

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: Date 1/17/2024
Original **Amendment** **Bill No:** HB118
Correction **Substitute**

Sponsor: Ortez **Agency Name and Code**
Number: PRC-430
Short Title: Electric Generation Tax Sunset **Person Writing** Bradford A. Borman
Phone: 412-3502 **Email** Bradford.borman@prc

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
n/a	n/a	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
n/a	n/a	n/a	n/a	n/a

(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	Unknown	Unknown	Unknown	Unknown	Unknown	General Fund

(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:

The current 7-4-10 allows certain business taxpayers engaged in manufacturing to elect to apportion their business income under a different formula than other business taxpayers. The current statute defines manufacturing as including, for taxable years beginning prior to January 1, 2024, electricity generation at a facility that does not require location approval and a certificate of convenience and necessity prior to commencing construction or operation of the facility pursuant to the Public Utility Act.

This bill removes from the statute the 2024 sunset provision, meaning that businesses engaged in electric generation at facilities that do not require location approval or a CCN can continue to take advantage of the choice of methods of apportioning their business income.

FISCAL IMPLICATIONS

It is not expected that the PRC will expend much if any time and funds enacting rules required by this bill or otherwise implementing this bill.

SIGNIFICANT ISSUES

The bill may allow affected business taxpayers to apportion their income in a fashion to continue to limit their annual tax obligations, impacting General Fund revenue collections.

PERFORMANCE IMPLICATIONS

No performance implications for the PRC.

ADMINISTRATIVE IMPLICATIONS

No administrative implications for the PRC.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None identified

TECHNICAL ISSUES

No technical issues affecting the PRC.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Should the bill not be enacted, the ability of manufacturers engaged in electric generation at facilities that do not require location approval or a CCN will no longer be able to take advantage of the choice of methods of apportioning their business income.

AMENDMENTS