

Property Tax Twist: State Backs Treasurer's Move to Keep STRs Residential

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Over the past several months, GAAR has been following a complex issue involving the classification of short-term rental (STR) properties in Bernalillo County — and recent updates from the State Taxation & Revenue Department and County Treasurer bring important clarity for both REALTORS® and property owners.

Background

Earlier this year, the Bernalillo County Assessor's Office **reclassified approximately 1,000 short-term rental properties from residential to non-residential**. That change significantly increased tax bills for affected property owners because non-residential properties are taxed at higher mill rates and are not protected by the 3% annual cap on valuation increases.

Many property owners appealed, arguing that STRs—often owner-occupied or residential in nature—should remain classified as residential and should not be taxed like commercial hotels.

Hearings and Advocacy Efforts

This fall, a formal series of property-tax protest hearings was held to challenge the reclassification of short-term rentals. Industry experts Todd Clarke and Meg Sandys led a coordinated effort, dedicating hundreds of hours to research, testimony, and evidence to support affected property owners. Their preparation ensured that cases were consolidated for efficiency and that key legal arguments and depositions could be referenced across hearings — saving significant time and ensuring consistency in how cases were reviewed.

GAAR extends special appreciation to Bernalillo County Treasurer Tim Eichenberg, a REALTOR® for more than 40 years, for his leadership and advocacy on behalf of property owners. Gratitude is also owed to Carl Vidal of the New Mexico Short-Term Rental Association for his coordination and continued support throughout the process.

Behind the scenes, many REALTORS® have played an important role in advocating for fairness and clarity in property taxation — a reminder that collective action and expertise within our industry continue to make a real difference for property owners across Bernalillo County.

The Good News

This week, several important developments occurred:

- Bernalillo County Treasurer Tim Eichenberg corrected the county's tax rolls, returning the affected STR properties to residential classification and rolling back assessed values to their 2024 levels.
- The New Mexico Secretary of Taxation and Revenue, Stephanie Schardin Clarke, confirmed in a letter dated October 31, 2025, that the State will not override or reverse the County Treasurer's correction.

In other words, the State will not intervene, and the 2025 tax schedule will stand with the corrected (residential) classifications.

This outcome aligns with the intent of [House Memorial 52](https://www.nmlegis.gov/Sessions/25%20Regular/memorials/house/HM052.pdf) (<https://www.nmlegis.gov/Sessions/25%20Regular/memorials/house/HM052.pdf>), a REALTOR®-supported measure that asks county assessors statewide to pause reclassifying STRs until a consistent, statewide policy can be developed. The goal is to avoid patchwork enforcement and protect property owners from unpredictable tax burdens.

While the current ruling is a positive step, REALTORS® should be aware that this remains an ongoing legal issue. Appeals and further challenges are expected over the next few years.

What This Means for Property Owners

If your STR property was reclassified to non-residential earlier this year, you should see it returned to residential status on your 2025 property-tax bill.

Property owners who still disagree with their classification or valuation may pursue one of two legal remedies:

- 1 File a protest directly with the County Assessor's Office
- 2 Pay the taxes and then file a refund claim in district court

Formal decisions from the county protest board are expected within the next 60 days.

What REALTORS® Should Know

- The State will not reverse Bernalillo County's correction — STRs will remain residential for 2025.
- This does not end the issue; additional appeals and legislative fixes are likely in 2026 and beyond.
- REALTORS® should stay informed and ready to help clients understand future tax notices and appeal options.
- GAAR and NMAR will continue advocating for a clear, statewide solution that supports fairness and consistency in property taxation.

Key Talking Points for Clients

- The Assessor initially increased valuations and reclassified STRs as non-residential, but that change has now been corrected.
- The State Taxation & Revenue Department declined to reverse the correction, affirming that the Treasurer's action stands.
- Encourage clients with short-term rentals to carefully review their 2025 property tax bills to confirm that their property is correctly classified as *residential*—and to contact the County Assessor's Office immediately if it still shows *non-residential status*.

More Background

- KOB Interview [Bernalillo County Treasurer Answers Questions About Your Tax Bill](https://www.kob.com/news/top-news/bernalillo-county-treasurer-answers-important-questions-about-your-tax-bill/) (<https://www.kob.com/news/top-news/bernalillo-county-treasurer-answers-important-questions-about-your-tax-bill/>)
- [Bernalillo County Assessor's Office](https://www.bernco.gov/assessor/) (<https://www.bernco.gov/assessor/>)
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