Current Year Tax Effort
/ Sum of Current Year Unprotested Valuation and State Assessed Property
X 1,000
= Yield Control (Computed Rate)

This **computed** rate is compared to the **imposed** rate and the **LOWER** rate becomes the operational property tax mill rate for the new tax year.

2011 Residential Rate Computation
2011 Non-Residential Rate Computation

PRIOR YEAR TAX EFFORT

Prior Year Tax Rate / 1000
X Prior Year Base Value
= Prior Year Tax Effort

Calculation of Prior Year Property Tax Effort:

2010 Operational Mill Rate =	4.697
Prior Year Rate Divided by 1000	0.004697
X Total Prior Year Base Valuation	$5,200,890,626
= Prior Year Property Tax Effort	$24,428,583

GROWTH FACTOR

Previous Year Base
+ Net New Valuation
(Additions less Deletions)
/ Previous Year Base
= Growth from New Construction
+ Inflation Factor
= Growth Factor

Calculation of Growth Factor :

Total Previous Year Base	$5,200,890,626
+ Total Current Year Net New Valuation	$87,787,522
= Base + New	$5,288,678,148
/ Total Previous Year Base	$5,200,890,626
= Growth Attributed to New Construction	1.016879
+ Current Inflation Factor	0.0204
= Construction Growth + Inflation Factor	1.037279
= Growth Factor*	1.037279
*Growth factor will at least be equal to inflation factor.	

YIELD CONTROL COMPUTATION

Calculation of Yield Control Rate for Residential Property:

	Prior Year Property Tax Effort	$24,428,583
X	Growth Factor	1.037279
=	Current Year Property Tax Effort	$25,339,264
/	Total Current Year Valuation	$5,181,081,479
=	Yield Control (YC) Computed Rate	0.004891
X	1,000	4.891

Determination of Current Year Operational Mill Rate:

	Current Imposed Operational Rate	11.850
Versus	Yield Control Computed Rate X 1,000	4.891
=	**Current Year Rate (lower rate)**	**4.891**

2011 Residential Operational Mill Rate Computation

Calculation of Tax Year 2010 Property Tax Effort:

Tax Year 2010 Rate Divided by 1000	0.004697
X Total Tax Year 2010 Base Valuation	$5,200,890,626
= Tax Year 2010 Property Tax Effort	$24,428,583

Calculation of Growth Factor:

Total Tax Year 2010 Base	$5,200,890,626
+ Total Tax Year 2011 Net New Valuation	$87,787,522
= Base + New	$5,288,678,148
/ Total Tax Year 2010 Base	$5,200,890,626
= Growth Attributed to New Construction	1.016879
+ Current Inflation Factor	0.0204
= Construction Growth + Inflation Factor	1.037279
= Growth Factor*	1.037279
*Growth Factor will at least be equal to inflation factor.	

Calculation of Yield Control Rate:

Tax Year 2010 Property Tax Effort	$24,428,583
X Growth Factor	1.037279
= Tax Year 2011 Property Tax Effort	$25,339,264
/ Total Tax Year 2011 Unprotested Valuation	$5,181,081,479
= Yield Control (YC) Computed Rate	0.004891

Determination of Tax Year 2011 Residential Operational Mill Rate:

Current Imposed Operational Mill Rate	11.850
Versus Yield Control Computed Rate X 1,000	4.891
= Current Year Rate (lower rate)	4.891

2011 Non-Residential Operational Mill Rate Computation

Calculation of Tax Year 2010 Property Tax Effort:

Tax Year 2010 Rate Divided by 1000	0.011850
X Total Tax Year 2010 Base Valuation	$1,575,843,938
= Tax Year Property Tax Effort	$18,673,751

Calculation of Growth Factor:

Total Tax Year 2010 Base	$1,575,843,938
+ Total Tax Year 2011 Net New Valuation	$87,995,277
= Base + New	$1,663,839,215
/ Total Tax Year 2010 Base	$1,575,843,938
= Growth Attributed to New Construction	1.055840
+ Current Inflation Factor	0.0204
= Construction Growth + Inflation Factor	1.076240
= Growth Factor*	1.076240

*Growth Factor will at least be equal to inflation factor.

Calculation of Yield Control Rate:

Tax Year Property Tax Effort	$18,673,751
X Growth Factor	1.076240
= Tax Year 2011 Property Tax Effort	$20,097,440
/ Total Tax Year 2011 Valuation	$1,484,022,440
= Yield Control (YC) Computed Rate	0.013543

Determination of Tax Year 2011 Non-Residential Operational Mill Rate:

Current Imposed Operational Mill Rate	11.850
Versus Yield Control Computed Rate X 1,000	13.543
= Current Year Rate (lower rate)	**11.850**