

LFC Requester:

Ismael Torres

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

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 X Amendment _____
Correction _____ Substitute _____

Date Prepared: 01/30/2024

Bill No: HB275

Sponsor: Rep. J. Hernandez

Agency Name and Code Number: 305 – New Mexico
Department of Justice

Short Title: High-Wage Jobs Credit
Determinations

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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

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

House Bill (“HB”) 275 would make changes to the High-Wage Jobs Tax Credit. Specifically, it would:

- (1) eliminate the provision requiring the Taxation and Revenue Department to approve or deny an application for the credit within 180 days after the application was filed, thereby eliminating what appears to be a conflict with § 7-1-29.2(A)’s 120-day provision;
- (2) change the definition of “eligible employee,” as that term is used to express the type of earner whose wages the credit amount is based on;
- (3) change the definition of “eligible employer,” as that term is used to express which taxpayers may take the credit, so that the qualification requirements reflect current policies;
- (4) extend (from July 1, 2026, to July 1, 2030) the last day a high-wage job may be created and still qualify for the credit (thereby prolonging the availability of the credit to qualifying taxpayers);
- (5) reduce the period (from three years to one) in which an employee must not have been employed by a given employer in New Mexico for the employee’s high-wage job to qualify for the credit;
- (6) change the definition of “threshold job,” as that term is used to express the number of high-wage jobs an employer must provide before qualifying for the credit;
- (7) eliminate what appears to be a redundancy in the credit statute: the word “incorrect” following “false”—both words used to describe a certification which subjects the person willingly making it to a penalty; and
- (8) remove provisions from the credit statute rendered obsolete by the changes the bill would make.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 105 – conflict. SB 105 would repeal the High-Wage Jobs Tax Credit.

TECHNICAL ISSUES

The changes to the definition of “eligible employee” might not conform with the intent of the bill. The changes would define the term in part as “an individual who . . . has wages withheld pursuant to the Withholding Tax Act for forty-four weeks of a qualifying period[.]” As written, that text would refer only to an individual who has wages withheld for exactly forty-four weeks, or 308 days, of a qualifying period—and no more than that. Perhaps the intent was to say that wages are withheld for *at least* forty-four weeks of that period.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

Depending on the intent of the change to the definition of “eligible employee,” “at least” should be inserted after “for” on page 9, line 9.