

STATE OF NEW MEXICO

FIFTY-SEVENTH LEGISLATURE
SECOND SESSION, 2026

CONCURRENCE CALENDAR No. 4

(1) SENATE BILL 151/aa

CORPORATE INCOME TAX CHANGES/SFL
AMENDED/HTRC AMENDED

SEN. WIRTH/ REP.
PARAJON

HOUSE TAX & REVENUE COMMITTEE AMENDMENT

1. Strike Items 3 through 6 of Senate Floor Amendment 1.
2. On page 1, line 24, after the semicolon, strike the remainder of the line, strike line 25, on page 2, strike line 1 through the semicolon and on line 3, before the period, insert "; EXTENDING THE DATE OF ELIGIBILITY FOR THE HIGH-WAGE JOBS TAX CREDIT; MAKING APPROPRIATIONS TO PROVIDE SALARY INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES".
3. On page 16, line 23, strike "2031" and insert in lieu thereof "2032".
4. On page 20, line 13, after "week", insert "averaged".
5. On page 22, line 2, strike "2031" and insert in lieu thereof "2032".
6. On page 25, line 4, after "week", insert "averaged".
7. On page 26, line 19, strike "2029" and insert in lieu thereof "2030".
8. On page 28, line 11, strike "A", and insert in lieu thereof "For taxable years prior to January 1, 2032, a".
9. On page 29, strike lines 20 through 25, strike pages 30 through 33 and on page 34, strike lines 1 through 3.
10. On page 34, line 7, strike "2031" and insert in lieu thereof "2032".
11. On page 40, line 2, strike "2031" and insert in lieu thereof "2032".
12. On page 45, between lines 3 and 4, insert:

"SECTION 9. Section 7-9G-1 NMSA 1978 (being Laws 2004, Chapter 15, Section 1, as amended by Laws 2025, Chapter 107, Section 1 and by Laws 2025, Chapter 130, Section 93) is amended to read: "7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING HIGH-WAGE JOBS.—

A. A taxpayer that is an eligible employer may apply for, and the department may allow, a tax credit for each new high_wage job. The credit provided in this section may be referred to as the "high-wage jobs tax credit".

B. The purpose of the high-wage jobs tax credit is to provide an incentive for businesses to create and fill new high-wage jobs in New Mexico.

C. The high-wage jobs tax credit may be claimed and allowed in an amount equal to eight and one-half percent of the wages distributed to an eligible employee in a new high-wage job but shall not exceed twelve thousand seven hundred fifty dollars (\$12,750) per job per qualifying

period. The high-wage jobs tax credit may be claimed by an eligible employer for each new high-wage job performed for the year in which the new high-wage job is created and for consecutive qualifying periods.

D. To receive a high-wage jobs tax credit, a taxpayer shall file a completed application for approval of the credit with the department once per calendar year on forms and in the manner prescribed by the department. The annual application shall contain the certification required by Subsection K of this section and shall contain all qualifying periods that closed during the calendar year for which the application is made. Any qualifying period that did not close in the calendar year for which the application is made shall be denied by the department. The application for a calendar year shall be filed no later than December 31 of the following calendar year. If a taxpayer fails to file the annual application within the time limits provided in this section, the application shall be denied by the department.

E. A new high-wage job shall not be eligible for a credit pursuant to this section for the initial qualifying period unless the eligible employer's total number of employees with threshold jobs on the last day of the initial qualifying period at the location at which the job is performed or based is at least one more than the number of threshold jobs on the day prior to the date the new high-wage job was created. A new high-wage job shall not be eligible for a credit pursuant to this section for a consecutive qualifying period unless the total number of threshold jobs at a location at which the job is performed or based on the last day of that qualifying period is greater than or equal to the number of threshold jobs at that same location on the last day of the initial qualifying period for the new high-wage job.

F. If a consecutive qualifying period for a new high-wage job does not meet the wage, occupancy and residency requirements, then the qualifying period is ineligible.

G. Except as provided in Subsection H of this section, a new high-wage job shall not be eligible for a credit pursuant to this section if: (1) the new high-wage job is created due to a business merger or acquisition or other change in business organization; (2) the eligible employee was terminated from employment in New Mexico by another employer involved in the business merger or acquisition or other change in business organization with the taxpayer; and (3) the new high-wage job is performed by: (a) the person who performed the job or its functional equivalent prior to the business merger or acquisition or other change in business organization; or (b) a person replacing the person who performed the job or its functional equivalent prior to a business merger or acquisition or other change in business organization.

H. A new high-wage job that was created by another employer and for which an application for the high-wage jobs tax credit was received and is under review by the department prior to the time of the business merger or acquisition or other change in business organization shall remain eligible for the high-wage jobs tax credit for the balance of the consecutive qualifying periods. The new employer that results from a business merger or acquisition or other change in business organization may only claim the high-wage jobs tax credit for the balance of the consecutive qualifying periods for which the new high-wage job is otherwise eligible.

I. A new high-wage job shall not be eligible for a credit pursuant to this section if the job is created due to an eligible employer entering into a contract or becoming a subcontractor to a contract with a governmental entity that replaces one or more entities performing functionally equivalent services for the governmental entity unless the job is a new high-wage job that was not being performed by an employee of the replaced entity.

J. A new high-wage job shall not be eligible for a credit pursuant to this section if the eligible employer has more than one business location in New Mexico from which it conducts business and the requirements of Subsection E of this section are satisfied solely by moving the job from one business location of the eligible employer in New Mexico to another

business location of the eligible employer in New Mexico.

K. With respect to each annual application for a high-wage jobs tax credit, the employer shall certify and include: (1) the amount of wages paid to each eligible employee in a new high-wage job during the qualifying period; (2) the number of weeks each position was occupied during the qualifying period; (3) whether the new high-wage job was in a municipality with a population of sixty thousand or more or with a population of less than sixty thousand according to the most recent federal decennial census and whether the job was in the unincorporated area of a county; (4) which qualifying period the application pertains to for each eligible employee; (5) the total number of employees employed by the employer at the job location on the day prior to the qualifying period and on the last day of the qualifying period; (6) the total number of threshold jobs performed or based at the eligible employer's location on the day prior to the qualifying period and on the last day of the qualifying period; (7) for an eligible employer that has more than one business location in New Mexico from which it conducts business, the total number of threshold jobs performed or based at each business location of the eligible employer in New Mexico on the day prior to the qualifying period and on the last day of the qualifying period; (8) whether the eligible employer is receiving or is eligible to receive development training program assistance pursuant to Section 21-19-7 NMSA 1978; (9) whether the eligible employer has ceased business operations at any of its business locations in New Mexico; and (10) whether the application is precluded by Subsection O of this section.

L. Any person who willfully submits a false, incorrect or fraudulent certification required pursuant to Subsection K of this section shall be subject to all applicable penalties under the Tax Administration Act, except that the amount on which the penalty is based shall be the total amount of credit requested on the application for approval.

M. Except as provided in Subsection N of this section, an approved high-wage jobs tax credit shall be claimed against the taxpayer's modified combined tax liability and shall be filed with the return due immediately following the date of the credit approval. If the credit exceeds the taxpayer's modified combined tax liability, the excess shall be refunded to the taxpayer.

N. If the taxpayer ceases business operations in New Mexico while an application for credit approval is pending or after an application for credit has been approved for any qualifying period for a new high-wage job, the department shall not grant an additional high-wage jobs tax credit to that taxpayer except as provided in Subsection O of this section and shall extinguish any amount of credit approved for that taxpayer that has not already been claimed against the taxpayer's modified combined tax liability.

O. A taxpayer that has received a high-wage jobs tax credit shall not submit a new application for the credit for a minimum of two calendar years from the closing date of the last qualifying period for which the taxpayer received the credit if the taxpayer lost eligibility to claim the credit from a previous application pursuant to Subsection N of this section.

P. The economic development department and the taxation and revenue department shall report to the appropriate interim legislative committee each year the cost of the high-wage jobs tax credit to the state and its impact on company recruitment and job creation.

Q. As used in this section: (1) "benefits" means all remuneration for work performed that is provided to an employee in whole or in part by the employer, other than wages, including the employer's contributions to insurance programs, health care, medical, dental and vision plans, life insurance, employer contributions to pensions, such as a 401(k), and employer-provided services, such as child care, offered by an employer to the employee; (2) "consecutive qualifying period" means each of the three qualifying periods successively following the qualifying period in which

the new high-wage job was created; (3) "department" means the taxation and revenue department; (4) "dependent" means "dependent" as defined in 26 U.S.C. 152(a), as that section may be amended or renumbered; (5) "domicile" means the sole place where an individual has a true, fixed, permanent home. It is the place where the individual has a voluntary, fixed habitation of self and family with the intention of making a permanent home; (6) "eligible employee" means an individual who is employed in New Mexico by an eligible employer and who is a resident of New Mexico; "eligible employee" does not include an individual who: (a) is a dependent of the employer; (b) if the employer is an estate or trust, is a grantor, beneficiary or fiduciary of the estate or trust or is a dependent of a grantor, beneficiary or fiduciary of the estate or trust; (c) if the employer is a corporation, is a dependent of an individual who owns, directly or indirectly, more than fifty percent in value of the outstanding stock of the corporation; or (d) if the employer is an entity other than a corporation, estate or trust, is a dependent of an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity; (7) "eligible employer" means an employer that, during the applicable qualifying period, would be eligible for development training program assistance under the fiscal year 2019 policies defining development training program eligibility developed by the industrial training board in accordance with Section 21-19-7 NMSA 1978; (8) "modified combined tax liability" means the total liability for the reporting period for the gross receipts tax imposed by Section 7-9-4 NMSA 1978 together with any tax collected at the same time and in the same manner as the gross receipts tax, such as the compensating tax, the withholding tax, the interstate telecommunications gross receipts tax, the surcharges imposed by Section 63-9D-5 NMSA 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978, minus the amount of any credit other than the high-wage jobs tax credit applied against any or all of these taxes or surcharges; but "modified combined tax liability" excludes all amounts collected with respect to local option gross receipts taxes; (9) "new high-wage job" means a new job created in New Mexico by an eligible employer on or after July 1, 2004 and prior to July 1, [2026] 2036 that is occupied for at least forty-four weeks of a qualifying period by an eligible employee who is paid wages calculated for the qualifying period to be at least: (a) sixty thousand dollars (\$60,000) if the job is performed or based in or within ten miles of the external boundaries of a municipality with a population of sixty thousand or more according to the most recent federal decennial census or in a class H county; and (b) forty thousand dollars (\$40,000) if the job is performed or based in a municipality with a population of less than sixty thousand according to the most recent federal decennial census or in the unincorporated area, that is not within ten miles of the external boundaries of a municipality with a population of sixty thousand or more, of a county other than a class H county; (10) "new job" means a job that is occupied by an employee who has not been employed in New Mexico by the eligible employer in the three years prior to the date of hire; (11) "qualifying period" means the period of twelve months beginning on the day an eligible employee begins working in a new high-wage job or the period of twelve months beginning on the anniversary of the day an eligible employee began working in a new high-wage job; (12) "resident" means a natural person whose domicile is in New Mexico at the time of hire or within one hundred eighty days of the date of hire; (13) "threshold job" means a job that: (a) is occupied for at least forty-four weeks of the first fifty-two weeks of employment by an eligible employee; provided that the fifty-two-week period begins on the day the eligible employee occupies the job; and (b) meets the wage requirements for a "new high-wage job"; and (14) "wages" means all compensation paid by an eligible employer to an eligible employee through the employer's payroll system, including those wages that the employee elects to defer or redirect or the employee's contribution to a 401(k) or cafeteria plan program, but "wages" does not include benefits or the employer's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

SECTION 10. APPROPRIATIONS.—

A. Twenty-six million six thousand dollars (\$26,006,000) is appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2027 to pay all costs attributable to the general fund of providing a salary increase of one percent to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. Any unexpended balance remaining at the end of fiscal year 2027 shall revert to the general fund. The salary increases shall be effective the first full pay period after July 1, 2026, and distributed as follows: (1) three hundred twenty-four thousand nine hundred dollars (\$324,900) for permanent legislative employees, including permanent employees of the legislative council service, legislative finance committee, legislative education study committee, legislative building services, house and senate, house and senate chief clerks' office and house and senate leadership; (2) three million four hundred seventy-seven thousand three hundred dollars (\$3,477,300) for judicial permanent employees, including magistrate judges, elected district attorneys, district attorney permanent employees, public defender department permanent employees, judicial hearing officers and judicial special commissioners, supreme court justices, court of appeals judges, district court judges and metropolitan court judges; (3) nine million five hundred ninety-six thousand seven hundred dollars (\$9,596,700) for incumbents in positions in the classified service governed by the Personnel Act, for incumbents in the New Mexico state police career pay system and for executive exempt employees; (4) twelve million twenty-three thousand eight hundred dollars (\$12,023,800) to the higher education department for nonstudent faculty and staff of two-year and four-year public post-secondary educational institutions; and (5) five hundred eighty-three thousand three hundred dollars (\$583,300) to the higher education department for nonstudent faculty and staff of the New Mexico military institute, New Mexico school for the blind and visually impaired and New Mexico school for the deaf.

B. Thirty-six million forty-three thousand seven hundred dollars (\$36,043,700) is appropriated from the general fund to the state equalization guarantee distribution of the public school fund for expenditure in fiscal year 2027 to recruit and retain public school personnel, comparable to an average one percent salary increase. Any unexpended balance remaining at the end of fiscal year 2027 shall revert to the general fund.

C. Six hundred sixty-two thousand dollars (\$662,000) is appropriated from the general fund to the transportation distribution of the public school fund for expenditure in fiscal year 2027 to recruit and retain public school transportation personnel, comparable to an average one percent salary increase. Any unexpended balance remaining at the end of fiscal year 2027 shall revert to the general fund.

D. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2026, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the salary increases equivalent to those provided for in this section. Such amounts are appropriated for expenditure in fiscal year 2027. Any unexpended balances remaining at the end of fiscal year 2027 shall revert to the appropriate fund."

13. On page 45, strike lines 4 through 11 and insert in lieu thereof:

"SECTION 11. APPLICABILITY.--The provisions of Sections 1 through 4 and 6 through 8 of this act apply to taxable years beginning on or after January 1, 2027.

SECTION 12. EFFECTIVE DATE.--The effective date of the provisions of Section 5 of this act is July 1, 2027."

14. Renumber sections to correspond to these amendments.

