



NEW MEXICO LEGISLATURE

REVENUE STABILIZATION AND TAX POLICY COMMITTEE

2025 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Revenue Stabilization and Tax Policy Committee 2025 Interim Summary

The Revenue Stabilization and Tax Policy Committee held five meetings during the 2025 interim. The committee began its interim work in June with a post-session economic and revenue update to better understand the state's changing financial landscape.

In August, committee members received a briefing on the 2025 federal budget reconciliation bill and discussed the provisions of the bill that may have state impacts. A focus of the September meeting was the fall revenue forecast, with presenters noting that revenue growth has slowed due to inflation, monetary policy, labor markets and other broader economic mechanisms. The revenue forecast also highlighted the growth of the oil and natural gas industry, pointing out that New Mexico is the second largest oil producer in the United States, with production remaining steady.

In October, members heard a presentation on how to best utilize parcel-level property data as a tool to better understand property tax exemptions, home values and the effects of assessment limits on certain households. The meeting concluded with a presentation on the impact of legislative changes to the gross receipts tax on local communities and a demonstration of the Legislative Finance Committee's local government finance interactive report.

An updated revenue forecast was presented at the final meeting in December. The general fund recurring revenue estimate was decreased by \$322 million for fiscal year 2026, resulting in an estimated decline in revenue from fiscal year 2025 by \$213 million, followed by an increase in revenue of \$530 million in fiscal year 2027, with "new" money expected to be \$105 million for that fiscal year. The committee also received a presentation on the history of tax packages in New Mexico that touched on various tax packages and notable tax changes that the legislature has considered since 1966. The meeting culminated in a discussion of bill proposals for the 2026 session; however, no bills were presented for endorsement.

WORK PLAN AND MEETING SCHEDULE

**2025 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

Members

Sen. Carrie Hamblen, Chair
Rep. Derrick J. Lente, Vice Chair
Sen. Heather Berghmans
Sen. Craig W. Brandt
Rep. Michaela Lara Cadena
Sen. Pete Campos
Rep. Christine Chandler
Rep. Mark Duncan
Sen. Natalie Figueroa

Rep. Doreen Y. Gallegos
Rep. Patricia A. Lundstrom
Sen. George K. Muñoz
Rep. Mark B. Murphy
Rep. Cristina Parajón
Sen. Gabriel Ramos
Sen. William E. Sharer
Rep. Luis M. Terrazas
Sen. Peter Wirth

Designees

Rep. Joanne J. Ferry
Sen. Antonio Maestas
Rep. Alan T. Martinez
Rep. Kristina Ortez

Sen. Antoinette Sedillo Lopez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

Standing Advisory

Rep. Jonathan A. Henry
Rep. Joshua N. Hernandez
Sen. Leo Jaramillo
Rep. Javier Martínez
Rep. Rod Montoya

Sen. Micaelita Debbie O'Malley
Sen. Nicholas A. Paul
Sen. Joshua A. Sanchez
Rep. Sarah Silva

Work Plan

The Revenue Stabilization and Tax Policy Committee is a statutorily created joint interim legislative committee. Pursuant to Section 2-16-3 NMSA 1978, the committee is directed to "examine the statutes, constitutional provisions, regulations and court decisions governing revenue stabilization and tax policy in New Mexico and recommend legislation or changes if any are found to be necessary . . . ". In the 2025 interim, as time permits, the committee proposes to:

- A. receive an overview of the state's primary taxes, revenue sources and tax policy principles;
- B. review the state's property tax structure, including valuation limitations; the impact of exemptions; and opportunities for reform;
- C. hear from national experts on the impact of potential cuts to federal funds and explore options to mitigate potential losses attributable to those cuts;

- D. review risks associated with the state's reliance on volatile revenue sources and discuss how the state can rely on more stable revenue sources to ensure long-term revenue stabilization;
- E. review the taxation and other costs of health care practitioners in the state;
- F. discuss the development of a bipartisan tax package for possible introduction during the 2026 legislative session;
- G. review destination-based sourcing;
- H. hear from local governments in regard to how they are funded and the fiscal issues they face, including the impact of potential federal funding cuts, and legislative priorities that may address those issues;
- I. examine the effectiveness and value of tax expenditures and other economic development incentives and the state's ability to report and track the effectiveness of those expenditures and incentives; and
- J. determine legislative actions necessary to implement changes identified by committee members that will improve the state's tax system and revenue stabilization.

Revenue Stabilization and Tax Policy Committee
2025 Approved Meeting Schedule

<u>Date</u>	<u>Location</u>
June 6	Santa Fe
August 14	Santa Fe
September 2-3	Las Cruces
September 30-October 1	Santa Fe
December 15-16	Santa Fe

AGENDAS AND MINUTES

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**June 6, 2025
State Capitol, Room 322
Santa Fe**

Friday, June 6

1:30 p.m.	(1)	Post-Session Fiscal Review —Ismael Torres, Chief Economist, Legislative Finance Committee
2:30 p.m.	(2)	Discussion of Work Plan and Meeting Schedule —Revenue Stabilization and Tax Policy Committee Members
3:30 p.m.		Adjourn

**MINUTES
of the
FIRST MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**June 6, 2025
State Capitol, Room 322
Santa Fe**

The first meeting of the Revenue Stabilization and Tax Policy Committee was called to order by Senator Carrie Hamblen, chair, on June 6, 2025 at 1:32 p.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Carrie Hamblen, Chair
Sen. Heather Berghmans
Sen. Pete Campos
Rep. Christine Chandler
Sen. Natalie Figueroa
Rep. Doreen Y. Gallegos
Rep. Patricia A. Lundstrom
Rep. Mark B. Murphy
Rep. Cristina Parajón
Sen. William E. Sharer
Sen. Peter Wirth

Absent

Rep. Derrick J. Lente, Vice Chair
Sen. Craig W. Brandt
Rep. Micaela Lara Cadena
Rep. Mark Duncan
Sen. George K. Muñoz
Sen. Gabriel Ramos
Rep. Luis M. Terrazas

Designees

Rep. Joanne J. Ferrary
Sen. Antoinette Sedillo Lopez

Sen. Antonio Maestas
Rep. Alan T. Martinez
Rep. Kristina Ortez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

Special Advisory

Rep. Joshua N. Hernandez

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Sabina Gaynor, Staff Attorney, LCS
Clinton Turner, Research and Fiscal Policy Analyst, LCS

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, June 6

Welcome and Introductions (1:32 p.m.)

Senator Hamblen welcomed everyone, and committee members introduced themselves.

Post-Session Fiscal Review (1:50 p.m.)

Ismael Torres, chief economist, Legislative Finance Committee, provided a report on state tax and revenue changes following the 2025 legislative session and potential impacts of the federal 2025 budget reconciliation. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=6/6/2025&ItemNumber=1>.

Discussion of Work Plan and Meeting Schedule (2:50 p.m.)

The committee discussed the 2025 proposed interim work plan and meeting schedule, and members provided feedback on topics they would like to address during the interim. The committee voted to add items to the work plan. On a motion made by Representative Murphy and seconded by Senator Figueroa, the proposed work plan and meeting schedule, as amended, was adopted by the committee. The approved work plan can be found here:

https://www.nmlegis.gov/Publications/Work_Plans/RSTPworkplan25.pdf.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:08 p.m.

Revised: August 13, 2025

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**August 14, 2025
State Capitol, Room 322
Santa Fe**

Thursday, August 14

9:00 a.m. (1) **New Mexico Tax Policy 101**
—Stephanie Schardin Clarke, Secretary, Taxation and Revenue Department
—Ismael Torres, Chief Economist, Legislative Finance Committee (LFC)

10:00 a.m. (2) **New Mexico Revenue Sources**
—Dawn Iglesias, Chief Investment Operations Officer, State Investment Council
—Ismael Torres, Chief Economist, LFC

11:00 a.m. (3) **Introduction to Tax Expenditure Assessments**
—Brendon Gray, Economist, LFC
—Drew Weaver, Program Evaluator, LFC

11:45 a.m. **Lunch**

1:00 p.m. (4) **Overview of the Congressional Reconciliation Bill**
—Helen Hecht, Uniformity Counsel, Multistate Tax Commission
—Richard Anklam, President and Executive Director, New Mexico Tax Research Institute

3:00 p.m. (5) **State Road Fund Revenue Sources and a Comparison to How Other States Fund Transportation Infrastructure**
—Ricky Serna, Secretary, Department of Transportation (DOT)
—Michael Morrison, Chief Economist, DOT

4:00 p.m. **Adjourn**

**MINUTES
of the
SECOND MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**August 14, 2025
State Capitol, Room 322
Santa Fe**

The second meeting of the Revenue Stabilization and Tax Policy Committee was called to order as a subcommittee by Senator Carrie Hamblen, chair, on August 14, 2025 at 9:12 a.m. in Room 322 of the State Capitol in Santa Fe. The committee achieved a quorum at 9:15 a.m.

Present

Sen. Carrie Hamblen, Chair
Rep. Derrick J. Lente, Vice Chair
Sen. Heather Berghmans
Rep. Micaela Lara Cadena
Sen. Pete Campos
Rep. Christine Chandler
Rep. Mark Duncan
Sen. Natalie Figueroa
Rep. Patricia A. Lundstrom
Sen. George K. Muñoz
Rep. Mark B. Murphy
Sen. Gabriel Ramos
Sen. William E. Sharer
Rep. Luis M. Terrazas

Absent

Sen. Craig W. Brandt
Rep. Doreen Y. Gallegos
Rep. Cristina Parajón
Sen. Peter Wirth

Designees

Sen. Antonio Maestas
Rep. Joanne J. Ferry
Rep. Alan T. Martinez
Rep. Kristina Ortez
Sen. Antoinette Sedillo Lopez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

Special Advisory Members

Rep. Joshua N. Hernandez
Rep. Rod Montoya
Sen. Micaelita Debbie O'Malley

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Marisa Garcia-Hart, Administrative Assistant, LCS
Ric Gaudet, Researcher, LCS
Sabina Gaynor, Staff Attorney, LCS
Gabriel Suazo, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Thursday, August 14

New Mexico Tax Policy 101 (9:15 a.m.)

Stephanie Schardin Clarke, secretary, Taxation and Revenue Department (Tax & Rev), and Ismael Torres, chief economist, Legislative Finance Committee (LFC), discussed with the committee the major tax programs in the state. Secretary Schardin Clarke discussed the gross receipts tax (GRT) and described the switch to destination-based sourcing that occurred in 2021. She also discussed the compensating tax, cigarette tax, tobacco products tax, liquor excise tax, premium tax, gaming excise tax, cannabis excise tax, motor vehicle excise tax, personal income tax and corporate income tax.

Mr. Torres discussed oil and natural gas taxes, which overall account for 22 percent of revenue to the general fund. He also briefly discussed taxes that benefit other state funds, discussed the unemployment insurance tax and discussed taxes that benefit local governments. He also discussed tax policy principles and how tax expenditures interact with those principles.

Secretary Schardin Clarke described the annual Tax Expenditure Report published by the Tax & Rev and provided a high-level view of the largest tax expenditures. She also discussed tax changes made by the 2025 regular legislative session, including codification of recent veteran property tax exemptions, multiple tax cleanup provisions, streamlining the high-wage jobs tax credit, providing for municipal flood recovery bonds, creation of a State Fairgrounds District and increasing workers' compensation assessments and telecommunications relay surcharges. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=8/14/2025&ItemNumber=1>.

New Mexico Revenue Sources (10:49 a.m.)

Dawn Iglesias, chief investment operations officer, State Investment Council (SIC), and Mr. Torres discussed New Mexico's revenue sources and challenges to maintaining that revenue. Mr. Torres discussed the volatile nature of much of New Mexico's revenue sources; the share of various programs that make up the General Fund operating budget; the recurring funding sources of that fund; the role of reserves and investment funds in stabilizing volatile revenue sources; and the expected long-term decline in oil and gas revenue and how that may impact recurring revenues.

Ms. Iglesias discussed the role of the SIC in managing the state's 14 investment funds. The Land Grant Permanent Fund is the largest fund, which benefits various congressionally mandated beneficiaries and consists mainly of oil and gas royalties. The Severance Tax Permanent Fund receives severance tax revenues and distributes a portion of the corpus of the fund each year to the General Fund. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=8/14/2025&ItemNumber=2>.

Approval of Minutes

The minutes of the committee from its June 6, 2025 meeting were approved without changes.

Introduction to Tax Expenditure Assessments (11:41 a.m.)

Brendon Gray, economist, LFC, and Drew Weaver, program evaluator, LFC, discussed the LFC's ongoing assessment of various tax expenditures. Mr. Gray said that in the 2025 interim, the study is focusing on economic development tax expenditures, including using dynamic modeling tools. The assessments do not provide recommendations or a cost-benefit analysis for expenditures, but may do so in the future. The LFC measured the return in revenue to the state and the economic return on investment for several tax expenditures.

Mr. Weaver discussed the results of the study of several tax expenditures, including the high-wage jobs tax credit, the rural job tax credit, the technology jobs and research and development tax credit, the laboratory partnership with small business tax credit and the technology readiness gross receipts tax credit, against the GRT. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=8/14/2025&ItemNumber=3>.

Overview of the Congressional Reconciliation Bill (1:05 p.m.)

Helen Hecht, uniformity counsel, Multistate Tax Commission, and Richard Anklam, president and executive director, New Mexico Tax Research Institute, discussed the recent congressional reconciliation bill and its impacts on New Mexico. Ms. Hecht discussed the structure of state codes, and how most of them link to federal tax laws. Most states use the

federal "adjusted gross income" as the starting point for computing state income tax. She described how adjusted gross income is modified for state purposes, and how interconnected the state's income tax system is with the federal tax system.

The One Big Beautiful Bill Act, enacted in July 2025, made approximately 120 changes to federal tax deductions and exclusions, many of which will have an impact on New Mexico. Some important changes include making the standard deduction increase permanent; creating a \$6,000 deduction for seniors that is reduced as income increases; reducing the maximum tax reduction benefits of higher-income people with significant charitable contribution deductions; increasing state and local tax deduction amounts; making permanent income exclusions for employer-provided student loan payments; making permanent the home mortgage interest deduction; creating a deduction from income of qualified tips and qualified overtime pay; changing the cap on the deduction of interest; allowing a 100 percent depreciation deduction for certain qualified property; and making permanent the immediate expensing of domestic research and experimental expenditures. The legislation also made modifications to how income of multinational companies is apportioned and changed certain deductions and credits related to that system. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=8/14/2025&ItemNumber=4>.

State Road Fund Revenue Sources and a Comparison to How Other States Fund Transportation Infrastructure (2:22 p.m.)

Ricky Serna, secretary, Department of Transportation (DOT), and Michael Morrison, chief economist, DOT, discussed funding sources for DOT operations and projects, including the growing gap between funding and infrastructure needs. Secretary Serna discussed the state's road conditions; the \$5.6 billion in unfunded transportation projects in the state; the DOT's primary funding sources; a comparison of gasoline tax incidence with other states over time; New Mexico's poor ranking nationally in gasoline tax and special fuel excise tax revenue per lane mile; registration and motor vehicle excise tax comparisons with other states; and a legislative attempt in 2025 that would have raised some registration fees and dedicated all of the motor vehicle excise tax revenues to the State Road Fund and allowed the DOT to bond against that revenue stream.

Mr. Morrison discussed the short-term and long-term forecast for the State Road Fund. Revenues to the fund are not expected to cover annual expenses within the next 15 years, due to increasing construction costs and improvements in fuel efficiency in motor vehicles. In addition, the real value of gasoline and diesel fuel taxes have decreased in the more than 30 years since those tax rates have last been changed. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=8/14/2025&ItemNumber=5>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:39 p.m.

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**September 30, 2025
State Capitol, Room 322
Santa Fe**

Tuesday, September 30

9:00 a.m. (1) **Revenue Forecast**
—Stephanie Schardin Clarke, Secretary, Taxation and Revenue Department
—Leonardo Delgado, Chief Economist, Department of Finance and Administration
—Ismael Torres, Chief Economist, Legislative Finance Committee (LFC)

12:00 noon (2) **The Gross Receipts Tax and the Health Care Industry**
—Stephanie Schardin Clarke, Secretary, Taxation and Revenue Department
—Jennifer Faubion, Economist, LFC

1:00 p.m. **Adjourn**

**MINUTES
of the
THIRD MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**September 30, 2025
State Capitol, Room 322
Santa Fe**

The third meeting of the Revenue Stabilization and Tax Policy Committee was called to order by Senator Carrie Hamblen, chair, on September 30, 2025 at 9:10 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Carrie Hamblen, Chair
Rep. Derrick J. Lente, Vice Chair
Sen. Heather Berghmans
Rep. Micaela Lara Cadena
Sen. Pete Campos
Rep. Christine Chandler
Rep. Mark Duncan
Sen. Natalie Figueroa
Rep. Doreen Y. Gallegos
Rep. Patricia A. Lundstrom
Rep. Mark B. Murphy
Rep. Cristina Parajón
Sen. Gabriel Ramos
Sen. William E. Sharer
Rep. Luis M. Terrazas
Sen. Peter Wirth

Absent

Sen. Craig W. Brandt
Sen. George K. Muñoz

Designees

Rep. Joanne J. Ferry
Sen. Antonio Maestas
Rep. Alan T. Martinez
Rep. Kristina Ortez
Sen. Antoinette Sedillo Lopez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

Special Advisory Members

Rep. Joshua N. Hernandez
Rep. Rod Montoya
Sen. Micaelita Debbie O'Malley

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)

Marisa Garcia-Hart, Administrative Assistant, LCS

Sabina Gaynor, Staff Attorney, LCS

Clinton Turner, Fiscal Policy Analyst, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

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Tuesday, September 30**Approval of Minutes (9:12 a.m.)**

The minutes of the committee from its August 14, 2025 meeting were approved without changes.

Revenue Forecast (9:14 a.m.)

Stephanie Schardin Clarke, secretary, Taxation and Revenue Department; Leonardo Delgado, chief economist, Department of Finance and Administration; and Ismael Torres, chief economist, Legislative Finance Committee (LFC), discussed the recent revenue forecast for state finances. Secretary Schardin Clarke discussed the economic outlook for the United States and New Mexico, including oil and gas price and production forecasts for the next few years. She also discussed various revenue programs, including the gross receipts tax (GRT), which is expected to increase by only \$17 million in fiscal year 2026 compared to the December 2024 forecast; personal income tax revenue, which decreased by 0.7 percent in fiscal year 2025, much better than the 7.8 percent reduction predicted in 2024; corporate income tax revenue predictions, which include higher revenue, mostly due to the large drop in film production tax credit claims; and severance tax and royalty forecasts, which decreased partly due to a reversal of the federal royalty rate increase in July.

Mr. Delgado discussed General Fund revenue and expenditures and compared them to previous forecasts. For fiscal year 2025, General Fund revenue is expected to increase by 4.6 percent over fiscal year 2024. Fiscal year 2026 revenue is only expected to increase by 0.4 percent compared to fiscal year 2025. General Fund reserves for both fiscal years are expected to remain high, between 30 and 32 percent of recurring appropriations. Mr. Delgado also

discussed risks to the forecast from macro events and trends and discussed the forecast stress test, which estimates revenue impacts from a moderate recession.

Mr. Torres discussed revenue and economic highlights of the forecast, including the \$484 million in expected "new" money for fiscal year 2027, which is total expected revenue for that fiscal year less recurring appropriations for fiscal year 2026. One area of concern is that New Mexico is losing jobs in the private sector, and the loss is expected to continue. The impending federal government shutdown could exacerbate the overall jobs situation; however, matched taxable gross receipts and economic activity in the state are still showing growth. One possible explanation for this mismatch in data is the fact that the highest income earners account for most of the economic activity, while low-income workers struggle. Mr. Torres also discussed the oil and gas sector and risks to state revenues if oil prices drop precipitously. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/30/2025&ItemNumber=1>.

The GRT and the Health Care Industry (11:27 a.m.)

Secretary Schardin Clarke and Jennifer Faubion, economist, LFC, discussed taxation of the health care industry in New Mexico. Secretary Schardin Clarke explained how the GRT and governmental gross receipts tax (GGRT) are imposed on hospitals in the state. New Mexico generally taxes the sale of all goods and services and provides specific exemptions and deductions for various items. Most health care services are taxable. In 2019, the legislature provided equitable treatment for all hospitals, regardless of their structure, by imposing the GRT on nonprofit hospitals and the GGRT on publicly owned hospitals. Hospitals can deduct 60 percent of their receipts in calculating their tax burden.

Health care providers that are not hospitals are subject to a varied landscape of taxation. Like hospitals, every health care service is taxable, except for several deductions for certain services and items available, including deductions for prescription drugs, oxygen and medical cannabis; the medical and health care services deduction, which allows deductions for various services under specified programs; the health practitioner deduction, which allows a deduction for commercial contract services and Medicare Part C services, including copays and deductibles; and a deduction for vision and hearing aid devices. Secretary Schardin Clarke also discussed the health care quality surcharge and the health care delivery and access assessment, both of which are used to supplement the Medicaid program to leverage federal money.

Ms. Faubion discussed several taxation-related issues facing the health care industry. The GRT is imposed on many health care services without the ability for the practitioner to pass on the tax to patients, resulting in less net revenue for practitioners. Fee-for-service and coinsurance payments are usually set by contract, and the practitioner is not allowed to add the GRT to a patient bill. The hold harmless payments made to local governments to offset food and health care practitioner deductions are being phased out, and those governments have to make up that revenue by increasing their GRT rate. Medicaid services are subject to the GRT, but

Medicaid reimbursements to practitioners from managed care organizations often include incorrect GRT reimbursements. A new law set to take effect in 2026 will require managed care organizations to reimburse practitioners for the exact amount of GRT that the practitioner owes. Most Medicare services are deductible from the GRT, but tax incidence varies depending on the facility in which the service is being provided. Hospitals can claim a 60 percent deduction for all health care services but generally do not receive any other preferential tax treatment. Overall, the health care industry is taxed at 3.3 percent, making it one of the lowest-taxed industries in the state.

Ms. Faubion presented a few options for the legislature to consider to fix the problem of practitioners being required to pay the GRT that they are not allowed to pass on to patients. One solution would be to require insurers, rather than practitioners, to pay that portion of the GRT. However, since most large employers use "self-funded employer plans", which are exempt from state taxation by federal law, this change would only impact 40 percent of the market. Another solution would be to allow a deduction for all insurance-covered health care services. This would solve most of the problem for practitioners but would create significant revenue losses for the state and local governments and maintain the hospital tax treatment disparity. A third option would be to allow a deduction for all health care services provided by practitioners; however, this option would also create a significant revenue loss and would lower Medicaid reimbursements made by the federal government. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=9/30/2025&ItemNumber=2>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 12:50 p.m.

Revised: October 24, 2025

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**October 27-28, 2025
State Capitol, Room 322
Santa Fe**

Monday, October 27

10:00 a.m. (1) [**Parcel to Policy: Leveraging Parcel-Level Property Data for Smarter Tax Policy**](#)
—Jennifer Faubion, Economist, Legislative Finance Committee (LFC)

11:00 a.m. (2) [**Report: The Laboratory Partnership with Small Business Tax Credit and the Technology Readiness Gross Receipts Tax Credit**](#)
—Candice Siebenthal, Technology Engagement and Entrepreneur Program Manager, Richard P. Feynman Center for Innovation, Los Alamos National Laboratory
—David Kistin, Manager, Technology and Economic Development, Sandia National Laboratories

12:00 noon **Lunch**

1:15 p.m. (3) [**Quantum Briefing**](#)
—Alex Greenberg, Economic Development Advisor, Office of the Governor

2:15 p.m. (4) [**History of Alcohol Tax Efforts**](#)
—Senator Antoinette Sedillo Lopez
—Representative Cristina Parajón

3:15 p.m. (5) [**Improving Poverty with Policy: Leveraging State Tax Credits Amid Federal Changes**](#)
—Jacob Vigil, M.S.W., Chief Legislative Officer, New Mexico Voices for Children
—Emily Wildau, M.P.P., Policy Director, New Mexico Voices for Children

4:00 p.m. **Recess**

Tuesday, October 28

10:00 a.m. (6) **Impact of Legislative Changes to the Gross Receipts Tax on Local Communities**

—Joy Esparsen, Executive Director, New Mexico Association of Counties
—Alison Nichols, Deputy Director, New Mexico Municipal League (NMML)
—Larry Horan, Government Relations Consultant, NMML

11:00 a.m. (7) **Local Government Finances and Dashboard**

—Matt Goodlaw, Program Evaluator, LFC
—Elizabeth Dodson, Program Evaluator, LFC

12:00 noon **Adjourn**

**MINUTES
of the
FOURTH MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**October 27-28, 2025
State Capitol, Room 322
Santa Fe**

The fourth meeting of the Revenue Stabilization and Tax Policy Committee was called to order by Senator Carrie Hamblen, chair, on October 27, 2025 at 10:15 a.m. as a subcommittee in Room 322 of the State Capitol in Santa Fe. The committee achieved a quorum at 10:18 a.m.

Present

Sen. Carrie Hamblen, Chair
Sen. Heather Berghmans (10/27)
Rep. Micaela Lara Cadena
Sen. Pete Campos
Rep. Christine Chandler
Rep. Mark Duncan
Sen. Natalie Figueroa
Rep. Doreen Y. Gallegos
Rep. Patricia A. Lundstrom
Sen. George K. Muñoz (10/27)
Rep. Mark B. Murphy (10/27)
Rep. Cristina Parajón
Sen. William E. Sharer

Absent

Rep. Derrick J. Lente, Vice Chair
Sen. Craig W. Brandt
Sen. Gabriel Ramos
Rep. Luis M. Terrazas
Sen. Peter Wirth

Designees

Sen. Antoinette Sedillo Lopez (10/27)

Rep. Joanne J. Ferry
Sen. Antonio Maestas
Rep. Alan T. Martinez
Rep. Kristina Ortez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

Special Advisory Members

Rep. Joshua N. Hernandez (10/27)

Guest Legislator

Rep. Tara L. Lujan (10/27)

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Marisa Garcia-Hart, Administrative Assistant, LCS
Ric Gaudet, Researcher, LCS
Sabina Gaynor, Staff Attorney, LCS
Clinton Turner, Fiscal Policy Analyst, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, October 27

Parcel to Policy: Leveraging Parcel-Level Property Data for Smarter Tax Policy (10:18 a.m.)

Jennifer Faubion, economist, Legislative Finance Committee (LFC), discussed with the committee the ongoing project of the LFC to compile a statewide property dataset from each county assessor and explained that the LFC partnered with the Assessors' Affiliate of the New Mexico Association of Counties and has so far compiled data from nine of the state's 33 counties. Ms. Faubion said that the goal of the project is to have a tool that can use real-world data to analyze property tax reform proposals and that the tool can answer key questions such as tax burden by various demographic sectors for proposals, mapping tax rates versus effective tax rates and how proposals impact households on a county-by-county level. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=10/27/2025&ItemNumber=1>.

Approval of Minutes (11:28 a.m.)

The minutes of the committee's September 30, 2025 meeting were approved without changes.

Quantum Briefing (12:28 p.m.)

Alex Greenberg, economic development advisor, Office of the Governor, discussed with the committee quantum computer technology in New Mexico. He said that the state has many core competencies needed to develop commercial scale quantum technology, including research and development programs at the University of New Mexico, Sandia National Laboratories and

Los Alamos National Laboratory and that there are also several companies emerging as anchors in the new industry, as well as workforce training programs at community colleges. Mr. Greenberg said that the governor's administration is looking to reintroduce legislation that would provide a 30 percent refund on capital expenditures for quantum infrastructure and equipment, with a \$150 million aggregate cap. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=10/27/2025&ItemNumber=3>.

Improving Poverty with Policy: Leveraging State Tax Credits Amid Federal Changes (1:41 p.m.)

Jacob Vigil, M.S.W., chief legislative officer, New Mexico Voices for Children (NMVC), and Emily Wildau, M.P.P., policy director, NMVC, discussed tax policy options that could decrease poverty in New Mexico. Mr. Vigil discussed the supplemental poverty measure (SPM), which measures not only income but also tax credits and non-cash income supports. The SPM shows that the New Mexico poverty rate has decreased following an increase in federal tax credits and increased after their expiration. Mr. Vigil described various tax improvements enacted in the state that have supported families, including the working families tax credit, the low-income comprehensive tax rebate and the child income tax credit. NMVC has several policy recommendations for the legislature, including boosting the child income tax credit for children under age six; increasing the percentage of the federal earned income tax credit for the working families tax credit from 25 percent to a higher percentage; sustaining and protecting various safety net programs; increasing the personal income tax for high income earners; requiring combined reporting for all corporations; enacting a real estate transfer tax; enacting a wealth or inheritance tax; repealing or reducing some itemized deductions; increasing the royalty rate on state lands; and ending existing oil and gas tax subsidies. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=10/27/2025&ItemNumber=5>.

History of Alcohol Tax Efforts (2:31 p.m.)

Senator Sedillo Lopez and Representative Parajón discussed with the committee previous efforts to reform the liquor excise tax and some options for the legislature to consider. They said that New Mexico has the highest incidence of mortality in the nation from alcohol and that the state has not increased the liquor excise tax since 1994, but several proposals have been considered to increase the tax in the past few years. They suggested that the state could increase the tax imposed on the wholesaler or distributor, or it could impose an additional sales tax on alcohol in addition to the gross receipts tax and liquor excise tax. They said that imposing a sales tax on the retail sale of liquor would impose a higher tax on more expensive items, which would be a more progressive tax than an increase in the tax rate at the wholesale level. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=10/27/2025&ItemNumber=4>.

Recess

The meeting recessed at 3:30 p.m.

Tuesday, October 28**Reconvene**

Senator Hamblen reconvened the meeting at 10:05 a.m.

**Impact of Legislative Changes to the Gross Receipts Tax (GRT) on Local Communities
(10:07 a.m.)**

Joy Esparsen, executive director, New Mexico Association of Counties; Alison Nichols, deputy director, New Mexico Municipal League (NMML); and Larry Horan, government relations consultant, NMML, discussed county and municipal priorities and impacts of recent legislation on local governments. Ms. Esparsen discussed county GRT distributions and usage of GRT increments; unknown fiscal impacts related to new property tax exemptions for veterans and for new medical services GRT deductions; proposed changes to liquor excise tax distributions and funding from the Local DWI Grant Fund; enhanced 911 funding and distribution changes; and proposed changes to the valuation of multifamily housing structures.

Ms. Nichols discussed 2026 legislative priorities of municipalities and previous legislation that significantly impacted municipalities. Ms. Nichols said that municipalities rely heavily on GRT revenues, and changes over the years to deductions and distributions have eroded the local tax base by hundreds of millions of dollars annually. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=10/27/2025&ItemNumber=6>.

Local Government Finances and Dashboard (11:09 a.m.)

Matt Goodlaw, program evaluator, LFC, and Elizabeth Dodson, program evaluator, LFC, discussed a new interactive report tool developed by the LFC that allows users to get current financial information from counties and many municipalities. Ms. Dodson presented an overview of local government revenues and expenditures that was obtained from the interactive tool, including comparing financial information between large and small counties and sampling revenues and expenditure trends in Albuquerque, Santa Fe and Las Cruces. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=10/27/2025&ItemNumber=7>.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:43 a.m.

Revised: December 11, 2025

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**December 15-16, 2025
State Capitol, Room 322
Santa Fe**

Monday, December 15

9:00 a.m. (1) **Revenue Forecast**
—Ismael Torres, Chief Economist, Legislative Finance Committee
—Stephanie Schardin Clarke, Secretary, Taxation and Revenue Department (Tax & Rev)
—Leo Delgado, Chief Economist, Department of Finance and Administration

11:00 a.m. (2) **Tax Expenditure Report**
—Stephanie Schardin Clarke, Secretary, Tax & Rev
—Lucinda Sydow, Chief Economist, Tax & Rev

12:15 p.m. **Lunch**

1:00 p.m. (3) **Costs of Providing Medical Care in New Mexico**
—John Andazola, M.D., F.A.A.F.P., Chief Medical Officer, La Clinica de Familia; Chair, New Mexico Graduate Medical Education Expansion Board
—Arthur Berkson, M.D., Diplomate, American Board of Family Medicine; President, Dona Ana County Medical Society; Owner and President, Integrative Medical Center of New Mexico
—Lookman Lawal, M.D., M.H.C.D.S., F.A.C.C., F.H.R.S., Assistant Professor of Medicine, Texas Tech University Health Sciences Center; Assistant Professor of Medicine, Burrell College of Osteopathic Medicine; Chair, Legislative Committee, Dona Ana County Medical Society; President and Founder, Southwestern Cardiac Arrhythmia Institute
—Jana G. Williams, M.D., Owner and Board-Certified Pediatrician, Full Bloom Pediatrics; Owner and Board Physician, Thrive MD Lifestyle Medicine; Medical Director, Shape Health

3:00 p.m. (4) **The Forever War: Tax Incentives and Economic Development**
—Billy Hamilton, Former Deputy Chancellor and Chief Financial Officer, Texas A&M University System

4:30 p.m. **Recess**

Tuesday, December 16

9:00 a.m. (5) **A History of Tax Packages in New Mexico**
—Pam Stokes, Senior Staff Attorney, Legislative Council Service

10:00 a.m. (6) **Bill Proposal: Including Coinsurance in the Health Care Practitioner Gross Receipts Deduction**
—Senator Natalie Figueroa
—Senator Jeff Steinborn

10:20 a.m. (7) **Bill Proposal: Amending the Credits for the Conveyance of Property for Conservation or Preservation Purposes**
—Representative Matthew McQueen

10:40 a.m. (8) **Bill Proposal: 2% Tax Proposal**
—Senator William E. Sharer

11:00 a.m. **Adjourn**

If you have a disability and require assistance with accessing a meeting, please [click here](#) to request a reasonable accommodation. You may also call Robin Garrison at (505) 986-4685 or email ada.assist@nmlegis.gov. Please help us prepare your accommodation by submitting your request at least three (3) business days prior to the meeting or as soon as possible. Requests made with less than a 24-hour notice cannot be guaranteed.

**MINUTES
of the
FIFTH MEETING
of the
REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**December 15-16, 2025
State Capitol, Room 322
Santa Fe**

The fifth meeting of the Revenue Stabilization and Tax Policy Committee was called to order by Senator Carrie Hamblen, chair, on December 15, 2025 at 9:14 a.m. as a subcommittee in Room 322 of the State Capitol in Santa Fe. The committee achieved a quorum at 9:46 a.m.

Present

Sen. Carrie Hamblen, Chair
Rep. Derrick J. Lente, Vice Chair (12/16)
Sen. Heather Berghmans (12/15)
Rep. Micaela Lara Cadena
Sen. Pete Campos (12/15)
Rep. Christine Chandler
Rep. Mark Duncan
Sen. Natalie Figueroa
Rep. Doreen Y. Gallegos
Rep. Patricia A. Lundstrom
Sen. Gabriel Ramos (12/16)
Sen. William E. Sharer
Rep. Luis M. Terrazas (12/16)
Sen. Peter Wirth (12/16)

Absent

Sen. Craig W. Brandt
Sen. George K. Muñoz
Rep. Mark B. Murphy
Rep. Cristina Parajón

Designees

Sen. Antonio Maestas (12/16)

Rep. Joanne J. Ferry
Rep. Alan T. Martinez
Rep. Kristina Ortez
Sen. Antoinette Sedillo Lopez
Rep. Elaine Sena Cortez
Sen. James G. Townsend

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Cristina Vasquez, Staff Attorney, Legislative Council Service (LCS)
Marisa Garcia-Hart, Administrative Assistant, LCS
Ric Gaudet, Researcher, LCS
Sabina Gaynor, Staff Attorney, LCS
Clinton Turner, Fiscal Policy Analyst, LCS

Minutes Approval

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the committee meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, December 15

Revenue Forecast (9:17 a.m.)

Ismael Torres, chief economist, Legislative Finance Committee (LFC); Stephanie Schardin Clarke, secretary, Taxation and Revenue Department (Tax & Rev); and Leo Delgado, chief economist, Department of Finance and Administration, presented the latest revenue forecast prepared by the Consensus Revenue Estimating Group. Secretary Schardin Clarke discussed the global, national and state economic forecast. She also discussed expected reductions in the growth in oil production and revenues generated; the gross receipts tax (GRT) outlook, which remains unchanged from the August 2025 forecast of approximately two percent growth in fiscal year 2027; the personal income tax (PIT) revenue outlook, which was reduced more than \$150 million over three years from the August 2025 forecast; the estimate for corporate income tax (CIT), which was revised downward \$320 million; and severance taxes and oil and gas revenues, which are expected to meet fiscal year 2024 levels instead of increasing.

Dr. Delgado discussed the update to the revenue estimate to recurring revenues to the general fund, which decreased by \$322 million for fiscal year 2026, resulting in an estimated decline in revenue from fiscal year 2025 by \$213 million, followed by an increase in revenue of \$530 million in fiscal year 2027, with "new" money expected to be \$105 million for that fiscal year.

Mr. Torres discussed the LFC's concerns about the revenue and economic outlook, as well as optimism about the state's ability to withstand any possible economic downturn. The nationwide economic "soft landing" is looking increasingly difficult as labor conditions, inflation and business conditions continue to sour, and economic success is becoming dependent on high-income earners and the artificial intelligence industry. The New Mexico economy and state revenues are facing challenges from low oil prices and lower CIT revenues. However, Mr.

Torres said that the state is well-equipped financially to withstand a short-term economic downturn. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=12/15/2025&ItemNumber=1>.

Tax Expenditure Report (11:01 a.m.)

Secretary Schardin Clarke and Lucinda Sydow, chief economist, Tax & Rev, presented the 2025 tax expenditure report. Secretary Schardin Clarke described how tax expenditures are classified and gave a primer on exclusions, exemptions, deductions and credits. In fiscal year 2025, the total dollar value of tax expenditures impacting the state was \$2.3 billion, down \$300 million from the previous fiscal year. The bulk of the expenditures were from the citizen benefit and health care categories.

Ms. Sydow discussed several individual tax expenditures, including the relatively new child income tax credit, the GRT deduction of food, the working families tax credit, various health care deductions and credits, the film production tax credit and the deduction from GRT from selling professional services to manufacturers. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=12/15/2025&ItemNumber=2>.

Approval of Minutes (1:04 p.m.)

The minutes from the October 27-28, 2025 meeting of the committee were approved without changes.

Costs of Providing Medical Care in New Mexico (1:05 p.m.)

John Andazola, M.D., F.A.A.F.P., chief medical officer, La Clinica de Familia, and chair, New Mexico Graduate Medical Education Expansion Board; Arthur Berkson, M.D., diplomate, American Board of Family Medicine, president, Dona Ana County Medical Society, and owner and president, Integrative Medical Center of New Mexico; Lookman Lawal, M.D., M.H.C.D.S., F.A.C.C., F.H.R.S., assistant professor of medicine, Texas Tech University Health Sciences Center, assistant professor of medicine, Burrell College of Osteopathic Medicine, chair, Legislative Committee, Dona Ana County Medical Society, and president and founder, Southwestern Cardiac Arrhythmia Institute; and Jana G. Williams, M.D., owner and board-certified pediatrician, Full Bloom Pediatrics, owner and board physician, Thrive MD Lifestyle Medicine, and medical director, Shape Health, discussed reasons why recruiting and retaining doctors and other health care providers in the state is so difficult.

Dr. Berkson discussed reasons why it has become increasingly difficult for private medical practices in the state to stay in business, including the cost of medical malpractice, GRT taxation, loss in reimbursements from insurance, including Medicaid and Medicare, and increased expenses. Dr. Berkson said that recruitment has become a huge problem in the state,

and policymakers should enact legislation to make the state more attractive to health care providers, including medical malpractice reform and eliminating the imposition of the GRT on all health care services.

Dr. Williams discussed the cost of practicing medicine, beginning with the cost of education, the difficulties in navigating insurance reimbursements and the private equity consolidation of most medical care in the country. In New Mexico, the extra cost of GRT and the huge costs of medical malpractice insurance add significant costs to running a health care business.

Dr. Andazola discussed the shortage of physicians in the state and the economic impact that each physician has in the area. The loss of 248 physicians in the state since 2019 equates to an economic loss of \$471 million and a loss of 2,800 jobs. Dr. Andazola said that the state is unable to recruit and retain enough physicians due to the high medical malpractice costs, the imposition of the GRT and the lower physician reimbursements due to a higher percentage of patients enrolled in Medicaid. In addition, more physicians need to be willing to train medical residents in their final few years of education.

Dr. Lawal said that the top three reasons why physicians are leaving the state or retiring early are medical malpractice issues, low Medicaid reimbursement rates and the GRT imposition on health care services. He discussed several medical malpractice reforms that the legislature should consider, including raising the burden of proof for punitive damages; either capping punitive damages or directing most punitive damage awards to a new patient safety fund; ending "venue shopping" by requiring that medical malpractice cases be brought in the county in which the patient was injured; preventing multiple lawsuits being filed for a single injury; ending lump-sum payment options for medical care awards; encouraging physician-patient communication by making statements of apology to patients inadmissible in court; and capping attorney fees. The presentation materials can be found [here](#):

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=12/15/2025&ItemNumber=3>.

The Forever War: Tax Incentives and Economic Development (2:49 p.m.)

Billy Hamilton, former deputy chancellor and chief financial officer, Texas A&M University System, discussed the decades-old competition between states to attract various industries to move to the state. Giving incentives to desired industries, like manufacturing plants, research and development businesses, film production companies, data centers, electric vehicle battery plants and quantum computing facilities, while sounding like good policy, rarely provides a positive return on investment for the state. However, state officials often feel pressured to enact incentives to lure businesses to the area and are compelled to offer better incentives than competing states. Mr. Hamilton suggested that incentive packages be treated like

public expenditures and be evaluated based on a reasoned risk-reward basis and designed with strict standards of accountability. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=12/15/2025&ItemNumber=4>.

Recess

The meeting recessed at 3:33 p.m.

Tuesday, December 16

Reconvene

The meeting reconvened at 9:08 a.m.

A History of Tax Packages in New Mexico (9:10 a.m.)

Pam Stokes, senior staff attorney, LCS, discussed various tax packages and notable tax changes that the legislature has considered since 1966, including:

- the conversion of the emergency school tax into the GRT and the enactment of the Resources Excise Tax Act in 1966;
- the enactment of 24 bills in 1969 resulting from the Franklin Jones study to increase the GRT and repeal the municipal sales tax, increase the PIT and CIT rates and increase the motor vehicle excise tax (MVET);
- the reformation of the property tax system in 1973;
- the "Big Mac" tax package in 1981, which reduced the GRT and PIT rates, expanded CIT tax brackets, replaced the municipal occupancy tax with a municipal GRT and readjusted the 20 mill property tax allocation from the state and public schools to counties and municipalities;
- the increase in multiple tax rates in 1983 in order to raise revenue;
- another revenue-raising tax package in 1986 to raise the rates of the GRT and PIT and to modify exemptions and allow a municipal credit against a portion of the GRT;
- a package in 1991 that reduced the municipal GRT distribution, distributed most of the MVET revenue to the general fund, tied the PIT system to federal law, eliminated several GRT livestock exemptions and required advance payments from several oil- and gas-related taxes;
- a tax relief package in 1994 that decreased the gasoline tax, restructured PIT brackets to reduce the "marriage penalty", expanded the low-income comprehensive tax rebate (LICTR) and created a prescription drug PIT credit;
- a 1998 tax relief package to reduce PIT rates, replace the prescription drug PIT credit with a GRT deduction and expand the LICTR;
- a major reduction in PIT rates and expansion of a deduction for capital gains in 2003;
- the creation in 2004 of food and medical services deductions from the GRT and "hold-harmless" distributions to counties and municipalities;

- a comprehensive tax relief measure in 2005 to provide PIT exemptions and GRT deductions, expand the film production tax credit, create an affordable housing tax credit and a research and development credit and expand the renewable energy production tax credit;
- a tax package in 2007 that provided various GRT, PIT and CIT relief provisions in the areas of economic development, energy, citizen benefit and health;
- a tax relief package in 2008 to provide a one-time PIT rebate and expand the working families tax credit;
- a tax relief package in 2013 to make changes to the film production tax credit, reduce CIT rates, allow single-sales apportionment for certain businesses while requiring some multistate corporations to file combined tax returns and phase out the GRT hold-harmless distributions and allow municipalities and counties to impose new GRT increments;
- a tax package in 2016 to reduce distributions and tighten certain health care industry GRT deductions and requirements for the high-wage jobs tax credit;
- a massive tax package in 2019 that reformed GRT sourcing rules and provided for internet sales taxation, created local compensating taxes, provided a more uniform tax structure for hospitals, required combined reporting for all multistate corporations, increased PIT rates for top-income earners, increased the cigarette tax, increased the MVET rate, increased the working families tax credit and created a dependent deduction in PIT to offset federal law changes;
- a tax relief package in 2022 that reduced the GRT rate; created a PIT credit, the child income tax credit, an exemption for military retirement income and certain social security income; and addressed GRT tax pyramiding by creating new GRT deductions;
- a tax relief package in 2023 that, after line-item vetoes, provided tax relief to low- and middle-income families, the health care industry and the film industry;
- a tax relief package in 2024 that provided various GRT, PIT and CIT deductions and credits and increased revenue by limiting the capital gains deduction and provided a flat CIT rate of 5.9 percent; and
- a tax relief and revenue-raising package in 2025 that was vetoed but would have provided a new tax credit similar to the federal earned income tax credit, a GRT deduction for coinsurance payments and an increase in the liquor excise tax. The presentation materials can be found [here](#):

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=12/15/2025&ItemNumber=5>.

Bill Proposal: Including Coinsurance in the Health Care Practitioner Gross Receipts Deduction (10:03 a.m.)

Senator Figueroa presented proposed legislation that would expand a GRT deduction for copayments and deductibles to include coinsurance payments.

Bill Proposal: Amending the Credits for the Conveyance of Property for Conservation or Preservation Purposes (10:23 a.m.)

Representative Matthew McQueen; Jonathan Hayden, executive director, New Mexico Land Conservancy; and Cecilia Rosacker, executive director, Rio Grande Agricultural Land Trust, discussed proposed legislation that would increase the amount of PIT and CIT credits for the conveyance of property for conservation or preservation purposes. The proposed bill would increase the allowable amount of the credit to \$2 million, increase the percent of fair market value on which the credits are based to 80 percent and make the credits refundable. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=RSTP&Date=12/15/2025&ItemNumber=7>.

Bill Proposal: 2% Tax Proposal (10:48 a.m.)

Senator Sharer discussed proposed legislation that would reform the current tax system in New Mexico by repealing more than 100 credits, deductions and exemptions from various tax programs and provide a uniform tax rate of two percent in those programs.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:22 a.m.



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