

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 148

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

AN ACT

RELATING TO TAXATION; PHASING OUT AND REPEALING ADMINISTRATIVE
FEES IMPOSED FOR COLLECTING, DISTRIBUTING AND TRANSFERRING
CERTAIN TAXES AND OTHER FEES; ALLOWING AN ADMINISTRATIVE FEE
FOR CERTAIN DISTRIBUTIONS.

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

SECTION 1. Section 7-1-6.12 NMSA 1978 (being Laws 1983,
Chapter 211, Section 17, as amended) is amended to read:

"7-1-6.12. TRANSFER--REVENUES FROM MUNICIPAL LOCAL OPTION
GROSS RECEIPTS AND COMPENSATING TAXES.--

A. A transfer pursuant to Section 7-1-6.1 NMSA 1978
shall be made to each municipality for which the department is
collecting a local option gross receipts tax and municipal
compensating tax imposed by that municipality in an amount,
subject to any increase or decrease made pursuant to Section

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underscored material = new
[bracketed material] = delete

1 7-1-6.15 NMSA 1978, equal to the net receipts attributable to
2 the local option gross receipts tax and municipal compensating
3 tax imposed by that municipality, less ~~[any deduction for~~
4 ~~administrative cost determined and made by the department~~
5 ~~pursuant to the provisions of the act authorizing imposition by~~
6 ~~that municipality of the local option gross receipts tax and~~
7 ~~municipal compensating tax and any additional]~~ the
8 administrative fee that may be withheld prior to July 1, 2028
9 pursuant to Section 7-1-6.41 NMSA 1978.

10 B. A transfer pursuant to this section may be
11 adjusted for a distribution made to a tax increment development
12 district with respect to a portion of a gross receipts tax
13 increment dedicated by a municipality pursuant to the Tax
14 Increment for Development Act.

15 C. A transfer pursuant to this section shall be
16 adjusted for a distribution made to the Local Economic
17 Development Act fund pursuant to Section 7-1-6.67 NMSA 1978 and
18 with respect to the amount dedicated by a municipality pursuant
19 to Subsection B of Section 5-10-17 NMSA 1978.

20 D. A transfer pursuant to this section shall be
21 adjusted for a distribution made to the metropolitan
22 redevelopment fund pursuant to Section ~~[11 of this 2023 act]~~
23 7-1-6.71 NMSA 1978 and with respect to the amount dedicated by
24 a municipality pursuant to Section 3-60A-23 NMSA 1978."

25 SECTION 2. Section 7-1-6.13 NMSA 1978 (being Laws 1983,

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1 Chapter 211, Section 18, as amended) is amended to read:

2 "7-1-6.13. TRANSFER--REVENUES FROM COUNTY LOCAL OPTION
3 GROSS RECEIPTS AND COMPENSATING TAXES.--

4 A. A transfer pursuant to Section 7-1-6.1 NMSA 1978
5 shall be made to each county for which the department is
6 collecting a local option gross receipts tax and county
7 compensating tax imposed by that county in an amount, subject
8 to any increase or decrease made pursuant to Section 7-1-6.15
9 NMSA 1978, equal to the net receipts attributable to the local
10 option gross receipts tax and county compensating tax imposed
11 by that county, less [~~any deduction for administrative cost~~
12 ~~determined and made by the department pursuant to the~~
13 ~~provisions of the act authorizing imposition by that county of~~
14 ~~the local option gross receipts tax and county compensating tax~~
15 ~~and any additional]~~ the administrative fee that may be withheld
16 prior to July 1, 2028 pursuant to Section 7-1-6.41 NMSA 1978.

17 B. A transfer pursuant to this section may be
18 adjusted for a distribution made to a tax increment development
19 district with respect to a portion of a gross receipts tax
20 increment dedicated by a county pursuant to the Tax Increment
21 for Development Act.

22 C. A transfer pursuant to this section shall be
23 adjusted for a distribution made to the Local Economic
24 Development Act fund pursuant to Section 7-1-6.67 NMSA 1978 and
25 with respect to the amount dedicated by a county pursuant to

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1 Subsection B of Section 5-10-17 NMSA 1978.

2 D. A transfer pursuant to this section shall be
3 adjusted for a distribution made to the metropolitan
4 redevelopment fund pursuant to Section [~~11 of this 2023 act~~]
5 7-1-6.71 NMSA 1987 and with respect to the amount dedicated by
6 a county pursuant to Section 3-60A-23 NMSA 1978."

7 SECTION 3. Section 7-1-6.32 NMSA 1978 (being Laws 1990,
8 Chapter 99, Section 44, as amended) is amended to read:

9 "7-1-6.32. DISTRIBUTION--SOLID WASTE ASSESSMENT FEE.--A
10 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
11 made to the solid waste facility grant fund of the net receipts
12 attributable to the solid waste assessment fee authorized under
13 the Solid Waste Act [~~less any administrative fee withheld~~
14 ~~pursuant to Section 7-1-6.41 NMSA 1978~~]."

15 SECTION 4. Section 7-1-6.41 NMSA 1978 (being Laws 1997,
16 Chapter 125, Section 1) is amended to read:

17 "7-1-6.41. ADMINISTRATIVE FEE IMPOSED [APPROPRIATION].--

18 [~~A. The taxation and revenue department is directed~~
19 ~~to withhold an administrative fee of three percent of the net~~
20 ~~amount to be distributed under the provisions of:~~

- 21 (1) ~~Section 7-1-6.32 NMSA 1978;~~
22 (2) ~~Section 66-12-20 NMSA 1978; and~~
23 (3) ~~Section 74-1-13 NMSA 1978.~~

24 B. ~~The administrative fee to be withheld pursuant~~
25 ~~to Subsection A of this section shall be withheld on~~

1 ~~distributions made on or after July 1, 1997 and shall continue~~
2 ~~until the earlier of December 31, 2006 or the date on which the~~
3 ~~New Mexico finance authority certifies to the taxation and~~
4 ~~revenue department that all obligations for bonds issued~~
5 ~~pursuant to Section 12 of this 1997 act have been fully~~
6 ~~discharged and directs the department to cease distributing~~
7 ~~money to the authority pursuant to this section.~~

8 ~~C. The taxation and revenue department is directed~~
9 ~~to withhold an additional administrative fee at the following~~
10 ~~percentage of the net amount to be distributed pursuant to the~~
11 ~~following provisions of law:~~

12 ~~(1) two percent of the net amount to be~~
13 ~~distributed pursuant to Section 7-1-6.12 NMSA 1978; and~~

14 ~~(2) six-tenths of one percent of the net~~
15 ~~amount to be distributed pursuant to Section 7-1-6.13 NMSA~~
16 ~~1978.~~

17 ~~D. The administrative fee to be withheld under~~
18 ~~Subsection C of this section shall be withheld on distributions~~
19 ~~made on or after July 1, 1997 and shall continue until the~~
20 ~~earlier of July 1, 2000 or the date on which the New Mexico~~
21 ~~finance authority certifies to the taxation and revenue~~
22 ~~department that all obligations for bonds issued pursuant to~~
23 ~~Section 12 of this 1997 act have been fully discharged and~~
24 ~~directs the department to cease distributing money to the~~
25 ~~authority pursuant to this section.~~

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1 ~~E. The administrative fee to be withheld by the~~
2 ~~taxation and revenue department under Section 7-1-6.12 and~~
3 ~~7-1-6.13 NMSA 1978 shall be set at three percent of the net~~
4 ~~amount to be distributed pursuant to the provisions of those~~
5 ~~sections.~~

6 ~~F. The administrative fee to be withheld under~~
7 ~~Subsection E of this section shall be withheld on distributions~~
8 ~~made on or after July 1, 2000 and shall continue until the~~
9 ~~earlier of December 31, 2006 or the date on which the New~~
10 ~~Mexico finance authority certifies to the taxation and revenue~~
11 ~~department that all obligations for bonds issued pursuant to~~
12 ~~Section 12 of this 1997 act have been fully discharged and~~
13 ~~directs the department to cease distributing money to the~~
14 ~~authority pursuant to this section. After the department has~~
15 ~~been directed by the authority to cease distributing money to~~
16 ~~the authority pursuant to this section, the administrative fee~~
17 ~~shall be remitted to the state treasurer for deposit in the~~
18 ~~state general fund each month.~~

19 ~~G. The administrative fee shall be distributed~~
20 ~~monthly to the New Mexico finance authority to be pledged~~
21 ~~irrevocably for the payment of principal, interest and any~~
22 ~~expenses or obligations related to the bonds issued by the~~
23 ~~authority to finance the taxation and revenue information~~
24 ~~management systems project.] The administrative fee to be~~
25 ~~withheld by the department pursuant to Sections 7-1-6.12 and~~

1 7-1-6.13 NMSA 1978 shall be set at the following percentages of
 2 the net amount to be distributed pursuant to the provisions of
 3 those sections, and the money from the fee shall be remitted to
 4 the state treasurer for deposit in the general fund each month:

5 A. prior to July 1, 2026, three percent;

6 B. beginning July 1, 2026 and prior to July 1,
 7 2027, two percent; and

8 C. beginning July 1, 2027 and prior to July 1,
 9 2028, one percent."

10 SECTION 5. Section 7-1-6.54 NMSA 1978 (being Laws 2006,
 11 Chapter 75, Section 29, as amended) is amended to read:

12 "7-1-6.54. DISTRIBUTIONS--TAX INCREMENT DEVELOPMENT
 13 DISTRICTS--~~ADMINISTRATIVE FEE.~~--

14 A. A distribution for a tax increment development
 15 district shall be made by the department to a special fund of
 16 the district, in accordance with a notice that is filed
 17 pursuant to Section 5-15-27 NMSA 1978 with respect to a
 18 dedication of a gross receipts tax increment, to a special fund
 19 of the tax increment development district.

20 B. The department shall withhold an administrative
 21 fee of three percent of the net amount to be distributed
 22 pursuant to Subsection A of this section, and the money from
 23 the fee shall be remitted to the state treasurer for deposit in
 24 the general fund each month."

25 SECTION 6. Section 7-1-6.67 NMSA 1978 (being Laws 2021

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1 (1st S.S.), Chapter 2, Section 5) is amended to read:

2 "7-1-6.67. DISTRIBUTION--LOCAL ECONOMIC DEVELOPMENT ACT
3 FUND--ADMINISTRATIVE FEE--

4 A. A distribution pursuant to Section 7-1-6.1 NMSA
5 1978 shall be made to the Local Economic Development Act fund
6 equal to the following amounts of the following taxes imposed
7 and paid on the expenses related to the construction of the
8 qualifying entity's economic development project, as determined
9 pursuant to Section [~~2 of this 2021 act~~] 5-10-17 NMSA 1978:

10 (1) fifty percent of the net receipts
11 attributable to state gross receipts tax and the state
12 compensating tax; and

13 (2) fifty percent of the net receipts
14 attributable to the local option gross receipts tax and county
15 compensating tax imposed by a county and local option gross
16 receipts tax and municipal compensating tax imposed by a
17 municipality.

18 B. The department shall withhold an administrative
19 fee of three percent of the net amount to be distributed
20 pursuant to Subsection A of this section, and the money from
21 the fee shall be remitted to the state treasurer for deposit in
22 the general fund each month.

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

24 (1) "economic development project" means
25 "economic development project" as used in the Local Economic

1 Development Act; and

2 (2) "qualifying entity" means "qualifying
3 entity" as used in the Local Economic Development Act."

4 SECTION 7. Section 7-1-6.71 NMSA 1978 (being Laws 2023,
5 Chapter 112, Section 11) is amended to read:

6 "7-1-6.71. DISTRIBUTION--METROPOLITAN REDEVELOPMENT
7 FUND--ADMINISTRATIVE FEE.--

8 A. A distribution for a metropolitan redevelopment
9 project pursuant to the Metropolitan Redevelopment Code shall
10 be made to the metropolitan redevelopment fund in accordance
11 with a notice filed by a municipality or county pursuant to
12 Section 3-60A-21 NMSA 1978 with respect to a dedication of a
13 gross receipts tax increment.

14 B. The department shall withhold an administrative
15 fee of three percent of the net amount to be distributed
16 pursuant to Subsection A of this section, and the money from
17 the fee shall be remitted to the state treasurer for deposit in
18 the general fund each month."

19 SECTION 8. Section 66-12-20 NMSA 1978 (being Laws 1959,
20 Chapter 338, Section 19, as amended) is amended to read:

21 "66-12-20. DISPOSITION OF FEES.--The fees collected
22 pursuant to the provisions of the Boat Act [~~less the~~
23 ~~administrative fee withheld pursuant to Section 1 of this 1997~~
24 ~~act~~] shall be [~~covered~~] deposited into the state park and
25 recreation fund."

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1 SECTION 9. Section 74-1-13 NMSA 1978 (being Laws 1993,
2 Chapter 317, Section 2, as amended) is amended to read:

3 "74-1-13. WATER CONSERVATION FEE--IMPOSITION--
4 DEFINITIONS.--

5 A. There is imposed on every person who operates a
6 public water supply system a water conservation fee in an
7 amount equal to three cents (\$.03) per thousand gallons of
8 water produced on which the fee imposed by this subsection has
9 not been paid.

10 B. The "water conservation fund" is created in the
11 state treasury and shall be administered by the department.
12 The fund shall consist of water conservation fees collected
13 pursuant to this section. Balances in the fund at the end of
14 any fiscal year shall not revert to the general fund but shall
15 accrue to the credit of the fund. Earnings on the fund shall
16 be credited to the fund.

17 C. Money in the water conservation fund is
18 appropriated to the department for administration of a public
19 water supply program to:

20 (1) test public water supplies for the
21 contaminants required to be tested pursuant to the provisions
22 of the federal Safe Drinking Water Act, as amended, and collect
23 chemical compliance samples as required by those provisions of
24 the federal act;

25 (2) perform vulnerability assessments that

1 will be used to assess a public water supply's susceptibility
2 to those contaminants; and

3 (3) implement new requirements of the Utility
4 Operators Certification Act and provide training for all public
5 water supply operators.

6 D. The taxation and revenue department shall
7 provide by regulation for the manner and form of collection of
8 the water conservation fee. All water conservation fees
9 collected by the taxation and revenue department [~~less the~~
10 ~~administrative fee withheld pursuant to Section 7-1-6.41 NMSA~~
11 ~~1978~~] shall be deposited in the water conservation fund.

12 E. The fee imposed by this section shall be
13 administered in accordance with the provisions of the Tax
14 Administration Act and shall be paid to the taxation and
15 revenue department by each person who operates a public water
16 supply system in the manner required by the department on or
17 before the twenty-fifth day of the month following the month in
18 which the water is produced.

19 F. Each operator of a public water supply system
20 shall register and comply with the provisions of Section 7-1-12
21 NMSA 1978 and furnish such information as may be required by
22 the taxation and revenue department.

23 G. The department shall compile a list of the
24 contaminants that require testing pursuant to Paragraph (1) of
25 Subsection C of this section. The list shall be compiled no

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1 less than once every twelve months and include the contaminants
2 that will be tested in the subsequent twelve months. The
3 department shall establish by rule procedures to compile the
4 list and to determine which contaminants that require testing
5 will be tested in the subsequent twelve months. The
6 determination of which contaminants will be tested shall
7 include consideration of the availability of funds in the water
8 conservation fund, the needs of the public water supplies being
9 tested for additional contaminants and public health and
10 safety.

11 H. As used in this section:

12 (1) "person" means any individual or legal
13 entity and also means, to the extent permitted by law, any
14 federal, state or other governmental unit or subdivision or an
15 agency, department or instrumentality thereof; and

16 (2) "public water supply system" means a
17 system that provides piped water to the public for human
18 consumption and that has at least fifteen service connections
19 or regularly services an average of at least twenty-five
20 individuals at least sixty days per year."

21 SECTION 10. DELAYED REPEAL.--Section 7-1-6.41 NMSA 1978
22 (being Laws 1997, Chapter 125, Section 1) is repealed effective
23 July 1, 2028.

24 SECTION 11. EFFECTIVE DATE.--The effective date of the
25 provisions of this act is July 1, 2025.

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