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SENATE BILL 7

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Peter Wirth

AN ACT

RELATING TO TAXATION; ALLOWING LOCAL GOVERNMENTS TO USE A PORTION OF THE PROCEEDS OF THE OCCUPANCY TAX ATTRIBUTABLE TO SHORT-TERM OCCUPANCY RENTALS TO PROVIDE AFFORDABLE HOUSING.

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

SECTION 1. Section 3-38-21 NMSA 1978 (being Laws 1969, Chapter 199, Section 9, as amended) is amended to read:

"3-38-21. ELIGIBLE USES OF TAX PROCEEDS.--

A. Subject to the limitations contained in Section 3-38-15 NMSA 1978, a municipality or county imposing an occupancy tax may use the proceeds from the occupancy tax to defray costs of:

(1) collecting and otherwise administering the occupancy tax, including the performance of audits required by the Lodgers' Tax Act pursuant to guidelines issued by the

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1 department of finance and administration;

2 (2) establishing, operating, purchasing,
3 constructing, otherwise acquiring, reconstructing, extending,
4 improving, equipping, furnishing or acquiring real property or
5 any interest in real property for the site or grounds for
6 tourist-related facilities and attractions or tourist-related
7 transportation systems of the municipality, the county in which
8 the municipality is located or the county;

9 (3) the principal of and interest on any prior
10 redemption premiums due in connection with and any other
11 charges pertaining to revenue bonds authorized by Section
12 3-38-23 or 3-38-24 NMSA 1978;

13 (4) advertising, publicizing and promoting
14 tourist-related attractions, facilities and events of the
15 municipality or county and tourist-related facilities,
16 attractions and events within the area;

17 (5) providing police and fire protection and
18 sanitation service for tourist-related facilities, attractions
19 and events located in the respective municipality or county;

20 (6) providing a required minimum revenue
21 guarantee for air service to the municipality or county to
22 increase the ability of tourists to easily access the
23 municipality's or county's tourist-related facilities,
24 attractions and events; or

25 (7) any combination of the foregoing purposes

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1 or transactions stated in this section, but for no other
2 municipal or county purpose.

3 B. Subject to the limitations contained in Section
4 3-38-15 NMSA 1978, a municipality or county imposing an
5 occupancy tax may use up to fifty percent of the proceeds from
6 the occupancy tax attributable to short-term occupancy rentals
7 to defray the costs of providing affordable housing.

8 [~~B.~~] C. As used in this section:

9 (1) "affordable housing" means any housing
10 development built to benefit those whose income is at or below
11 eighty percent of the area median income and who will pay no
12 more than thirty percent of their gross monthly income toward
13 such housing;

14 (2) "minimum revenue guarantee" is the amount
15 of money guaranteed by a municipality or county to be earned by
16 an airline providing air services to and from that municipality
17 or county, which is the difference between the minimum flight
18 charge revenue specified in the contract between the
19 municipality or county and the airline and the amount of actual
20 flight charge revenue received by the airline that is less than
21 that contractual amount; and

22 (3) "short-term occupancy rental" means
23 lodgings offered for rent for less than thirty days per
24 transaction."

25 SECTION 2. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2019.

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