



Drastic spikes in some appraisals are meant to make things more fair.

Justin Horwath

Extreme Value

Thousands of local businesses face new appraisals by county assessor

April 15, 2015, 12:00 am

By [Justin Horwath](#)

A recent property valuation makes Tom Ross, owner of the eponymous art gallery, wonder if government bureaucracy is suffocating the art and soul of Canyon Road.

“When I came here, my rent was \$300 a month, and it was manageable—I could do it,” says Ross. But that was almost 25 years ago, and he submits that recent decades have not been easy on his breed of artist-entrepreneurs. Now, he says, “No young person that doesn’t have a trust fund could open a gallery.”

This month, the Santa Fe County Assessor’s Office sent a notice that the land value of Tom Ross Gallery at 409 Canyon Road increased by 166 percent in 2014 from the previous year.

The value of the one-fifth of an acre of land is now \$797,120, records show, up from \$298,920 in 2013.

That could mean higher taxes for Ross, depending on how the state measures the county's tax base.

He's not the only business owner in the county—or on Canyon Road—to see such a drastic increase in what the government says a property is worth, particularly for land values.

April 1 was the deadline for County Assessor Gus Martinez to send letters out to property owners, notifying them of appraisals.

"WE'VE GOTTEN A LOT OF CALLS IN, AND OF COURSE IT'S A BIG SHOCK."

This year's assessment is unique in two ways. For one, it serves as Martinez' first big test as the newly elected county assessor. There are 3,330 commercial properties throughout the county, and this is the first time in years that many of them have been notified of new appraisals.

The sudden increase in valuations has spurred concerns among business owners about how high their tax bills will be. Since 2004, records show, the county has valued Ross' land at \$149,460. That changed in 2013, according to records, when the county doubled the land's assessed value to \$298,920. The land is now valued at \$647,660 more than it was three years ago.

Meanwhile, the value of the building on that land has decreased slightly. But the total value of the land and the building, now \$1.3 million, is still up 43 percent from the previous year. Property taxes, which fund government and schools in Santa Fe County, are assessed on one-third of a property's full value.

State law caps the amount most residential properties' tax assessments may increase over a year at three percent. There are no such limits on increasing commercial property tax assessments, which can make budgeting more difficult for businesses.

Martinez says his office just finished a yearslong, door-to-door appraisal of all the commercial properties throughout the jurisdiction and found some cases where a property's value hadn't changed for 25 years.

"And now that we've revalued, we've gotten a lot of calls in," says Daniel King, the county's chief commercial appraiser. "And of course it's a big shock. And compassionately, we understand the public's side of it."

Unlike surrounding states, New Mexico doesn't require commercial property owners to report their property's sales price, making it harder for county officials to accurately value properties. Officials say that on Canyon Road, there have been nine sales since 2010, at an average price of \$411 per square foot. Five current listings on the market for the Canyon Road area are priced at an average of \$618 per square foot, according to county officials.

Ross' property is now valued at \$375 per square foot. He says he doesn't dispute the accuracy of the appraisal, but he takes issue with the fact that it increased so much in the last two years.

State law limits how much municipalities like Santa Fe County may collect in a year due to reappraisals, through what's called "yield control." County officials explain that this caps the amount in property taxes that can be collected in a year through reappraisals, so counties don't see big windfalls of new tax revenue when they reassess properties.

Still, yield control doesn't limit how much the reappraisal of individual parcels may increase.

Martinez says his office is mandated to reappraise properties every five to six years.

"In this office, we want to make sure people are treated [equitably] across the board," he says. "So our goal is to provide utmost customer service."

The deadline to file a protest of a notice of value is May 1. Tax bills based on new assessments typically hit in November. County officials tell SFR that the new appraisals show artists are moving from downtown to Canyon Road, where, they say, vacancies remain relatively low.

Bonnie French, president of the Canyon Road Merchants Association, says the art market has been slowly recovering from the 2008 financial crisis.

French, also the director of Waxlander Gallery, says there's "definitely ... a lot more competition" on Canyon Road, compared to 25 years ago.

Her organization has documented the road's evolution from a residential farm lane to a commercial district. In 1915, the muralist Gerald Cassidy became the first artist to call Canyon Road home, according to the association. By the 1940s, the area grew into a commercial district, but its modern iteration came after 1962, when the city designated it a residential arts and craft district. Seven new galleries opened each year there during the 1960s and '70s.

The city's land-use code says that the purpose of the district is to "serve and preserve the prevalent characteristics of certain limited areas of the city."

Gallery owners argue that its character is changing.

Tonya and Michael Carroll say they opened Turner Carroll Gallery in 1991, when they were in their early 20s, to pursue their passions as trained art historians. They don't see many young entrepreneurs opening galleries in the area anymore.

"The art field has become so much more competitive that people really, really need to have a track record and to have gained and earned the trust of collectors," says Tonya Carroll. "I don't know that they would take that risk nowadays."

The assessor's office also hit the gallery with an increased valuation, they say, and they're worried about what could happen when the tax bill arrives.

"The issue is, where is this money going to come from?" says Michael Carroll. "It has to come from some budget item. And we don't know where that's going to be yet."

- See more at: <http://www.sfreporter.com/santafe/article-10221-extreme-value.html#sthash.i3z0jDTS.dpuf>