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HOUSE BILL 79

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

INTRODUCED BY

John Block and Stefani Lord and Tanya Mirabal Moya

AN ACT

RELATING TO TAXATION; PROVIDING A PARTIAL GROSS RECEIPTS TAX DEDUCTION FOR THE SALE OF FIREARMS AND AMMUNITION; CREATING A DISTRIBUTION OF THE STATE GROSS RECEIPTS TAX TO HOLD LOCAL GOVERNMENTS HARMLESS FOR THE DEDUCTION.

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

SECTION 1. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"~~[NEW MATERIAL]~~ DISTRIBUTION--OFFSET FOR FIREARMS AND AMMUNITION DEDUCTION.--

A. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to a municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the sum of the deduction claimed pursuant to Section 2 of this 2024 act for the month by taxpayers from

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underscoring material = new  
~~[bracketed material] = delete~~

1 business locations attributable to the municipality multiplied  
2 by the sum of the combined rate of all municipal local option  
3 gross receipts taxes in effect in the municipality on January  
4 1, 2024 plus one and two hundred twenty-five thousandths  
5 percent.

6 B. A distribution pursuant to Section 7-1-6.1 NMSA  
7 1978 shall be made to a county in an amount, subject to any  
8 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
9 1978, equal to the sum of the total deductions claimed pursuant  
10 to Section 2 of this 2024 act for the month by taxpayers from  
11 business locations:

12 (1) within a municipality in the county  
13 multiplied by the combined rate of all county local option  
14 gross receipts taxes in effect on January 1, 2024 that are  
15 imposed in the county; and

16 (2) in the county but not within a  
17 municipality multiplied by the combined rate of all county  
18 local option gross receipts taxes in effect on January 1, 2024  
19 that are imposed in the county area not within a municipality.

20 C. A distribution pursuant to this section may be  
21 adjusted for a distribution made to a tax increment development  
22 district with respect to a portion of a gross receipts tax  
23 increment dedicated by a municipality pursuant to the Tax  
24 Increment for Development Act.

25 D. For the purposes of this section, "business  
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underscored material = new  
[bracketed material] = delete

1 locations attributable to the municipality" means business  
2 locations:

- 3 (1) within the municipality;  
4 (2) on land owned by the state, commonly known  
5 as the "state fairgrounds", within the exterior boundaries of  
6 the municipality;  
7 (3) outside the boundaries of the municipality  
8 on land owned by the municipality; and  
9 (4) on an Indian reservation or pueblo grant  
10 in an area that is contiguous to the municipality and in which  
11 the municipality performs services pursuant to a contract  
12 between the municipality and the Indian tribe or Indian pueblo  
13 if:

14 (a) the contract describes an area in  
15 which the municipality is required to perform services and  
16 requires the municipality to perform services that are  
17 substantially the same as the services the municipality  
18 performs for itself; and

19 (b) the governing body of the  
20 municipality has submitted a copy of the contract to the  
21 secretary."

22 SECTION 2. A new section of the Gross Receipts and  
23 Compensating Tax Act is enacted to read:

24 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--FIREARMS AND  
25 AMMUNITION.--

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underscored material = new  
[bracketed material] = delete

1           A. Twenty-five percent of receipts from the sale of  
2 firearms and ammunition may be deducted from gross receipts.

3           B. A taxpayer allowed a deduction pursuant to this  
4 section shall report the amount of the deduction separately in  
5 a manner required by the department.

6           C. The department shall compile an annual report on  
7 the deduction provided by this section that shall include the  
8 number of taxpayers that claimed the deduction, the aggregate  
9 amount of deductions claimed and any other information  
10 necessary to evaluate the effectiveness of the deduction. The  
11 department shall present the report to the revenue  
12 stabilization and tax policy committee and the legislative  
13 finance committee with an analysis of the cost of the  
14 deduction.

15           D. As used in this section:

16                   (1) "ammunition" means ammunition or cartridge  
17 cases, primers, bullets or propellant powder designed for use  
18 in any firearm; and

19                   (2) "firearm" means a weapon that will or is  
20 designed to or may readily be converted to expel a projectile  
21 by the action of an explosive and includes the frame or  
22 receiver of any such weapon, a firearm muffler or firearm  
23 silencer."

24           SECTION 3. EFFECTIVE DATE.--The effective date of the  
25 provisions of this act is July 1, 2024.

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