

SENATE BILL 133

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX DEDUCTION
FOR THE SALE OF CERTAIN EQUIPMENT AND MEDICATION DISPENSED BY A
HEALTH CARE PRACTITIONER IN A PRACTICE SETTING; PROVIDING A
HOLD HARMLESS DISTRIBUTION TO MUNICIPALITIES AND COUNTIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Tax Administration Act is
enacted to read:

"[NEW MATERIAL] DISTRIBUTION TO HOLD HARMLESS
MUNICIPALITIES AND COUNTIES FROM GROSS RECEIPTS TAX DEDUCTIONS
FOR RECEIPTS FOR THE SALE OF CERTAIN IN-OFFICE EQUIPMENT AND
MEDICATIONS TO HEALTH CARE PRACTITIONERS.--

A. A distribution pursuant to Section 7-1-6.1 NMSA
1978 shall be made to a municipality in an amount, subject to
any increase or decrease made pursuant to Section 7-1-6.15 NMSA
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1 1978, equal to the total deductions claimed pursuant to Section
2 2 of this 2026 act for the month by taxpayers from business
3 locations in the municipality multiplied by the sum of the
4 combined rate of all municipal local option gross receipts
5 taxes in effect in the municipality for the month plus one and
6 two hundred twenty-five thousandths percent.

7 B. A distribution pursuant to Section 7-1-6.1 NMSA
8 1978 shall be made to a county in an amount, subject to any
9 increase or decrease made pursuant to Section 7-1-6.15 NMSA
10 1978, equal to the total deductions claimed pursuant to Section
11 2 of this 2026 act for the month by taxpayers from business
12 locations:

13 (1) within a municipality in the county
14 multiplied by the combined rate of all county local option
15 gross receipts taxes in effect for the month that are imposed
16 throughout the county; and

17 (2) in the county but not within a
18 municipality multiplied by the combined rate of all county
19 local option gross receipts taxes in effect for the month that
20 are imposed in the county area not within a municipality."

21 SECTION 2. A new section of the Gross Receipts and
22 Compensating Tax Act is enacted to read:

23 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--IN-OFFICE
24 EQUIPMENT AND IN-OFFICE MEDICATION SOLD TO A HEALTH CARE
25 PRACTITIONER.--

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1 A. Except for receipts that may be deducted
2 pursuant to Section 7-9-73.3 NMSA 1978, receipts from the sale
3 of in-office equipment to a health care practitioner or an
4 association of health care practitioners may be deducted from
5 gross receipts if the in-office equipment is used during a
6 service that is within the scope of practice of the health care
7 practitioner.

8 B. Except for receipts that may be deducted
9 pursuant to Section 7-9-73.2 NMSA 1978, receipts from the sale
10 of in-office medication to a health care practitioner or an
11 association of health care practitioners may be deducted from
12 gross receipts if the in-office medication is used for the
13 treatment of patients within the scope of practice of the
14 health care practitioner providing the treatment.

15 C. A taxpayer allowed a deduction pursuant to this
16 section shall report the amount of the deduction separately in
17 a manner required by the department.

18 D. The deductions provided by this section shall be
19 included in the tax expenditure budget pursuant to Section
20 7-1-84 NMSA 1978, including the annual aggregate cost of the
21 deductions.

22 E. As used in this section:

23 (1) "association of health care practitioners"
24 means a corporation, an unincorporated business entity or other
25 legal entity organized by, owned by or employing one or more

1 health care practitioners; provided that the entity is not:

2 (a) an organization granted exemption
3 from the federal income tax by the United States commissioner
4 of internal revenue as organizations described in Section
5 501(c)(3) of the United States Internal Revenue Code of 1986,
6 as that section may be amended or renumbered; or

7 (b) a health maintenance organization or
8 a hospital, a hospice, a nursing home or an entity that is
9 solely an outpatient facility or intermediate care facility
10 licensed by the health care authority;

11 (2) "health care practitioner" means:

12 (a) a chiropractic physician licensed
13 pursuant to the provisions of the Chiropractic Physician
14 Practice Act;

15 (b) a dentist or dental hygienist
16 licensed pursuant to the Dental Health Care Act;

17 (c) a doctor of oriental medicine
18 licensed pursuant to the provisions of the Acupuncture and
19 Oriental Medicine Practice Act;

20 (d) an optometrist licensed pursuant to
21 the provisions of the Optometry Act;

22 (e) an osteopathic physician licensed
23 pursuant to the provisions of the Medical Practice Act;

24 (f) a physical therapist licensed
25 pursuant to the provisions of the Physical Therapy Act;

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1 (g) a physician or physician assistant
2 licensed pursuant to the provisions of the Medical Practice
3 Act;

4 (h) a podiatric physician licensed
5 pursuant to the provisions of the Podiatry Act;

6 (i) a psychologist licensed pursuant to
7 the provisions of the Professional Psychologist Act;

8 (j) a registered lay midwife registered
9 by the department of health;

10 (k) a registered nurse or licensed
11 practical nurse licensed pursuant to the provisions of the
12 Nursing Practice Act;

13 (l) a registered occupational therapist
14 licensed pursuant to the provisions of the Occupational Therapy
15 Act;

16 (m) a respiratory care practitioner
17 licensed pursuant to the provisions of the Respiratory Care
18 Act;

19 (n) a speech-language pathologist or
20 audiologist licensed pursuant to the Speech-Language Pathology,
21 Audiology and Hearing Aid Dispensing Practices Act;

22 (o) a professional clinical mental
23 health counselor, marriage and family therapist or professional
24 art therapist licensed pursuant to the provisions of the
25 Counseling and Therapy Practice Act who has obtained a master's

1 degree or a doctorate;

2 (p) an independent social worker
3 licensed pursuant to the provisions of the Social Work Practice
4 Act;

5 (q) a clinical laboratory that is
6 accredited pursuant to 42 U.S.C. Section 263a but that is not a
7 laboratory in a physician's office or in a hospital defined
8 pursuant to 42 U.S.C. Section 1395x; and

9 (r) a naturopathic doctor licensed
10 pursuant to the provisions of the Naturopathic Doctors'
11 Practice Act;

12 (3) "in-office equipment" means equipment used
13 by a health care practitioner primarily to provide medical
14 treatment to patients in the health care practitioner's
15 practice setting. "In-office equipment" does not mean office
16 furniture that is not primarily used to provide medical
17 treatment, including desks, desk chairs, computers and
18 software; and

19 (4) "in-office medication" means saline or
20 other non-prescription substance dispensed by a health care
21 practitioner to a patient in the health care practitioner's
22 practice setting to treat the patient's specific illness,
23 injury or other medical necessity."

24 SECTION 3. EFFECTIVE DATE.--The effective date of the
25 provisions of this act is July 1, 2026.

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