

LFC Requester:	Laird Graeser
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date 1/17/2024
Bill No: HB51

Sponsor: Jon Block
Short Gross Receipts Tax Credit
Title: _____

Agency Name and Code Economic Development Dept. 41900
Number: _____
Person Writing Joel Salas
Phone: (505)490-7962 **Email** joel.salas@edd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House bill 51 (HB51) adds a new section of the Gross Receipts and Compensating Tax Act which creates a tax credit that allows taxpayers who make \$1,000,000 or less in gross receipts to claim a tax credit of up to 25%, but not to exceed \$20,000, of their tax liability in a taxable period against their state gross receipts tax due. The taxpayer cannot claim this credit if they have claimed another credit against the gross receipts tax in the same taxable period. The credit can be utilized on tax liabilities from taxable periods beginning on or after July 1, 2024, and up to June 30, 2029.

If the credit amount exceeds the taxpayer’s tax liability when the credit is claimed, the portion of the credit that exceeds that tax liability can be carried forward to the next tax period.

To claim the tax credit, taxpayers will apply to the New Mexico Taxation and Revenue Department (TRD) for the tax credit as required by TRD. TRD will be required to compile an annual report on the credit and report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the cost of the tax credit.

HB51 also amends section 7-1-6.4 NMSA 1978 so that the new tax credit will not alter the monthly distributions made to municipalities within the state.

The effective date of this bill is July 1, 2024.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

The tax credit proposed in this bill would provide small businesses in New Mexico another outlet to improve their yearly net income as well as make starting a new business in New Mexico more

attractive and attainable. Lowering the tax burden on the small businesses that are eligible for this tax credit could help these businesses grow faster or help them remain operational and, in turn, help to grow the New Mexico economy.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS