

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 252

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

AN ACT

RELATING TO TAXATION; AMENDING THE INDUSTRIAL REVENUE BOND ACT  
AND THE COUNTY INDUSTRIAL REVENUE BOND ACT TO INCLUDE CERTAIN  
ELECTRIC ENERGY STORAGE FACILITIES AS ELIGIBLE PROJECTS;  
REQUIRING THE PROVISION OF PAYMENT-IN-LIEU-OF-TAXES PAYMENTS TO  
SCHOOL DISTRICTS IF A MUNICIPALITY OR COUNTY ACQUIRES ENERGY  
STORAGE FACILITY PROJECTS; ADJUSTING INDIVIDUAL INCOME TAX  
BRACKETS AND RATES; EXTENDING THE AMOUNT OF TIME TO MAKE A  
QUALIFIED INVESTMENT AND BE ELIGIBLE FOR THE ANGEL INVESTMENT  
CREDIT; ADDING CERTAIN HEALTH CARE PROVIDERS TO THE RURAL  
HEALTH CARE PRACTITIONER TAX CREDIT; MODIFYING THE REQUIREMENTS  
FOR RECEIVING THE TAX CREDIT; REQUIRING REPORTING OF THE TAX  
CREDIT; LIMITING THE CAPITAL GAINS DEDUCTION PURSUANT TO THE  
INCOME TAX ACT; CREATING THE HOME FIRE RECOVERY INCOME TAX  
CREDIT; CREATING A FLAT CORPORATE INCOME TAX RATE; REQUIRING  
ALL BUSINESS INCOME TO BE APPORTIONED BY THE SINGLE SALES

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1 FACTOR; CREATING A GROSS RECEIPTS TAX DEDUCTION FOR  
2 ENVIRONMENTAL MODIFICATION SERVICES MADE TO THE HOMES OF  
3 MEDICAID RECIPIENTS; CREATING GROSS RECEIPTS TAX DEDUCTIONS FOR  
4 THE SALE OF CHILD CARE ASSISTANCE THROUGH A LICENSED CHILD CARE  
5 ASSISTANCE PROGRAM AND PRE-KINDERGARTEN SERVICES BY FOR-PROFIT  
6 PRE-KINDERGARTEN PROVIDERS; PROVIDING A GROSS RECEIPTS TAX  
7 DEDUCTION FOR SALES OF ENERGY STORAGE EQUIPMENT TO A GOVERNMENT  
8 FOR THE PURPOSE OF INSTALLING AN ENERGY STORAGE FACILITY;  
9 REPEALING SECTIONS OF THE UNIFORM DIVISION OF INCOME FOR TAX  
10 PURPOSES ACT.

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

13 SECTION 1. Section 3-32-1 NMSA 1978 (being Laws 1965,  
14 Chapter 300, Section 14-31-1, as amended) is amended to read:

15 "3-32-1. INDUSTRIAL REVENUE BOND ACT--DEFINITIONS.--

16 Wherever used in the Industrial Revenue Bond Act unless a  
17 different meaning clearly appears in the context, the following  
18 terms whether used in the singular or plural shall be given the  
19 following respective interpretations:

20 A. "municipality" means a city, town or village in  
21 New Mexico;

22 B. "project" means any land and building or other  
23 improvements thereon, the acquisition by or for a New Mexico  
24 corporation of the assets or stock of an existing business or  
25 corporation located outside the state to be relocated within or

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1 near the municipality in the state and all real and personal  
2 properties deemed necessary in connection therewith, whether or  
3 not now in existence, which shall be suitable for use by the  
4 following or by any combination of two or more thereof:

5 (1) an industry for the manufacturing,  
6 processing or assembling of agricultural or manufactured  
7 products;

8 (2) a commercial enterprise in storing,  
9 warehousing, distributing or selling products of agriculture,  
10 mining or industry but does not include a facility designed for  
11 the sale of goods or commodities at retail or distribution to  
12 the public of electricity, gas, water or telephone or other  
13 services commonly classified as public utilities;

14 (3) a business in which all or part of the  
15 activities of the business involve the supplying of services to  
16 the general public or to governmental agencies or to a specific  
17 industry or customer but does not include an establishment  
18 primarily engaged in the sale of goods or commodities at  
19 retail;

20 (4) a water distribution or irrigation system,  
21 including without limitation, pumps, distribution lines,  
22 transmission lines, towers, dams and similar facilities and  
23 equipment, designed to provide water to a vineyard or winery;

24 (5) an electric generation or transmission  
25 facility, other than one for which both location approval and a

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1 certificate of convenience and necessity are required prior to  
2 commencing construction or operation of the facility, pursuant  
3 to the Public Utility Act; [~~and~~]

4 (6) an energy storage facility, which is a  
5 facility that uses mechanical, chemical, thermal, kinetic or  
6 other processes to store energy for release at a later time to  
7 integrate energy supply associated with renewable generation  
8 across the electric grid; and

9 [~~(6)~~] (7) a 501(c)(3) corporation;

10 C. "governing body" means the board or body in  
11 which the legislative powers of the municipality are vested;

12 D. "property" means any land, improvements thereon,  
13 buildings and any improvements thereto, machinery and equipment  
14 of any and all kinds necessary to the project, operating  
15 capital and any other personal properties deemed necessary in  
16 connection with the project;

17 E. "mortgage" means a mortgage or a mortgage and  
18 deed of trust or the pledge and hypothecation of any assets as  
19 collateral security;

20 F. "health care service" means the diagnosis or  
21 treatment of sick or injured persons or medical research and  
22 includes the ownership, operation, maintenance, leasing and  
23 disposition of health care facilities such as hospitals,  
24 clinics, laboratories, x-ray centers and pharmacies and, for  
25 any small municipality only, office facilities for physicians;

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1           G. "refinance a hospital or 501(c)(3) corporation  
2 project" means the issuance of bonds by a municipality and the  
3 use of all or substantially all of the proceeds to liquidate  
4 any obligations previously incurred to finance or aid in  
5 financing a project of a nonprofit corporation engaged in  
6 health care services, including nursing homes, or of a  
7 501(c)(3) corporation, which would constitute a project under  
8 the Industrial Revenue Bond Act had it been originally  
9 undertaken and financed by a municipality pursuant to the  
10 Industrial Revenue Bond Act; and

11           H. "501(c)(3) corporation" means a corporation that  
12 demonstrates to the taxation and revenue department that it has  
13 been granted exemption from the federal income tax as an  
14 organization described in Section 501(c)(3) of the Internal  
15 Revenue Code of 1986, as amended or renumbered."

16           **SECTION 2.** Section 3-32-6 NMSA 1978 (being Laws 1965,  
17 Chapter 300, Section 14-31-3, as amended) is amended to read:

18           "3-32-6. ADDITIONAL POWERS CONFERRED ON MUNICIPALITIES.--  
19 In addition to any other powers that it may now have, a  
20 municipality shall have the following powers:

21           A. to acquire, whether by construction, purchase,  
22 gift or lease, one or more projects that shall be located  
23 within this state and may be located within or without the  
24 municipality or partially within or partially without the  
25 municipality, but which shall not be located more than fifteen

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1 miles outside of the corporate limits of the municipality;  
2 provided that:

3 (1) urban transit buses qualifying as a  
4 project pursuant to Subsection B of Section 3-32-3 NMSA 1978  
5 need not be continuously located within this state, but the  
6 commercial enterprise using the urban transit buses for leasing  
7 shall meet the location requirement of this subsection; and

8 (2) a municipality shall not acquire any  
9 electricity generation ~~[or]~~ facility, transmission facility or  
10 energy storage facility project unless the school districts  
11 within the municipality in which the project is located receive  
12 annual in-lieu tax payments; provided that the annual in-lieu  
13 tax payments required by this paragraph shall be:

14 (a) payable to the school districts for  
15 the period the municipality owns and leases the project;

16 (b) in an aggregate amount equal to the  
17 amount received by the municipality multiplied by the  
18 percentage determined by dividing the average of mills imposed  
19 by the school districts within the municipality plus state debt  
20 service mills as of the date of issuance of the bonds by the  
21 average of the mills imposed by all entities levying taxes on  
22 property in the municipality as of such date;

23 (c) divided among the school districts  
24 located within the municipality, if there is more than one  
25 school district in such municipality, and the in-lieu payment

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1 shall be allocated as follows: 1) fifty percent allocated  
2 equally among all school districts in which the project is  
3 located; 2) forty percent allocated to the school districts  
4 within the municipality in proportion to the area of each  
5 school district within the municipality; and 3) ten percent  
6 allocated to the school districts in proportion to the average  
7 of each school district's student membership pursuant to the  
8 Public School Code reported on the second and third reporting  
9 dates for the most recent school year for which data is  
10 available as of the date of issuance of the bonds; and

11 (d) for each individual school district  
12 located within the municipality, no less than the amount due to  
13 the school district in the tax year immediately preceding the  
14 issuance of the bonds from the property included in a project,  
15 had such project not been created;

16 B. to sell or lease or otherwise dispose of any or  
17 all of its projects upon such terms and conditions as the  
18 governing body may deem advisable and as shall not conflict  
19 with the provisions of the Industrial Revenue Bond Act;

20 C. to issue revenue bonds for the purpose of  
21 defraying the cost of acquiring by construction and purchase,  
22 or either, any project and to secure the payment of such bonds,  
23 all as provided in the Industrial Revenue Bond Act. No  
24 municipality shall have the power to operate any project as a  
25 business or in any manner except as lessor;

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1           D. to refinance one or more hospital or 501(c)(3)  
2 corporation projects and to acquire any such hospital or  
3 501(c)(3) corporation project whether by construction,  
4 purchase, gift or lease, which hospital or 501(c)(3)  
5 corporation project shall be located within this state and may  
6 be located within or without the municipality or partially  
7 within or partially without the municipality, but which shall  
8 not be located more than fifteen miles outside of the corporate  
9 limits of the municipality, and to issue revenue bonds to  
10 refinance and acquire a hospital or 501(c)(3) corporation  
11 project and to secure the payment of such bonds, all as  
12 provided in the Industrial Revenue Bond Act. A municipality  
13 shall not have the power to operate a hospital or 501(c)(3)  
14 corporation project as a business or in any manner except as  
15 lessor; and

16           E. to refinance one or more projects of any private  
17 institution of higher education and to acquire any such  
18 project, whether by construction, purchase, gift or lease;  
19 provided that the project shall be located within this state  
20 and may be located within or without the municipality or  
21 partially within or partially without the municipality, but the  
22 project shall not be located more than fifteen miles outside of  
23 the corporate limits of the municipality, and to issue revenue  
24 bonds to refinance and acquire any project of any private  
25 institution of higher education and to secure the payment of

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1 such bonds. A municipality shall not have the power to operate  
2 a project of a private institution of higher education as a  
3 business or in any manner except as lessor."

4 SECTION 3. Section 4-59-2 NMSA 1978 (being Laws 1975,  
5 Chapter 286, Section 2, as amended) is amended to read:

6 "4-59-2. DEFINITIONS.--As used in the County Industrial  
7 Revenue Bond Act, unless the context clearly indicates  
8 otherwise:

9 A. "commission" means the governing body of a  
10 county;

11 B. "county" means a county organized or  
12 incorporated in New Mexico;

13 C. "501(c)(3) corporation" means a corporation that  
14 demonstrates to the taxation and revenue department that it has  
15 been granted exemption from the federal income tax as an  
16 organization described in Section 501(c)(3) of the Internal  
17 Revenue Code of 1986, as amended or renumbered;

18 D. "health care service" means the diagnosis or  
19 treatment of sick or injured persons or medical research and  
20 includes the ownership, operation, maintenance, leasing and  
21 disposition of health care facilities, such as hospitals,  
22 clinics, laboratories, x-ray centers and pharmacies;

23 E. "mortgage" means a mortgage or a mortgage and  
24 deed of trust or the pledge and hypothecation of any assets as  
25 collateral security;

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1 F. "project" means any land and building or other  
2 improvements thereon, the acquisition by or for a New Mexico  
3 corporation of the assets or stock of an existing business or  
4 corporation located outside the state to be relocated within a  
5 county but, except as provided in Paragraph (1) of Subsection A  
6 of Section 4-59-4 NMSA 1978, not within the boundaries of any  
7 incorporated municipality in the state, and all real and  
8 personal properties deemed necessary in connection therewith,  
9 whether or not now in existence, that shall be suitable for use  
10 by the following or by any combination of two or more thereof:

11 (1) an industry for the manufacturing,  
12 processing or assembling of agricultural or manufactured  
13 products;

14 (2) a commercial enterprise that has received  
15 a permit from the energy, minerals and natural resources  
16 department for a mine that has not been in operation prior to  
17 the issuance of bonds for the project for which the enterprise  
18 will be involved;

19 (3) a commercial enterprise that has received  
20 any necessary state permit for a refinery, treatment plant or  
21 processing plant of energy products that was not in operation  
22 prior to the issuance of bonds for the project for which the  
23 enterprise will be involved;

24 (4) a commercial enterprise in storing,  
25 warehousing, distributing or selling products of agriculture,

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1 mining or industry, but does not include a facility designed  
2 for the sale or distribution to the public of electricity, gas,  
3 telephone or other services commonly classified as public  
4 utilities, except for:

5 (a) water utilities; ~~and~~

6 (b) ~~any~~ an electric generation or  
7 transmission facility, other than one for which both location  
8 approval and a certificate of convenience and necessity are  
9 required prior to commencing construction or operation of the  
10 facility, pursuant to the Public Utility Act; and

11 (c) an energy storage facility, which is  
12 a facility that uses mechanical, chemical, thermal, kinetic or  
13 other processes to store energy for release at a later time to  
14 integrate energy supply associated with renewable generation  
15 across the electric grid;

16 (5) a business in which all or part of the  
17 activities of the business involve the supplying of services to  
18 the general public or to governmental agencies or to a specific  
19 industry or customer;

20 (6) a nonprofit corporation engaged in health  
21 care services;

22 (7) a mass transit or other transportation  
23 activity involving the movement of passengers, an industrial  
24 park, an office headquarters and a research facility;

25 (8) a water distribution or irrigation system,

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1 including without limitation, pumps, distribution lines,  
2 transmission lines, towers, dams and similar facilities and  
3 equipment; and

4 (9) a 501(c)(3) corporation; and

5 G. "property" means any land, improvements thereon,  
6 buildings and any improvements thereto, machinery and equipment  
7 of any and all kinds necessary to the project, operating  
8 capital and any other personal properties deemed necessary in  
9 connection with the project."

10 SECTION 4. Section 4-59-4 NMSA 1978 (being Laws 1975,  
11 Chapter 286, Section 4, as amended) is amended to read:

12 "4-59-4. ADDITIONAL POWERS CONFERRED ON COUNTIES.--In  
13 addition to any other powers that it may now have, each county  
14 shall have the following powers:

15 A. to acquire, whether by construction, purchase,  
16 gift or lease, one or more projects, which shall be located  
17 within this state and shall be located within the county  
18 outside the boundaries of any incorporated municipality;  
19 provided, however, that:

20 (1) a class A county with a population of more  
21 than three hundred thousand may acquire projects located  
22 anywhere in the county; and

23 (2) a county shall not acquire any electricity  
24 generation ~~[or]~~ facility, transmission facility or energy  
25 storage facility project unless the school districts within the

1 county in which the project is located receive annual in-lieu  
2 tax payments; provided that the annual in-lieu tax payments  
3 required by this paragraph shall be:

4 (a) payable to the school districts for  
5 the period the county owns and leases the project;

6 (b) in an aggregate amount equal to the  
7 amount received by the county multiplied by the percentage  
8 determined by dividing the average of all of the mills imposed  
9 by the school districts in the county, including the operating,  
10 capital improvement, building improvement, education technology  
11 and bond mills imposed by the school districts in the county  
12 plus state debt service mills as of the date of issuance of the  
13 bonds by the average of the mills imposed by all entities  
14 levying taxes on property in the county as of such date;

15 (c) divided among the school districts  
16 located within the county, and if there is more than one school  
17 district in such county, the in-lieu payment shall be allocated  
18 as follows: 1) fifty percent allocated equally among all  
19 school districts in which the project is located; 2) forty  
20 percent allocated to the school districts within the county in  
21 proportion to the area of each school district within the  
22 county; and 3) ten percent allocated to the school districts in  
23 proportion to the average of each school district's student  
24 membership pursuant to the Public School Code reported on the  
25 second and third reporting dates for the most recent school

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1 year for which data is available as of the date of issuance of  
2 the bonds; and

3 (d) for each individual school district  
4 located within the county, no less than the amount due to the  
5 school district in the tax year immediately preceding the  
6 issuance of the bonds from the property included in a project,  
7 had such project not been created;

8 B. to sell or lease or otherwise dispose of any or  
9 all of its projects upon such terms and conditions as the  
10 commission may deem advisable and as shall not conflict with  
11 the provisions of the County Industrial Revenue Bond Act; and

12 C. to issue revenue bonds for the purpose of  
13 defraying the cost of acquiring, by construction and purchase  
14 or either, any project and to secure the payment of such bonds,  
15 all as provided in the County Industrial Revenue Bond Act. No  
16 county shall have the power to operate any project as a  
17 business or in any manner except as lessor thereof."

18 SECTION 5. Section 7-2-7 NMSA 1978 (being Laws 2005,  
19 Chapter 104, Section 4, as amended) is amended to read:

20 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by  
21 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
22 taxable year beginning on or after January 1, [2021] 2025:

23 ~~[A. For married individuals filing separate~~  
24 ~~returns:~~

25 ~~If the taxable income is: The tax shall be:~~

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~~1 Not over \$4,000 1.7% of taxable income~~  
~~2 Over \$4,000 but not over \$8,000 \$68.00 plus 3.2% of~~  
~~3 excess over \$4,000~~  
~~4 Over \$8,000 but not over \$12,000 \$196 plus 4.7% of~~  
~~5 excess over \$8,000~~  
~~6 Over \$12,000 but not over \$157,500 \$384 plus 4.9% of~~  
~~7 excess over \$12,000~~  
~~8 Over \$157,500 \$7,513.50 plus 5.9% of~~  
~~9 excess over \$157,500.~~

~~10 B. For heads of household, surviving spouses and~~  
~~11 married individuals filing joint returns:~~

~~12 If the taxable income is: The tax shall be:~~

~~13 Not over \$8,000 1.7% of taxable income~~  
~~14 Over \$8,000 but not over \$16,000 \$136 plus 3.2% of excess~~  
~~15 over \$8,000~~  
~~16 Over \$16,000 but not over \$24,000 \$392 plus 4.7% of excess~~  
~~17 over \$16,000~~  
~~18 Over \$24,000 but not over \$315,000 \$768 plus 4.9% of~~  
~~19 excess over \$24,000~~  
~~20 Over \$315,000 \$15,027 plus 5.9% of~~  
~~21 excess over \$315,000.~~

~~22 C. For single individuals and for estates and~~  
~~23 trusts:~~

~~24 If the taxable income is: The tax shall be:~~

~~25 Not over \$5,500 1.7% of taxable income~~

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1	<del>Over \$5,500 but not over \$11,000</del>	<del>\$93.50 plus 3.2% of</del>
2		<del>excess over \$5,500</del>
3	<del>Over \$11,000 but not over \$16,000</del>	<del>\$269.50 plus 4.7% of</del>
4		<del>excess over \$11,000</del>
5	<del>Over \$16,000 but not over \$210,000</del>	<del>\$504.50 plus 4.9% of</del>
6		<del>excess over \$16,000</del>
7	<del>Over \$210,000</del>	<del>\$10,010.50 plus 5.9% of</del>
8		<del>excess over \$210,000.]</del>

9           A. For married individuals filing joint returns,  
10 heads of household and surviving spouses:

11	<u>For taxable income:</u>	<u>The tax shall be:</u>
12	<u>Not over \$8,000</u>	<u>1.5% of taxable income</u>
13	<u>Over \$8,000 but not over \$25,000</u>	<u>\$120 plus 3.2% of excess</u>
14		<u>over \$8,000</u>
15	<u>Over \$25,000 but not over \$50,000</u>	<u>\$664 plus 4.3% of excess</u>
16		<u>over \$25,000</u>
17	<u>Over \$50,000 but not over \$100,000</u>	<u>\$1,739 plus 4.7% of</u>
18		<u>excess over \$50,000</u>
19	<u>Over \$100,000 but not over \$315,000</u>	<u>\$4,089 plus 4.9% of</u>
20		<u>excess over \$100,000</u>
21	<u>Over \$315,000</u>	<u>\$14,624 plus 5.9% of</u>
22		<u>excess over \$315,000.</u>

23           B. For single individuals and for estates and  
24 trusts:

25	<u>For taxable income:</u>	<u>The tax shall be:</u>
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1	<u>Not over \$5,500</u>	<u>1.5% of taxable income</u>
2	<u>Over \$5,500 but not over \$16,500</u>	<u>\$82.50 plus 3.2% of</u>
3		<u>excess over \$5,500</u>
4	<u>Over \$16,500 but not over \$33,500</u>	<u>\$434.50 plus 4.3% of</u>
5		<u>excess over \$16,500</u>
6	<u>Over \$33,500 but not over \$66,500</u>	<u>\$1,165.50 plus 4.7% of</u>
7		<u>excess over \$33,500</u>
8	<u>Over \$66,500 but not over \$210,000</u>	<u>\$2,716.50 plus 4.9% of</u>
9		<u>excess over \$66,500</u>
10	<u>Over \$210,000</u>	<u>\$9,748 plus 5.9% of</u>
11		<u>excess over \$210,000.</u>

12 C. For married individuals filing separate returns:

13 For taxable income:

The tax shall be:

14	<u>Not over \$4,000</u>	<u>1.5% of taxable income</u>
15	<u>Over \$4,000 but not over \$12,500</u>	<u>\$60.00 plus 3.2% of</u>
16		<u>excess over \$4,000</u>
17	<u>Over \$12,500 but not over \$25,000</u>	<u>\$332 plus 4.3% of excess</u>
18		<u>over \$12,500</u>
19	<u>Over \$25,000 but not over \$50,000</u>	<u>\$869.50 plus 4.7% of</u>
20		<u>excess over \$25,000</u>
21	<u>Over \$50,000 but not over \$157,500</u>	<u>\$2,044.50 plus 4.9% of</u>
22		<u>excess over \$50,000</u>
23	<u>Over \$157,500</u>	<u>\$7,312 plus 5.9% of</u>
24		<u>excess over \$157,500.</u>

25 D. The tax on the sum of any lump-sum amounts

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1 included in net income is an amount equal to five multiplied by  
2 the difference between:

3 (1) the amount of tax due on the taxpayer's  
4 taxable income; and

5 (2) the amount of tax that would be due on an  
6 amount equal to the taxpayer's taxable income and twenty  
7 percent of the taxpayer's lump-sum amounts included in net  
8 income."

9 SECTION 6. Section 7-2-18.17 NMSA 1978 (being Laws 2007,  
10 Chapter 172, Section 1, as amended) is amended to read:

11 "7-2-18.17. ANGEL INVESTMENT CREDIT.--

12 A. A taxpayer who files a New Mexico income tax  
13 return, is not a dependent of another taxpayer, is an  
14 accredited investor and makes a qualified investment may apply  
15 for, and the department may allow, a claim for a credit in an  
16 amount not to exceed twenty-five percent of the qualified  
17 investment; provided that a credit for each qualified  
18 investment shall not exceed sixty-two thousand five hundred  
19 dollars (\$62,500). The tax credit provided in this section  
20 shall be known as the "angel investment credit".

21 B. A taxpayer may claim the angel investment  
22 credit:

23 (1) for not more than one qualified investment  
24 per investment round;

25 (2) for qualified investments in no more than

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1 five qualified businesses per taxable year; and

2 (3) for a qualified investment made on or  
3 before December 31, [~~2025~~] 2030.

4 C. A taxpayer may apply for an angel investment  
5 credit by submitting a completed application to the [~~taxation~~  
6 ~~and revenue~~] department on forms and in a manner required by  
7 the department no later than one year following the end of the  
8 calendar year in which the qualified investment is made. A  
9 taxpayer shall not apply for more than one credit for the same  
10 qualified investment in the same investment round.

11 D. Except as provided in Subsection J of this  
12 section, a taxpayer shall claim the angel investment credit no  
13 later than one year following the date the completed  
14 application for the credit is approved by the department.

15 E. Applications and all subsequent materials  
16 submitted to the [~~taxation and revenue~~] department related to  
17 the application shall also be submitted to the economic  
18 development department.

19 F. The [~~taxation and revenue~~] department shall  
20 allow a maximum annual aggregate of two million dollars  
21 (\$2,000,000) in angel investment credits per calendar year.  
22 Completed applications shall be considered in the order  
23 received. Applications for credits that would have been  
24 allowed but for the limit imposed by this subsection shall be  
25 allowed in subsequent calendar years.

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1           G. The [~~taxation and revenue~~] department shall  
2 report annually to the revenue stabilization and tax policy  
3 committee and the legislative finance committee on the  
4 utilization and effectiveness of the angel investment credit.  
5 The report shall include, at a minimum: the number of  
6 accredited investors determined to be eligible for the credit  
7 in the previous year; the names of those investors; the amount  
8 of credit for which each investor was determined to be  
9 eligible; and the number and names of the businesses determined  
10 to be qualified businesses for purposes of an investment by an  
11 accredited investor.

12           H. A taxpayer who otherwise qualifies for and  
13 claims a credit pursuant to this section for a qualified  
14 investment made by a partnership or other business association  
15 of which the taxpayer is a member may claim a credit only in  
16 proportion to the taxpayer's interest in the partnership or  
17 business association.

18           I. Married individuals who file separate returns  
19 for a taxable year in which they could have filed a joint  
20 return may each claim one-half of the credit that would have  
21 been allowed on a joint return.

22           J. The angel investment credit may only be deducted  
23 from the taxpayer's income tax liability. Any portion of the  
24 tax credit provided by this section that remains unused at the  
25 end of the taxpayer's taxable year may be carried forward for

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1 five consecutive years.

2 K. As used in this section:

3 (1) "accredited investor" means a person who  
4 is an accredited investor within the meaning of Rule 501 issued  
5 by the federal securities and exchange commission pursuant to  
6 the federal Securities Act of 1933, as amended;

7 (2) "business" means a corporation, general  
8 partnership, limited partnership, limited liability company or  
9 other similar entity, but excludes an entity that is a  
10 government or a nonprofit organization designated as such by  
11 the federal government or any state;

12 (3) "equity" means common or preferred stock  
13 of a corporation, a partnership interest in a limited  
14 partnership or a membership interest in a limited liability  
15 company, including debt subject to an option in favor of the  
16 creditor to convert the debt into common or preferred stock, a  
17 partnership interest or a membership interest;

18 (4) "investment round" means an offer and sale  
19 of securities and all other offers and sales of securities that  
20 would be integrated with such offer and sale of securities  
21 under Regulation D issued by the federal securities and  
22 exchange commission pursuant to the federal Securities Act of  
23 1933, as amended;

24 (5) "manufacturing" means combining or  
25 processing components or materials to increase their value for

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1 sale in the ordinary course of business, but does not include:

2 (a) construction;

3 (b) farming;

4 (c) processing natural resources,  
5 including hydrocarbons; or

6 (d) preparing meals for immediate  
7 consumption, on- or off-premises;

8 (6) "qualified business" means a business  
9 that:

10 (a) maintains its principal place of  
11 business and employs a majority of its full-time employees, if  
12 any, in New Mexico and a majority of its tangible assets, if  
13 any, are located in New Mexico;

14 (b) engages in qualified research or  
15 manufacturing activities in New Mexico;

16 (c) is not primarily engaged in or is  
17 not primarily organized as any of the following types of  
18 businesses: credit or finance services, including banks,  
19 savings and loan associations, credit unions, small loan  
20 companies or title loan companies; financial brokering or  
21 investment; professional services, including accounting, legal  
22 services, engineering and any other service the practice of  
23 which requires a license; insurance; real estate; construction  
24 or construction contracting; consulting or brokering; mining;  
25 wholesale or retail trade; providing utility service, including

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1 water, sewerage, electricity, natural gas, propane or butane;  
2 publishing, including publishing newspapers or other  
3 periodicals; broadcasting; or providing internet operating  
4 services;

5 (d) has not issued securities registered  
6 pursuant to Section 6 of the federal Securities Act of 1933, as  
7 amended; has not issued securities traded on a national  
8 securities exchange; is not subject to reporting requirements  
9 of the federal Securities Exchange Act of 1934, as amended; and  
10 is not registered pursuant to the federal Investment Company  
11 Act of 1940, as amended, at the time of the investment;

12 (e) has one hundred or fewer employees  
13 calculated on a full-time-equivalent basis in the taxable year  
14 in which the investment was made; and

15 (f) has not had gross revenues in excess  
16 of five million dollars (\$5,000,000) in any fiscal year ending  
17 on or before the date of the investment;

18 (7) "qualified investment" means a cash  
19 investment in a qualified business for equity, but does not  
20 include an investment by a taxpayer if the taxpayer, a member  
21 of the taxpayer's immediate family or an entity affiliated with  
22 the taxpayer receives compensation from the qualified business  
23 in exchange for services provided to the qualified business  
24 within one year of investment in the qualified business; and

25 (8) "qualified research" means "qualified

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1 research" as defined by Section 41 of the Internal Revenue  
2 Code."

3 SECTION 7. Section 7-2-18.22 NMSA 1978 (being Laws 2007,  
4 Chapter 361, Section 2) is amended to read:

5 "7-2-18.22. [~~TAX CREDIT~~] RURAL HEALTH CARE PRACTITIONER  
6 TAX CREDIT.--

7 A. A taxpayer who files an individual New Mexico  
8 tax return, who is not a dependent of another individual, who  
9 is an eligible health care practitioner and who has provided  
10 health care services in New Mexico in a rural health care  
11 underserved area in a taxable year may claim a credit against  
12 the tax liability imposed by the Income Tax Act. The credit  
13 provided in this section may be referred to as the "rural  
14 health care practitioner tax credit".

15 B. The rural health care practitioner tax credit  
16 may be claimed and allowed in an amount that shall not exceed:

17 (1) five thousand dollars (\$5,000) for all  
18 [~~eligible~~] physicians, osteopathic physicians, dentists,  
19 [~~clinical~~] psychologists, [~~podiatrists~~] podiatric physicians  
20 and optometrists who qualify pursuant to the provisions of this  
21 section [~~except the credit shall not exceed~~] and have provided  
22 health care during a taxable year for at least one thousand  
23 five hundred eighty-four hours at a practice site located in an  
24 approved rural health care underserved area. Eligible health  
25 care practitioners listed in this paragraph who provided health

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1 care services for at least seven hundred ninety-two hours but  
 2 less than one thousand five hundred eighty-four hours at a  
 3 practice site located in an approved rural health care  
 4 underserved area during a taxable year are eligible for one-  
 5 half of the tax credit amount; and

6 (2) three thousand dollars (\$3,000) for all  
 7 [~~eligible~~] pharmacists, dental hygienists, physician  
 8 assistants, [~~certified nurse-midwives~~] certified registered  
 9 nurse anesthetists, certified nurse practitioners, [~~and~~]  
 10 clinical nurse specialists, registered nurses, midwives,  
 11 licensed clinical social workers, licensed independent social  
 12 workers, professional mental health counselors, professional  
 13 clinical mental health counselors, marriage and family  
 14 therapists, professional art therapists, alcohol and drug abuse  
 15 counselors and physical therapists who qualify pursuant to the  
 16 provisions of this section and have provided health care during  
 17 a taxable year for at least one thousand five hundred eighty-  
 18 four hours at a practice site located in an approved rural  
 19 health care underserved area. Eligible health care  
 20 practitioners listed in this paragraph who provided health care  
 21 services for at least seven hundred ninety-two hours but less  
 22 than one thousand five hundred eighty-four hours at a practice  
 23 site located in an approved rural health care underserved area  
 24 during a taxable year are eligible for one-half of the tax  
 25 credit amount.

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1           ~~[C. To qualify for the rural health care~~  
2 ~~practitioner tax credit, an eligible health care practitioner~~  
3 ~~shall have provided health care during a taxable year for at~~  
4 ~~least two thousand eighty hours at a practice site located in~~  
5 ~~an approved rural health care underserved area. An eligible~~  
6 ~~rural health care practitioner who provided health care~~  
7 ~~services for at least one thousand forty hours but less than~~  
8 ~~two thousand eighty hours at a practice site located in an~~  
9 ~~approved rural health care underserved area during a taxable~~  
10 ~~year is eligible for one-half of the credit amount.~~

11           D.] C. Before an eligible health care practitioner  
12 may claim the rural health care practitioner tax credit, the  
13 practitioner shall submit an application to the department of  
14 health that describes the practitioner's clinical practice and  
15 contains additional information that the department of health  
16 may require. The department of health shall determine whether  
17 an eligible health care practitioner qualifies for the rural  
18 health care practitioner tax credit and shall issue a  
19 certificate to each qualifying eligible health care  
20 practitioner. The department of health shall provide the  
21 taxation and revenue department appropriate information for all  
22 eligible health care practitioners to whom certificates are  
23 issued in a secure manner on regular intervals agreed upon by  
24 both the taxation and revenue department and the department of  
25 health.

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~~[bracketed material] = delete~~

1           ~~[E.]~~ D. A taxpayer claiming the credit provided by  
2 this section shall submit a copy of the certificate issued by  
3 the department of health with the taxpayer's New Mexico income  
4 tax return for the taxable year. If the amount of the credit  
5 claimed exceeds a taxpayer's tax liability for the taxable year  
6 in which the credit is being claimed, the excess may be carried  
7 forward for three consecutive taxable years.

8           E. A taxpayer allowed a tax credit pursuant to this  
9 section shall report the amount of the credit to the department  
10 in a manner required by the department.

11           F. The department shall compile an annual report on  
12 the tax credit provided by this section that shall include the  
13 number of taxpayers approved by the department to receive the  
14 credit, the aggregate amount of credits approved and any other  
15 information necessary to evaluate the credit. The department  
16 shall present the report to the revenue stabilization and tax  
17 policy committee and the legislative finance committee with an  
18 analysis of the cost of the tax credit.

19           ~~[F.]~~ G. As used in this section:

20                   (1) "eligible health care practitioner" means:

21                               ~~[(a) a certified nurse-midwife licensed~~  
22 ~~by the board of nursing as a registered nurse and licensed by~~  
23 ~~the public health division of the department of health to~~  
24 ~~practice nurse-midwifery as a certified nurse-midwife;~~

25                               ~~(b)]~~ (a) a dentist or dental hygienist

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1 licensed pursuant to the Dental Health Care Act;

2 (b) a midwife that is a: 1) certified  
3 nurse-midwife licensed by the board of nursing as a registered  
4 nurse and licensed by the public health division of the  
5 department of health to practice nurse-midwifery as a certified  
6 nurse-midwife; or 2) licensed midwife licensed by the public  
7 health division of the department of health to practice  
8 licensed midwifery;

9 (c) an optometrist licensed pursuant to  
10 the provisions of the Optometry Act;

11 (d) an osteopathic physician [~~licensed~~  
12 ~~pursuant to the provisions of Chapter 61, Article 10 NMSA 1978~~  
13 ~~or an osteopathic physician assistant~~] licensed pursuant to the  
14 provisions of the [~~Osteopathic Physicians' Assistants~~] Medical  
15 Practice Act;

16 (e) a physician [~~or physician assistant~~]  
17 licensed pursuant to the provisions of [~~Chapter 61, Article 6~~  
18 ~~NMSA 1978~~] the Medical Practice Act or a physician assistant  
19 licensed pursuant to the provisions of the Physician Assistant  
20 Act;

21 (f) a [~~podiatrist~~] podiatric physician  
22 licensed pursuant to the provisions of the Podiatry Act;

23 (g) a [~~clinical~~] psychologist licensed  
24 pursuant to the provisions of the Professional Psychologist  
25 Act; [~~and~~]

1 (h) a registered nurse [~~in advanced~~  
2 ~~practice who has been prepared through additional formal~~  
3 ~~education as provided in Sections 61-3-23.2 through 61-3-23.4~~  
4 ~~NMSA 1978 to function beyond the scope of practice of~~  
5 ~~professional registered nursing, including certified nurse~~  
6 ~~practitioners, certified registered nurse anesthetists and~~  
7 ~~clinical nurse specialists] licensed pursuant to the provisions  
8 of the Nursing Practice Act;~~

9 (i) a pharmacist licensed pursuant to  
10 the provisions of the Pharmacy Act;

11 (j) a licensed clinical social worker or  
12 a licensed independent social worker licensed pursuant to the  
13 provisions of the Social Work Practice Act;

14 (k) a professional mental health  
15 counselor, a professional clinical mental health counselor, a  
16 marriage and family therapist, an alcohol and drug abuse  
17 counselor or a professional art therapist licensed pursuant to  
18 the provisions of the Counseling and Therapy Practice Act; and

19 (l) a physical therapist licensed  
20 pursuant to the provisions of the Physical Therapy Act;

21 (2) "health care underserved area" means a  
22 geographic area or practice location in which it has been  
23 determined by the department of health, through the use of  
24 indices and other standards set by the department of health,  
25 that sufficient health care services are not being provided;

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1 (3) "practice site" means a private practice,  
2 public health clinic, hospital, public or private nonprofit  
3 primary care clinic or other health care service location in a  
4 health care underserved area; and

5 (4) "rural" means ~~[an area or location~~  
6 ~~identified by the department of health as falling outside of an~~  
7 ~~urban area]~~ a rural county or an unincorporated area of a  
8 partially rural county, as designated by the health resources  
9 and services administration of the United States department of  
10 health and human services."

11 SECTION 8. Section 7-2-34 NMSA 1978 (being Laws 1999,  
12 Chapter 205, Section 1, as amended) is amended to read:

13 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

14 A. ~~[Except as provided in Subsection C of this~~  
15 ~~section]~~ A taxpayer may claim a deduction from net income in an  
16 amount equal to the greater of:

17 (1) the taxpayer's net capital gain income for  
18 the taxable year for which the deduction is being claimed, but  
19 not to exceed ~~[one thousand dollars (\$1,000)]~~ two thousand five  
20 hundred dollars (\$2,500); or

21 (2) forty percent of up to one million dollars  
22 (\$1,000,000) of the taxpayer's net capital gain income from the  
23 sale of a business that is allocated or apportioned to New  
24 Mexico pursuant to Section 7-2-11 NMSA 1978 for the taxable  
25 year for which the deduction is being claimed.

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1           B. Married individuals who file separate returns  
2 for a taxable year in which they could have filed a joint  
3 return may each claim only one-half of the deduction provided  
4 by this section that would have been allowed on the joint  
5 return.

6           ~~[G. A taxpayer may not claim the deduction provided~~  
7 ~~in Subsection A of this section if the taxpayer has claimed the~~  
8 ~~credit provided in Section 7-2D-8.1 NMSA 1978.~~

9           ~~D.]~~ C. As used in this section, "net capital gain"  
10 means "net capital gain" as defined in Section 1222 (11) of the  
11 Internal Revenue Code."

12           SECTION 9. A new section of the Income Tax Act is  
13 enacted to read:

14           "[NEW MATERIAL] HOME FIRE RECOVERY INCOME TAX CREDIT.--

15           A. A taxpayer who is not a dependent of another  
16 individual and who, beginning on the effective date of this  
17 section and prior to January 1, 2030, incurs qualified site-  
18 built home expenditures for a home in New Mexico to replace a  
19 prior home of the taxpayer that was destroyed by a wildfire in  
20 calendar years 2021 through 2023 may claim a tax credit against  
21 the taxpayer's tax liability imposed pursuant to the Income Tax  
22 Act in an amount equal to the qualified site-built home  
23 expenditures incurred by the taxpayer not to exceed fifty  
24 thousand dollars (\$50,000) per home. The tax credit provided  
25 by this section may be referred to as the "home fire recovery

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1 income tax credit".

2 B. A taxpayer who seeks to claim the tax credit  
3 shall apply for certification of eligibility from the  
4 construction industries division of the regulation and  
5 licensing department on forms and in a manner prescribed by  
6 that division. The aggregate amount of credits that may be  
7 certified as eligible in any calendar year is five million  
8 dollars (\$5,000,000). An application for certification shall  
9 be made no later than twelve months after the calendar year in  
10 which construction of the site-built home is completed.  
11 Completed applications shall be considered in the order  
12 received. If a taxpayer submits an application for the tax  
13 credit and the aggregate amount of certifications has been met  
14 for the calendar year, the application shall be placed at the  
15 front of a queue for certification in a subsequent calendar  
16 year. Except as otherwise provided in Subsections F and G of  
17 this section, only one tax credit shall be certified per  
18 taxpayer.

19 C. An application for certification of eligibility  
20 shall include:

21 (1) proof that the taxpayer's prior home was  
22 destroyed by wildfire in calendar years 2021 through 2023,  
23 including a sworn statement by the taxpayer;

24 (2) proof that the taxpayer incurred  
25 expenditures for the construction of a site-built home on the

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~~[bracketed material] = delete~~



1 same property of the taxpayer's prior, wildfire-destroyed home,  
2 including a contract with a builder;

3 (3) a sworn statement by the taxpayer and the  
4 builder of the site-built home that the construction of a new  
5 site-built home has been completed and stating the date of its  
6 completion; and

7 (4) any additional information the  
8 construction industries division of the regulation and  
9 licensing department may require to determine eligibility for  
10 the tax credit.

11 D. If the construction industries division of the  
12 regulation and licensing department determines that the  
13 taxpayer meets the requirements of this section, the division  
14 shall issue a dated certificate of eligibility to the taxpayer  
15 providing the amount of tax credit for which the taxpayer is  
16 eligible and the taxable year in which the credit may be  
17 claimed. The construction industries division shall provide  
18 the department with the certificates of eligibility issued  
19 pursuant to this subsection in an electronic format at  
20 regularly agreed-upon intervals.

21 E. A taxpayer issued a certificate of eligibility  
22 shall claim the tax credit in a manner required by the  
23 department within twelve months of being issued the certificate  
24 of eligibility.

25 F. That portion of the tax credit that exceeds a  
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1 taxpayer's tax liability in the taxable year in which the tax  
2 credit is claimed shall not be refunded but may be carried  
3 forward for a maximum of three consecutive taxable years.

4 G. Married individuals filing separate returns for  
5 a taxable year for which they could have filed a joint return  
6 may each claim only one-half of the tax credit that would have  
7 been claimed on a joint return.

8 H. A taxpayer may be allocated the right to claim  
9 the tax credit in proportion to the taxpayer's ownership  
10 interest if the taxpayer owns an interest in a business entity  
11 that is taxed for federal income tax purposes as a partnership  
12 or limited liability company and that business entity has met  
13 all of the requirements to be eligible for the credit. The  
14 total credit claimed by all members of the partnership or  
15 limited liability company shall not exceed the allowable credit  
16 pursuant to this section.

17 I. The department shall compile an annual report on  
18 the tax credit that shall include the number of taxpayers  
19 approved by the department to receive the credit, the aggregate  
20 amount of credits approved and any other information necessary  
21 to evaluate the credit. The department shall present the  
22 report to the revenue stabilization and tax policy committee  
23 and the legislative finance committee with an analysis of the  
24 cost of the tax credit.

25 J. As used in this section:

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1 (1) "home" means a dwelling designed for long-  
 2 term habitation in which the taxpayer resides for a majority of  
 3 the year;

4 (2) "qualified site-built home expenditures"  
 5 means gross expenditures for the construction of a site-built  
 6 home on the same property in New Mexico that a taxpayer's prior  
 7 home was destroyed by a wildfire in calendar years 2021 through  
 8 2023, less any compensation related to home construction or  
 9 repair costs received pursuant to the federal Hermit's  
 10 Peak/Calf Canyon Fire Assistance Act; and

11 (3) "site-built home" means a home that is  
 12 constructed permanently on a taxpayer's property with a  
 13 foundation and that cannot be moved, and excludes a  
 14 manufactured or mobile home."

15 SECTION 10. Section 7-2A-5 NMSA 1978 (being Laws 1981,  
 16 Chapter 37, Section 38, as amended) is amended to read:

17 "7-2A-5. CORPORATE INCOME TAX RATES.--The corporate  
 18 income tax imposed on corporations by Section 7-2A-3 NMSA 1978  
 19 shall be

20 <del>[If the taxable income is:</del>	<del>The tax shall be:</del>
21 <del>Not over \$500,000</del>	<del>4.8% of taxable income</del>
22 <del>Over \$500,000</del>	<del>\$24,000 plus 5.9% of excess</del>
23	<del>over \$500,000]</del>
24	<u>five and nine-tenths percent of taxable income."</u>

25 SECTION 11. Section 7-4-10 NMSA 1978 (being Laws 1993,

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1 Chapter 153, Section 1, as amended) is amended to read:

2 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--~~[A. Except~~  
3 ~~as provided in Subsections B and C of this section]~~ All  
4 business income shall be apportioned to this state by  
5 multiplying the income by ~~[a fraction, the numerator of which~~  
6 ~~is the property factor plus the payroll factor plus]~~ the sales  
7 factor ~~[and the denominator of which is three.~~

8 ~~B. If eighty percent or more of the New Mexico~~  
9 ~~numerators of the property and payroll factors for a filing~~  
10 ~~group, or for a taxpayer that is not a member of a filing~~  
11 ~~group, are employed in manufacturing or operating a computer~~  
12 ~~processing facility, the filing group or the taxpayer may elect~~  
13 ~~to have business income apportioned to this state by~~  
14 ~~multiplying the income by the sales factor for the taxable~~  
15 ~~year.~~

16 ~~C. If a filing group, or a taxpayer that is not a~~  
17 ~~member of a filing group, has a headquarters operation in New~~  
18 ~~Mexico, the filing group or the taxpayer may elect to have~~  
19 ~~business income apportioned to this state by multiplying the~~  
20 ~~income by the sales factor for the taxable year.~~

21 ~~D. To elect the method of apportionment provided by~~  
22 ~~Subsection B or C of this section, the taxpayer shall notify~~  
23 ~~the department of the election, in writing, no later than the~~  
24 ~~date on which the taxpayer files the return for the first~~  
25 ~~taxable year to which the election will apply. The election~~

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1 ~~shall apply as follows:~~

2 ~~(1) if the election is made for taxable years~~  
3 ~~beginning prior to January 1, 2020, to the taxable year in~~  
4 ~~which the election is made and to each taxable year thereafter~~  
5 ~~for three years, or until the taxable year ending prior to~~  
6 ~~January 1, 2020, whichever is earlier;~~

7 ~~(2) if the election is made for a taxable year~~  
8 ~~beginning on or after January 1, 2020, to the taxable year in~~  
9 ~~which the election is made and to each taxable year thereafter~~  
10 ~~until the taxpayer notifies the department, in writing, that~~  
11 ~~the election is terminated, except that the taxpayer shall not~~  
12 ~~terminate the election until the method of apportioning~~  
13 ~~business income provided by Subsection B or C of this section~~  
14 ~~has been used by the taxpayer for at least three consecutive~~  
15 ~~taxable years, including a total of at least thirty-six~~  
16 ~~calendar months; and~~

17 ~~(3) if the election is made by a qualifying~~  
18 ~~filing group, the election shall apply to the members of the~~  
19 ~~filing group properly included pursuant to Section 7-2A-8.3~~  
20 ~~NMSA 1978.~~

21 ~~E. For purposes of this section:~~

22 ~~(1) "filing group" means "filing group" as~~  
23 ~~that term is defined in the Corporate Income and Franchise Tax~~  
24 ~~Act;~~

25 ~~(2) "headquarters operation" means:~~

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1                   ~~(a) the center of operations of a~~  
2 ~~business: 1) where corporate staff employees are physically~~  
3 ~~employed; 2) where the centralized functions are primarily~~  
4 ~~performed, including administrative, planning, managerial,~~  
5 ~~human resources, purchasing, information technology and~~  
6 ~~accounting, but not including operating a call center; 3) the~~  
7 ~~function and purpose of which is to manage and direct most~~  
8 ~~aspects and functions of the business operations within a~~  
9 ~~subdivided area of the United States; 4) from which final~~  
10 ~~authority over regional or subregional offices, operating~~  
11 ~~facilities and any other offices of the business are issued;~~  
12 ~~and 5) including national and regional headquarters if the~~  
13 ~~national headquarters is subordinate only to the ownership of~~  
14 ~~the business or its representatives and the regional~~  
15 ~~headquarters is subordinate to the national headquarters; or~~

16                   ~~(b) the center of operations of a~~  
17 ~~business: 1) the function and purpose of which is to manage~~  
18 ~~and direct most aspects of one or more centralized functions;~~  
19 ~~and 2) from which final authority over one or more centralized~~  
20 ~~functions is issued;~~

21                   ~~(3) "manufacturing" means combining or~~  
22 ~~processing components or materials to increase their value for~~  
23 ~~sale in the ordinary course of business, but does not include:~~

24                   ~~(a) construction;~~

25                   ~~(b) farming;~~

1                   ~~(c) power generation; provided that for~~  
2 ~~taxable years beginning prior to January 1, 2024,~~

3 ~~"manufacturing" includes electricity generation at a facility~~  
4 ~~that does not require location approval and a certificate of~~  
5 ~~convenience and necessity prior to commencing construction or~~  
6 ~~operation of the facility pursuant to the Public Utility Act;~~

7                   ~~(d) processing natural resources,~~  
8 ~~including hydrocarbons; or~~

9                   ~~(e) processing or preparation of meals~~  
10 ~~for immediate consumption; and~~

11                   ~~(4) "operating a computer processing facility"~~  
12 ~~means managing the necessary and ancillary activities for the~~  
13 ~~operation of a facility primarily used to process data or~~  
14 ~~information, but does not include managing the operation of~~  
15 ~~facilities that are predominantly used to support sales of~~  
16 ~~tangible property or the provision of banking, financial or~~  
17 ~~professional services]."~~

18                   SECTION 12. Section 7-4-19 NMSA 1978 (being Laws 1965,  
19 Chapter 203, Section 19, as amended) is amended to read:

20                   "7-4-19. EQUITABLE ADJUSTMENT OF STANDARD ALLOCATION OR  
21 APPORTIONMENT.--If the allocation and apportionment provisions  
22 of the Uniform Division of Income for Tax Purposes Act do not  
23 fairly represent the extent of the taxpayer's business activity  
24 in this state, the taxpayer may petition for, or the department  
25 may require, in respect to all or any part of the taxpayer's

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1 business activity, if reasonable:

2 A. separate accounting;

3 ~~[B. the exclusion of any one or more of the~~  
4 ~~factors;~~

5 ~~C. the inclusion of one or more additional factors~~  
6 ~~which will fairly represent the taxpayer's business activity in~~  
7 ~~this state] or~~

8 ~~[D.]~~ B. the employment of any other method to  
9 effectuate an equitable allocation and apportionment of the  
10 taxpayer's income."

11 SECTION 13. Section 7-9-54.3 NMSA 1978 (being Laws 2002,  
12 Chapter 37, Section 8, as amended by Laws 2010, Chapter 77,  
13 Section 2 and by Laws 2010, Chapter 78, Section 2) is amended  
14 to read:

15 "7-9-54.3. DEDUCTION--GROSS RECEIPTS TAX--WIND AND SOLAR  
16 GENERATION EQUIPMENT--ENERGY STORAGE EQUIPMENT--SALES TO  
17 GOVERNMENTS.--

18 A. Prior to July 1, 2034, receipts from selling  
19 wind generation equipment or solar generation equipment to a  
20 government for the purpose of installing a wind or solar  
21 electric generation facility may be deducted from gross  
22 receipts.

23 B. ~~[The deduction allowed pursuant to this section~~  
24 ~~shall not be claimed for receipts from an expenditure for which~~  
25 ~~a taxpayer claims a credit pursuant to Section 7-2-18.25,~~

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1 ~~7-2A-25 or 7-9G-2 NMSA 1978~~ Prior to July 1, 2034, receipts  
2 from selling energy storage equipment or related equipment to a  
3 government for the purpose of installing an energy storage  
4 facility may be deducted from gross receipts.

5 C. As used in this section:

6 (1) "energy storage equipment" means equipment  
7 that is installed for the purpose of storing electric energy in  
8 an energy storage facility that uses mechanical, chemical,  
9 thermal, kinetic or other processes to store energy for release  
10 at a later time to integrate energy supply associated with  
11 renewable generation across the electric grid;

12 [~~1~~] (2) "government" means the United States  
13 or the state or a governmental unit or a subdivision, agency,  
14 department or instrumentality of the federal government or the  
15 state;

16 [~~2~~] (3) "related equipment" means  
17 transformers, power conversion equipment, circuit breakers and  
18 switching and metering equipment used to connect:

19 (a) a wind or solar electric generation  
20 plant to the electric grid; or

21 (b) an energy storage facility to the  
22 electric grid or to a wind or solar electric generation plant;

23 [~~3~~] (4) "solar generation equipment" means  
24 solar thermal energy collection, concentration and heat  
25 transfer and conversion equipment; solar tracking hardware and

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1 software; photovoltaic panels and inverters; support  
2 structures; turbines and associated electrical generating  
3 equipment used to generate electricity from solar thermal  
4 energy; and related equipment; and

5 [~~(4)~~] (5) "wind generation equipment" means  
6 wind generation turbines, blades, nacelles, rotors and  
7 supporting structures used to generate electricity from wind  
8 and related equipment."

9 SECTION 14. A new section of the Gross Receipts and  
10 Compensating Tax Act is enacted to read:

11 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--  
12 ENVIRONMENTAL MODIFICATIONS FOR MEDICAID RECIPIENTS.--

13 A. Prior to July 1, 2034, receipts of an eligible  
14 provider for environmental modification services reimbursed by  
15 the medical assistance division may be deducted from gross  
16 receipts.

17 B. As used in this section:

18 (1) "eligible provider" means a provider who  
19 meets requirements of the medical assistance division to  
20 provide environmental modifications pursuant to a waiver  
21 granted by the federal department of health and human services  
22 to provide home and community-based services to recipients;

23 (2) "environmental modifications" include the  
24 purchasing and installing of equipment or making physical  
25 adaptations to a recipient's residence that are necessary to

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1 ensure the health, welfare and safety of the recipient or  
 2 enhance the recipient's access to the home environment and  
 3 increase the recipient's ability to act independently;

4 (3) "medicaid" means the medical assistance  
 5 program established pursuant to Title 19 of the federal Social  
 6 Security Act and regulations issued pursuant to that act;

7 (4) "medical assistance division" means the  
 8 medical assistance division of the health care authority  
 9 department; and

10 (5) "recipient" means a person whom the  
 11 medical assistance division has determined to be eligible to  
 12 receive medicaid-related services and who meets the financial  
 13 and medical level of care criteria to receive medical  
 14 assistance division services through one of the division's  
 15 waiver programs granted by the federal department of health and  
 16 human services."

17 SECTION 15. A new section of the Gross Receipts and  
 18 Compensating Tax Act is enacted to read:

19 "[NEW MATERIAL] DEDUCTIONS--GROSS RECEIPTS--CHILD CARE  
 20 ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE PROGRAM--  
 21 PRE-KINDERGARTEN SERVICES BY FOR-PROFIT PRE-KINDERGARTEN  
 22 PROVIDERS.--

23 A. Receipts from the sale of child care assistance  
 24 services by a taxpayer pursuant to a contract or grant with the  
 25 early childhood education and care department to provide such

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1 services through a licensed child care assistance program may  
2 be deducted from gross receipts.

3 B. Receipts of for-profit pre-kindergarten  
4 providers for the sale of pre-kindergarten services pursuant to  
5 the Pre-Kindergarten Act may be deducted from gross receipts.

6 C. A taxpayer allowed a deduction pursuant to this  
7 section shall report the amount of the deduction separately in  
8 a manner required by the department.

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

18 E. As used in this section:

19 (1) "child care assistance" means "child care  
20 assistance" or "early childhood care assistance", as those  
21 terms are defined in the Early Childhood Care Accountability  
22 Act; and

23 (2) "licensed child care assistance program"  
24 means "licensed child care program", "licensed early childhood  
25 care program" or "licensed exempt child care program", as those

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1 terms are defined in the Early Childhood Care Accountability  
2 Act."

3 SECTION 16. REPEAL.--Sections 7-4-11 through 7-4-15 NMSA  
4 1978 (being Laws 1965, Chapter 203, Sections 11 through 15, as  
5 amended) are repealed effective January 1, 2025.

6 SECTION 17. APPLICABILITY.--

7 A. The provisions of Sections 7 and 9 of this act  
8 apply to taxable years beginning on or after January 1, 2024.

9 B. The provisions of Sections 5, 8 and 10 through  
10 12 of this act apply to taxable years beginning on or after  
11 January 1, 2025.

12 SECTION 18. EFFECTIVE DATE.--

13 A. The effective date of the provisions of Sections  
14 1 through 4 and 13 through 15 of this act is July 1, 2024.

15 B. The effective date of the provisions of Sections  
16 5, 8 and 10 through 12 of this act is January 1, 2025.

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