

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 150

SHORT TITLE: Local News Printer Tax Credit

SPONSOR: Wirth

LAST **ORIGINAL**
UPDATE: 02/02/26 **DATE:** 01/28/26 **ANALYST:** Graeser

REVENUE* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
PIT & CIT	\$0	(\$1,000.0)	(\$1,000.0)	(\$1,000.0)	(\$1,000.0)	Recurring	General Fund

Parentheses indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD -- ASD	\$0	\$2.7	\$0	\$2.7	Recurring	General Fund
TRD-ITD	\$0	\$47.0	\$0	\$47.0	Recurring	General Fund
TRD-ACD	\$0	\$97.0	\$0	\$97.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 120

SB120 is titled the local news journalist employment tax credit.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
Taxation and Revenue Department

SUMMARY

Synopsis of Senate Bill 150

Senate Bill 150 (SB150) creates a personal income tax credit and a mirrored corporate income tax credit known as the local news printer income tax credit and the local news printer corporate income tax credit. A “local news printer” is an entity that provides manufacturing production and printing services for at least five years in New Mexico. A taxpayer who is an owner of a local

news printer that employs five qualified employees may claim the credit, which is equal to the wages paid to each qualified employee employed by a local news printer in the taxable year. The credit cannot exceed \$10 thousand for a qualified employee working an average of 20 hours or more per week in a taxable year, and \$5,000 for a qualified employee working an average of less than 20 per week. A taxpayer shall not be eligible to receive a tax credit for more than 100 qualified employees. The taxpayer shall apply for certification of eligibility for the tax credit from the Taxation and Revenue Department (TRD) and TRD will then issue a certificate of eligibility. The credit is refundable and has a sunset date of January 1, 2031.

The CIT credit is also provided for a taxpayer who is the owner of a local news printer that employs a qualified employee and is also allowed for the same credit amounts and the same requirements. The total annual aggregate amount of PIT and CIT credits that may be certified in a calendar year shall not exceed \$1 million.

Effective Date Language: The delayed repeal date of this bill is January 1, 2031. The bill's provisions are applicable to tax year beginning on or after January 1, 2026. The effective date is not stated, hence it will go into effect 90 days after adjournment or May 02, 2026. TRD recommends a later effective date. "Section [3] Because this is a new credit, TRD recommends an effective date of January 1, 2026. If not, it will be effective 5/20/2026. As the applicability is based on wages in a taxable year, it causes confusion if the credit should be allowed for wages prior to the effective date. If the credit is allowed prior to the effective date, it is unclear if the employee must be employed for the entirety of the taxable year."

FISCAL IMPLICATIONS

The 2022 Economic Census Survey lists 326 employees for NAICS 32313 ("Commercial Printing (except Screen and Books).") These employees earned an average of \$44 thousand annually or approximately \$22/hr.

From the same source: NAICS 51311 ("Newspaper Publishers") report 698 employees earning \$43 thousand annually; and NAICS 51621 ("Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers") report 82 employees earning an average of \$80 thousand annually.

A final data source is a Google request for "List of Newspapers in New Mexico" followed by a newspaper-newspaper Google request for "Number of Employees," where the previous newspaper name has been entered. This list is included as an appendix. These data indicate a total of 1,339 employees were employed at the state's newspapers. A further assumption has been made that only newspapers with more than 25 employees printed their own newspapers (except for the Albuquerque Journal which is printed by the Santa Fe New Mexican.). A further assumption is that 20 percent of employees would qualify as part-timers (under 20 hours a week average).

Putting these data sources together, LFC staff calculate there would be 582 qualified full-time employees and 71 part-time employees. Together, these would generate \$6,715,000 in credits. A single large printer -- Either the Santa Fe New Mexican, the Las Cruces Sun-News, or the Gallup Independent, all of which employ over 100 full-time employees could exhaust the credit.

This bill creates a tax expenditure. Because the conditions of the bill mean that the \$1 million

annual cap without rollover provisions will be met annually, the fiscal impact of this bill can be estimated. However, serious concerns about the substantial risk to state revenues from tax expenditures and the increase in revenue volatility from erosion of the revenue base remain. A claimant must certify with the Taxation and Revenue Department (TRD) prior to claiming the tax credit in its annual filing with the Department. This will mean that TRD should be able to report this tax expenditure in the annual Tax Expenditure Report.

Taxation and Revenue Department (TRD) provides a lower estimate, also limited by the \$1 million annual cap.

This bill provides a tax credit of up to \$10 thousand per qualified employee for an owner of a local news printer with qualified employees. TRD estimated the number of qualified employees of local news printers in New Mexico using the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW).

TRD assumes that newspaper publishers and periodical publishers would qualify for this credit. By averaging the number of jobs in 2022 to 2024, TRD estimates that there are 739 employees employed by 120 local news printers resulting in an average of 6.2 employees per qualifying taxpayer. This bill requires that the local news printer must employ at least five qualified employees. In the United States, 35 percent of businesses have 5 or more employees¹. TRD then calculated the number of news printer businesses with five or more employees and multiplied this by 6.2 employees per business leaving and estimated 259 employees and approximately 41 eligible businesses.

If all employees qualified for the \$5,000 tax credit, the estimated revenue impact is expected to be \$1.3 million which exceeds the aggregate cap of \$1 million.

SIGNIFICANT ISSUES

The bill provides several guardrails in terms of problems, conditions and permissions:

1. Only one credit per employee per year;
2. A maximum of 100 credits per employer per year;
3. A cap of all PIT and CIT credits combined of \$1,000,000 per year;
4. Credits in excess of the employer's liabilities are refundable;
5. The printer must have been in active business for at least five years and employ at least five employees;
6. Applications will be approved in the order received and there is no provision for rollover of credit claims in excess of the annual limit;
7. At least part of the printer's business must be printing newspapers containing state or local news or information concerning state or local events; and
8. The claimant is not a publicly traded corporation or is not majority owned by a publicly traded corporation.

Because of that limited scope of the provisions in the bill and potential limited results, it violates a prime tax policy criterion of horizontal equity. Similar organizations with similar net income will be treated vastly differently. This is a result of making the credits refundable. If not refundable, then the principle of horizontal equity would only give a mild incentive to printers performing a useful public function – that of keeping the public informed of newsworthy events especially for readers that subscribe to a printed copy of their local newspaper.

TRD provides the following tax policy advice:

PIT represents a consistent source of revenue for many states. For New Mexico, PIT is approximately 16 percent of the state's recurring general fund revenue. While this revenue source is susceptible to economic downturns, it is also positively responsive to economic expansions. New Mexico is one of 41 states, along with the District of Columbia, that impose a broad-based PIT (New Hampshire and Washington do not tax wage and salary income). Like several states, New Mexico computes its income tax based on the federal definition of "adjusted gross income" (AGI) and ties to other statutes in the federal tax code. This is referred to as "conformity" to the federal tax code. The PIT is an important tax policy tool that has the potential to further both horizontal equity by ensuring the same statutes apply to all taxpayers, and vertical equity, by ensuring the tax burden is based on taxpayers' ability to pay. This credit erodes horizontal equity by basing the credit on an industry and profession, thus taxpayers in similar economic circumstances are no longer treated equally.

CIT is a volatile source of revenue for many states. Providing additional corporate tax incentives increases volatility. Similar to PIT, for corporate tax filers, a tax credit can erode horizontal equity by basing this credit on an industry or profession, thus corporate taxpayers in similar industries are no longer treated equally.

While tax incentives can support specific industries or promote desired social and economic behaviors, the growing number of such incentives complicate the tax code. Introducing more tax incentives has two main consequences: (1) it creates special treatment and exceptions within the code, leading to increased tax expenditures and a narrower tax base, which negatively impacts the general fund; and (2) it imposes a heavier compliance burden on both taxpayers and Tax & Rev. Increasing complexity and exceptions in the tax code is generally not in line with sound tax policy.

This credit may be administratively burdensome to the taxpayer and the department due to the numerous qualifications that need to be met for credit eligibility. A local news organization must engage in print publication and must publish at least one print publication per month over the previous 36 months. For a local news organization that engages in digital-only publication, the organization must publish at least five originally produced stories per week over the previous 36 months, and at least 30% of its content must be dedicated to state or local news. The local news printer must have been in business for at least five years and employs at least five qualified employees.

This credit does have a sunset date of January 1, 2031. TRD supports sunset dates for policymakers to review the impact of a deduction or other tax incentive before extending it if a sufficient timeframe is allotted for tax incentives to be measured. TRD supports delayed repeals as they maintain clarity and brevity in the tax code by removing statute language that expires.

Please see TECHNICAL ISSUES for a discussion of refundable credits in general with particular emphasis on the provisions of this bill.

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is met with the bill's requirement to report annually to an interim legislative committee regarding the data compiled from the reports from taxpayers taking the credit and other information to determine whether the credit is meeting its purpose. This requirement will be met by the inclusion of the credit in the annual tax expenditure report required by Section 7-1-84 NMSA 1978.

ADMINISTRATIVE IMPLICATIONS

Minimal because of limited number of local news printers who will seek to be qualified or who will be allowed any portion of the \$1 million annual cap.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB120 is a companion bill entitled the local news journalist employment tax credit. This bill defines a local news organization and provides a PIT or CIT tax credit for a news organization employing qualifying employees. The tax credit shall be equal to 30 percent of the wages paid to up to 75 journalists by the local news organization.

TECHNICAL ISSUES

Section 1, subsection J (1) defines a "local news organization" as one in which utilizes a web press to publish print copies of local news." Similarly, Section 2, subsection H (1) also defines "local news organization." There is nowhere else in the bill that uses this definition. If the defined term were "local news printer," the that would render Section 1, Subsection J (1)(d) moot since that section references "digital only." Of course, these comments apply to the corresponding moot reference in Section 2 This definition should be eliminated to avoid confusion.

The companion SB120 does utilize the concept of "local news organization" but that definition is needed for the purpose of that bill.

These credits are refundable. The state has now assumed that refundable credits do not violate anti-donation provisions of the state constitution, but the refundable credits proposed in this bill may lead to a review of that assumption. With proper approval and timing, this bill could lead to a cash tax refund of \$1 million to a single taxpayer.

TRD notes additional technical issues:

Sections 1(C) and 2(C) do not state when the taxpayer needs to apply for the tax credit. Tax & Rev recommends adding the following on page 2, line 13 and page 8, line 6 after the word department, removing the period and adding: "no later than one year following the end of the calendar year in which the wages were paid."

1 U. S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2019-2024 average.

If the intent of the bill is to only apply to W-2 wage earning employees and not 1099 contractors, it may be prudent to clarify that in the bill. In Sections 1(J)(1)(b), on page 4, lines 14-16 and 2(H)(1)(b), on page 9, lines 19-21, the bill uses "employ" and

“wages” but defines a local news organization as a news organization that “pays at least one individual, either through employment or by contract...” Also, section 1(J)(4), on page 6, and section 2(H)(4), on page 12, state that wages are paid through “the organization's payroll system.” It is not clear if the credit will include contractors who may not be paid through the payroll system. Tax & Rev recommends removing “, either” in Section 1(J)(1)(b), on page 4, line 14 and removing “or by contract” on line 15. Similarly, in Section 2(H)(1)(b), on page 9, line 19 removing “, either” and on line 20 “or by contract”.

OTHER SUBSTANTIVE ISSUES

TRD notes an entire set of issues with definitions. These are included here, but could be included as technical issues above:

The bill outlines that only one credit shall be certified for each qualified employee, but it is unclear how it would be decided which local news printer would be able to claim a qualified employee that was employed with multiple printers over the course of a year. Each qualified employee only needs to work 25% of the year to be claimed. Tax & Rev suggests replacing “at least twenty-five percent of the taxable year in which the credit is claimed” to “employed more than 28 weeks of the calendar year” in Sections 1(J)(3)(c) on page 6, lines 19-21 and 2(H)(3)(c), on page 11, lines 23-25.

The bill places Tax & Rev in the position of determining whether an entity meets the definition of a “local news organization” or “local news printer,” which includes criteria related to editorial content, publication frequency, audience composition, and ownership structure. These determinations are not traditionally within Tax & Rev expertise and may raise policy concerns about the appropriate role of a tax agency in evaluating journalistic or media-industry qualifications when it is also the agency administering the credit.

Section 1(J)(1) and Section 2(H)(1) define “local news organization” using criteria that requires whether the entity publishes state or local news

- whether it has produced 5 original stories per week for 36 months
 - whether 30% of print content is local news
 - whether 50% of digital audience is in New Mexico
 - whether the entity’s mission statement in IRS filings includes news coverage
 - whether the entity’s ownership disclosures are accurate
 - whether the entity receives less than 10% of receipts from PACs or 501(c)(4)/(c)(6) entities
- These Tax & Rev to verify:

These are editorial, journalistic, and media-industry determinations, not tax determinations.

In assessing all tax legislation, LFC staff considers whether the proposal is aligned with committee-adopted tax policy principles. Those five principles:

- **Adequacy:** Revenue should be adequate to fund needed government services.
- **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
- **Equity:** Different taxpayers should be treated fairly.
- **Simplicity:** Collection should be simple and easily understood.

- **Accountability:** Preferences should be easy to monitor and evaluate

In addition, staff reviews whether the bill meets principles specific to tax expenditures. Those policies and how this bill addresses those issues:

Tax Expenditure Policy Principle	Met?	Comments
Vetted: The proposed new or expanded tax expenditure was vetted through interim legislative committees, such as LFC and the Revenue Stabilization and Tax Policy Committee, to review fiscal, legal, and general policy parameters.	✗	
Targeted: The tax expenditure has a clearly stated purpose, long-term goals, and measurable annual targets designed to mark progress toward the goals. Clearly stated purpose Long-term goals Measurable targets	?	The purpose is implicit and is related to the viability of the newspaper industry.
Transparent: The tax expenditure requires at least annual reporting by the recipients, the Taxation and Revenue Department, and other relevant agencies	✓	Required to be included in the TER
Accountable: The required reporting allows for analysis by members of the public to determine progress toward annual targets and determination of effectiveness and efficiency. The tax expenditure is set to expire unless legislative action is taken to review the tax expenditure and extend the expiration date. Public analysis Expiration date	✓ ✓	
Effective: The tax expenditure fulfills the stated purpose. If the tax expenditure is designed to alter behavior – for example, economic development incentives intended to increase economic growth – there are indicators the recipients would not have performed the desired actions “but for” the existence of the tax expenditure. Fulfills stated purpose Passes “but for” test	✗ ✗	Limited scope of bill is unlikely to have noticeable results for all but one or two taxpayers.
Efficient: The tax expenditure is the most cost-effective way to achieve the desired results.	✗	
Key: ✓ Met ✗ Not Met ? Unclear		

Attachment: Newspaper Employee Counts

LG/ct/cf/ct/cf

Attachment: Newspaper Employee Counts

Newspaper	Employees	100 Employee	Printer?	Notes
The Santa Fe New Mexican	176	100	1	
Las Cruces Sun-News	174	100	1	
<i>Gallup Independent</i> - Gallup	147	100	1	
<i>Las Cruces Bulletin</i> - Las Cruces	60	60	1	
<i>Ruidoso News</i> - Ruidoso	50	50	1	51 - 100
<i>The Taos News</i> - Taos	40	40	1	
<i>Silver City Sun-News</i> - Silver City	35	35	1	
<i>Alamogordo Daily News</i> - Alamogordo	33	33	1	
<i>Carlsbad Current-Argus</i> - Carlsbad	30	30	1	
<i>Hobbs News-Sun</i> - Hobbs	28	28	1	
<i>El Defensor-Chieftain</i> - Socorro	27	27	1	
<i>Artesia Daily Press</i> - Artesia	25	25	1	
<i>Los Alamos Daily Post</i> - Los Alamos	25	25	1	11 - 50
<i>Subtotal: Printers</i>	850	653		
Albuquerque Journal	159	0	0	
<i>Roswell Daily Record</i> - Roswell	24	0	0	other sources vary
<i>Rio Rancho Observer</i> - Rio Rancho	23	0	0	16 - 23
<i>Rio Grande Sun</i> - Española	22	0	0	
<i>The Eastern New Mexico News</i> - Clovis	21	0	0	
<i>Green Fire Times</i> - Santa Fe	17	0	0	
<i>Mountain Mail</i> - Socorro	17	0	0	
<i>Guadalupe County Communicator</i> - Santa Rosa	15	0	0	11 - 20
<i>New Mexico Business Weekly</i> - Albuquerque	15	0	0	10 - 19
<i>New Mexico Jewish Link</i> - Albuquerque	15	0	0	10 - 19
<i>Sierra County Sentinel</i> - Truth or Consequences	15	0	0	
<i>Silver City Daily Press</i> - Silver City	13	0	0	
<i>Lovington Daily Leader</i> - Lovington	12	0	0	6 - 10 or 11 - 20
<i>Catron Courier</i> - Pie Town	11	0	0	
<i>Cibola County Beacon</i> - Grants	11	0	0	
<i>Mountain View Telegraph</i> - Moriarty	11	0	0	
<i>Santa Fe Reporter</i> - Santa Fe	11	0	0	
<i>Cloudcroft Mountain Weekly</i> - Cloudcroft	10	0	0	
<i>Los Alamos Reporter</i> - Los Alamos	10	0	0	
<i>Health City Sun</i> - Albuquerque	9	0	0	
<i>Valencia County News-Bulletin</i> - Belen	8	0	0	
<i>Las Vegas Optic</i> - Las Vegas	6	0	0	3 - 9
<i>Mountain Times</i> - Timberon	6	0	0	4, 6 - 10
<i>The Paper</i> - Albuquerque	6	0	0	
<i>Tri-City Record</i> - Farmington	6	0	0	6 - 10
<i>Sangre de Cristo Chronicle</i> - Angel Fire	5	0	0	
<i>Deming Headlight</i> - Deming	4	0	0	
<i>El Hispano News Albuquerque</i> - Albuquerque	3	0	0	
<i>Quay County Sun</i> - Tucumcari	3	0	0	

Senate Bill 150 – Page 9

<i>Union County Leader</i> - Clayton	1	0	0	
<i>Subtotal: Printers</i>	1,339	653		
NO INFORMATION				
<i>Alamogordo Town News</i> – Alamogordo				
<i>Cannon Connection</i> - Clovis				
<i>Casino Entertainer</i> - Albuquerque				
<i>Enchanted Circle News</i> - Northeast Taos County and Western Colfax County				
<i>Journal North</i> – Santa Fe edition of the <i>Albuquerque Journal</i>				
<i>Lea County Tribune</i> - Hobbs				
<i>New Mexico Sun</i> - Albuquerque				Listed as Albuquerque Journal
<i>Northern New Mexico Tribune</i> - Chama				
<i>Questa Del Rio News</i> - Northern Taos County				
<i>Raton Range</i> - Raton				
<i>San Juan Sun</i> - Farmington				
<i>Santa Fe Times</i> - Santa Fe				SFNM
<i>The Edgewood Independent</i> - Edgewood				
Defunct				
<i>Gallup Herald</i> - Gallup				folded in 2012
<i>Los Alamos Monitor</i> - Los Alamos				
<i>Weekly Alibi</i> - Albuquerque				11 - 16
<i>Four Corners Business Journal</i> - Farmington				