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SENATE BILL 300

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

George K. Munoz

AN ACT

RELATING TO TAXATION; CREATING THE LIQUOR LICENSE TRANSFER  
INCOME TAX CREDIT AND LIQUOR LICENSE TRANSFER CORPORATE INCOME  
TAX CREDIT FOR TRANSFERRING A LIQUOR LICENSE FROM CERTAIN  
COUNTIES.

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

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

"[NEW MATERIAL] LIQUOR LICENSE TRANSFER INCOME TAX  
CREDIT.--

A. A taxpayer who is not a dependent of another  
individual, who purchased a liquor license for at least four  
hundred thousand dollars (\$400,000) and who transfers the  
license, pursuant to Section 60-6B-4 NMSA 1978, to a location  
outside an eligible county may apply for, and the department

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1 may allow, a credit against the taxpayer's tax liability  
2 imposed pursuant to the Income Tax Act. The amount of the tax  
3 credit shall be in an amount equal to sixty percent of the  
4 price paid for the liquor license. The tax credit provided by  
5 this section may be referred to as the "liquor license transfer  
6 income tax credit".

7 B. The purpose of the liquor license transfer  
8 income tax credit is to reduce the number of liquor licenses in  
9 an eligible county.

10 C. A taxpayer may claim a tax credit provided by  
11 this section for the taxable year in which the taxpayer  
12 transfers the liquor license to a location outside an eligible  
13 county. To receive the tax credit, a taxpayer shall apply to  
14 the department on forms and in the manner prescribed by the  
15 department.

16 D. That portion of the tax credit that exceeds a  
17 taxpayer's tax liability in the taxable year in which the  
18 credit is claimed may be carried forward for a maximum of five  
19 consecutive taxable years.

20 E. Married individuals filing separate returns for  
21 a taxable year for which they could have filed a joint return  
22 may each claim only one-half of the tax credit that would have  
23 been claimed on a joint return.

24 F. A taxpayer may be allocated the right to claim  
25 the tax credit in proportion to the taxpayer's ownership

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1 interest if the taxpayer owns an interest in a business entity  
2 that is taxed for federal income tax purposes as a partnership  
3 and that business entity has met all of the requirements to be  
4 eligible for the credit. The total credit claimed by all  
5 members of the partnership or a limited liability company shall  
6 not exceed the allowable credit pursuant to Subsection A of  
7 this section.

8 G. A taxpayer allowed a tax credit pursuant to this  
9 section shall report the amount of the credit to the department  
10 in a manner required by the department.

11 H. The department shall compile an annual report on  
12 the tax credit that shall include the number of taxpayers  
13 approved by the department to receive the credit, the aggregate  
14 amount of credits approved and any other information necessary  
15 to evaluate the effectiveness of the credit. Each year that  
16 the credit is in effect, the department shall compile and  
17 present the annual reports to the revenue stabilization and tax  
18 policy committee and the legislative finance committee with an  
19 analysis of the effectiveness and cost of the tax credit and  
20 whether the tax credit is performing the purpose for which it  
21 was created.

22 I. As used in this section:

23 (1) "eligible county" means a class B county  
24 having a population of more than seventy thousand but less than  
25 eighty thousand, according to the most recent federal decennial

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1 census and having a net taxable value for rate-setting purposes  
2 for the 2016 or any subsequent property tax year of more than  
3 eight hundred million dollars (\$800,000,000) but less than nine  
4 hundred million dollars (\$900,000,000);

5 (2) "liquor license" means a license issued  
6 pursuant to the Liquor Control Act; and

7 (3) "price paid" means the total amount of  
8 money or the reasonable value of other consideration or both  
9 paid for a liquor license."

10 SECTION 2. A new section of the Corporate Income and  
11 Franchise Tax Act is enacted to read:

12 "[NEW MATERIAL] LIQUOR LICENSE TRANSFER CORPORATE INCOME  
13 TAX CREDIT.--

14 A. A taxpayer that files a New Mexico corporate  
15 income tax return that purchased a liquor license for at least  
16 four hundred thousand dollars (\$400,000) and that transfers the  
17 license, pursuant to Section 60-6B-4 NMSA 1978, to a location  
18 outside an eligible county may apply for, and the department  
19 may allow, a credit against the taxpayer's tax liability  
20 imposed pursuant to the Corporate Income and Franchise Tax Act.  
21 The amount of the tax credit shall be in an amount equal to  
22 sixty percent of the price paid for the liquor license. The  
23 tax credit provided by this section may be referred to as the  
24 "liquor license transfer corporate income tax credit".

25 B. The purpose of the liquor license transfer

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1 corporate income tax credit is to reduce the number of liquor  
2 licenses in an eligible county.

3 C. A taxpayer may claim a tax credit provided by  
4 this section for the taxable year in which the taxpayer  
5 transfers the liquor license to a location outside an eligible  
6 county. To receive the tax credit, a taxpayer shall apply to  
7 the department on forms and in the manner prescribed by the  
8 department.

9 D. That portion of the tax credit that exceeds a  
10 taxpayer's tax liability in the taxable year in which the  
11 credit is claimed may be carried forward for a maximum of five  
12 consecutive taxable years.

13 E. A taxpayer allowed a tax credit pursuant to this  
14 section shall report the amount of the credit to the department  
15 in a manner required by the department.

16 F. The department shall compile an annual report on  
17 the tax credit that shall include the number of taxpayers  
18 approved by the department to receive the credit, the aggregate  
19 amount of credits approved and any other information necessary  
20 to evaluate the effectiveness of the credit. Each year that  
21 the credit is in effect, the department shall compile and  
22 present the annual reports to the revenue stabilization and tax  
23 policy committee and the legislative finance committee with an  
24 analysis of the effectiveness and cost of the tax credit and  
25 whether the tax credit is performing the purpose for which it

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1 was created.

2 G. As used in this section:

3 (1) "eligible county" means a class B county  
4 having a population of more than seventy thousand but less than  
5 eighty thousand, according to the most recent federal decennial  
6 census and having a net taxable value for rate-setting purposes  
7 for the 2016 or any subsequent property tax year of more than  
8 eight hundred million dollars (\$800,000,000) but less than nine  
9 hundred million dollars (\$900,000,000);

10 (2) "liquor license" means a license issued  
11 pursuant to the Liquor Control Act; and

12 (3) "price paid" means the total amount of  
13 money or the reasonable value of other consideration or both  
14 paid for a liquor license."

15 SECTION 3. APPLICABILITY.--The provisions of this act  
16 apply to taxable years beginning on or after January 1, 2017.