

Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department

January 26, 2026

Bill:
SB-60

Sponsor:
Senator William E. Sharer

Short Title:
Tax Changes

Description:
This bill makes numerous repeals and amendments to many tax acts. It amends the tax brackets for income tax and corporate income tax, reduces the rates for gross receipts tax and compensating tax and other tax programs, repeals various other tax acts, repeals several credits, repeals deductions and exemptions for income tax, corporate income tax, and gross receipts tax, and makes changes to fees within the motor vehicle code.

Key changes included:

- Repeals the Estate Tax Act, Art Acceptance Act, Interstate Telecommunications Gross Receipts Tax Act, Railroad Car Company Tax Act, the Motor Vehicle Excise Tax Act, the Alternative Fuel Tax Act, the County and Municipal Gasoline Tax Act and the Insurance Premium Tax Act.
- Repeals the rural job tax credit, investment credit, laboratory partnership with small business tax credit, technology jobs and research and development tax credit, high-wage jobs tax credit, advanced energy combined reporting tax credit, affordable housing tax credit, and provides sunset dates for other credits that may be applied to income tax and corporate income tax. It also provides a delayed repeal of the film production tax credit.
- Makes various changes to deductions and exemptions pursuant to the income tax act, corporate income and franchise tax act and gross receipts and compensating tax act and provides sunset dates for some deductions and changes some exemptions to deductions.
- Reduces to three the number of personal income tax (PIT) brackets and imposes the maximum 6.0% rate on income over \$40,000 for single filers and \$60,000 for married and head of household.
- Changes tax brackets for corporate income tax (CIT), and reduces tax rates for gross receipts tax (GRT) and compensating tax (CMP), governmental gross receipts tax (GGRT), and leased vehicle gross receipts tax.
- Reduces the capital gains deduction for income tax.
- Enacts a gross receipts tax exemption for donations to nonprofit organizations.
- Imposes additional registration fees for electric and plug-in hybrid electric vehicles.
- Repeals certain gross receipts tax distributions to municipalities.
- Removes authorization for a tax increment development district to dedicate an increment of the state gross receipts tax.
- Removes authorization for the use of a state gross receipts tax increment to fund a metropolitan redevelopment project.

Effective Date, Applicability, and Contingency Language:

Sections 3 through 5 are effective July 1, 2026. Sections 1, 2 and 6 through 106, effective January 1, 2027. Sections 27 through 29 of this act apply to taxable years beginning on or after January 1, 2027.

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Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(\$30,900)	(\$29,500)	(\$29,100)	(\$29,000)	R	Sections 19 & 105- Law Enforcement Protection Fund
--	(\$139,300)	(\$150,000)	(\$161,300)	(\$173,200)	R	Section 19 & 105 - Fire Protection Fund
--	(\$9,100)	(\$8,100)	(\$7,700)	(\$7,500)	R	Section 19 & 105 – Emergency Medical Services Fund
--	(\$10,000)	(\$10,100)	(\$10,500)	(\$10,800)	R	Section 19 - General Fund – Distribution to Funds
--	(\$211,100)	(\$197,000)	(\$193,700)	(\$193,700)	R	Section 20 & 105 – Health Care Affordability Fund
--	(\$4,300)	(\$4,400)	(\$4,600)	(\$4,700)	R	Section 20 – General Fund – Distribution to Fund
--	(\$1,300)	(\$1,400)	(\$1,400)	(\$1,500)	R	Section 21 – Land Grant-Merced Assistance Fund
--	(\$900)	(\$1,000)	(\$1,000)	(\$1,000)	R	Section 21 – General Fund – Distribution to Fund
--	\$2,200	\$2,300	\$2,400	\$2,500	R	Sections 22, 101 & 102 – State Road Fund
--	\$2,100	\$2,100	\$2,200	\$2,300	R	Section 22, 101 & 102 – Transportation Project Fund
--	\$10,100	\$10,400	\$10,800	\$11,200	R	Section 22 – Boat Fund
--	(\$14,400)	(\$14,800)	(\$15,400)	(\$16,000)	R	Section 22 – General Fund –

FY26	FY27	FY28	FY29	FY30	Recurring or Non- Recurring	Fund(s) Affected
						Distribution to Funds
--	--	\$78,600	\$82,400	\$86,000	R	Section 28 – General Fund – PIT Brackets
--	--	\$84,300	\$83,500	\$86,900	R	Section 29 – Capital Gains Deduction
--	--	(\$46,000)	(\$36,000)	(\$38,000)	R	Section 30 – General Fund – CIT Brackets
--	(\$2,013,400)	(\$2,105,700)	(\$2,196,300)	(\$2,286,200)	R	Section 31 – General Fund – 2% GRT rate
--	(\$53,700)	(\$55,500)	(\$57,200)	(\$59,200)	R	Section 33 – General Fund – 2% CMP rate
--	--	--	--	Unknown	R	Section 35 – General Fund
--	--	--	--	Unknown	R	Section 35 – Local Governments
--	--	--	--	Unknown	R	Section 40 – General Fund
--	--	--	--	Unknown	R	Section 40 – Local Governments
--	--	--	--	Unknown	R	Section 41 – General Fund
--	--	--	--	Unknown	R	Section 41 – Local Governments
--	Unknown	Unknown	Unknown	Unknown	R	Section 42 – General Fund
--	Unknown	Unknown	Unknown	Unknown	R	Section 42 – Local Governments
--	Unknown	Unknown	Unknown	Unknown	R	Section 43 – General Fund
--	Unknown	Unknown	Unknown	Unknown	R	Section 43 – Local Governments
--	(Unknown)	(Unknown)	(Unknown)	(Unknown)	R	Section 48 – General Fund – GRT Exemption of Donations to

FY26	FY27	FY28	FY29	FY30	Recurring or Non- Recurring	Fund(s) Affected
						Certain Nonprofits
--	(\$1,200)	(\$1,230)	(\$1,300)	(\$1,330)	R	Section 73 – General Fund – 2% Gaming Tax
--	\$3,300	\$7,800	\$9,000	\$10,200	R	Sections 76 & 81– State Road Fund – Distribution Additional Registration Fee for Electric Vehicles
--	\$3,300	\$7,800	\$9,000	\$10,200	R	Sections 76 & 81 – Transportation Project Fund - Distribution Additional Registration Fee for Electric Vehicles
--	NA	NA	NA	NA	R	Section 86 – General Fund – Repeal Metropolitan Redevelopment Code
--	NA	NA	NA	NA	R	Section 86 – Local Governments – Repeal Metropolitan Redevelopment Code
--	\$7,705	\$7,913	\$8,182	\$8,460	R	Section 87 – General Fund – Repeal Tax Increment for Development Act
--	\$6,559	\$6,736	\$6,966	\$7,202	R	Section 87 – Local Governments – Repeal Tax Increment for

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						Development Act
--	--	\$0	\$0	\$0	R	Section 90 – General Fund – 7-2-18.11; 7-2A-17.1 NMSA 1978
--	--	\$1,100	\$1,100	\$1,100	R	Section 90 – General Fund – 7-2-18.17 NMSA 1978
--	--	\$6,910	\$6,860	\$6,812	R	Section 90 – General Fund – 7-2-18.22 NMSA 1978
--	--	\$180	\$179-	\$178	R	Section 90 – General Fund – 7-2-18.2; 7-2A-8.6 NMSA 1978
--	--	\$620	\$620	\$620	R	Section 91 – General Fund - Rural Job Tax Credit
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-13.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-13.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-13.3 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-13.3 NMSA 1978
--	\$1,551	\$1,588	\$1,631	\$1,687	R	Section 93 General Fund - 7-9-13.4 NMSA 1978
--	\$1,034	\$1,059	\$1,087	\$1,124	R	Section 93 – Local

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						Governments - 7-9-13.4 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-13.5 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-13.5 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-15 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-15 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-19 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-19 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-20 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-20 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-22 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-22 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-22.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-22.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-23 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-23 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-23.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-23.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-24 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-24 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-25 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-25 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-26.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-26.1 NMSA 1978
--	\$10,112	\$10,385	\$10,738	\$11,103	R	Section 93 General Fund - 7-9-29 NMSA 1978
--	\$6,745	\$6,927	\$7,162	\$7,406	R	Section 93 – Local Governments - 7-9-29 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-30 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-30 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-31 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-31 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-38.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-38.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-38.2 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-38.2 NMSA 1978
--	\$14	\$14	\$15	\$15	R	Section 93 General Fund - 7-9-39 NMSA 1978
--	\$10	\$10	\$10	\$10	R	Section 93 – Local Governments - 7-9-39 NMSA 1978
--	\$118	\$121	\$125	\$129	R	Section 93 General Fund - 7-9-40 NMSA 1978
--	\$77	\$79	\$82	\$85	R	Section 93 – Local Governments - 7-9-40 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-41 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-41 NMSA 1978
--	\$98	\$101	\$104	\$108	R	Section 93 General Fund - 7-9-41.4 NMSA 1978
--	\$66	\$67	\$70	\$72	R	Section 93 – Local Governments - 7-9-41.4 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-41.6 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-41.6 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-47 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-47 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-48 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-48 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-49 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-49 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-50 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-50 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-51 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-51 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-52 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-52 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-53 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-53 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-54 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-54 NMSA 1978
--	\$12,194	\$12,524	\$12,949	\$13,390	R	Section 93 General Fund - 7-9-54.1 NMSA 1978
--	\$8,130	\$8,349	\$8,633	\$8,926	R	Section 93 – Local Governments - 7-9-54.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-54.2 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-54.2 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-54.3 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-54.3 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-54.4 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-54.4 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-54.5 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-54.5 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-56.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-56.1 NMSA 1978
--	\$1,607	\$1,651	\$1,707	\$1,765	R	Section 93 General Fund - 7-9-56.2 NMSA 1978
--	\$1,054	\$1,082	\$1,119	\$1,157	R	Section 93 – Local Governments - 7-9-56.2 NMSA 1978
--	\$445	\$457	\$472	\$488	R	Section 93 General Fund - 7-9-56.3 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	\$296	\$304	\$315	\$326	R	Section 93 – Local Governments - 7-9-56.3 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-57 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-57 NMSA 1978
--	\$17,576	\$18,051	\$18,665	\$19,299	R	Section 93 General Fund - 7-9-57.2 NMSA 1978
--	\$11,520	\$11,831	\$12,233	\$12,649	R	Section 93 – Local Governments - 7-9-57.2 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-60 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-60 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-61.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-61.1 NMSA 1978
--	\$2,501	\$2,568	\$2,656	\$2,746	R	Section 93 General Fund - 7-9-61.2 NMSA 1978
--	\$1,639	\$1,683	\$1,741	\$1,800	R	Section 93 – Local Governments -

FY26	FY27	FY28	FY29	FY30	Recurring or Non- Recurring	Fund(s) Affected
						7-9-61.2 NMSA 1978
--	\$4,788	\$4,917	\$5,084	\$5,257	R	Section 93 General Fund - 7-9-62.1 NMSA 1978
--	\$3,192	\$3,279	\$3,390	\$3,505	R	Section 93 – Local Governments - 7-9-62.1 NMSA 1978
--	\$70	\$72	\$74	\$77	R	Section 93 General Fund - 7-9-63 NMSA 1978
--	\$47	\$48	\$49	\$51	R	Section 93 – Local Governments - 7-9-63 NMSA 1978
--	\$78	\$80	\$83	\$86	R	Section 93 General Fund - 7-9-64 NMSA 1978
--	\$51	\$52	\$54	\$56	R	Section 93 – Local Governments - 7-9-64 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-65 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-65 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-66 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-66 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	\$3,456	\$3,549	\$3,670	\$3,795	R	Section 93 General Fund - 7-9-66.1 NMSA 1978
--	\$2,304	\$2,366	\$2,447	\$2,530	R	Section 93 – Local Governments - 7-9-66.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-67 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-67 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-68 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-68 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-69 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-69 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-71 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-71 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-73 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-73 NMSA 1978
--	\$226,387	\$232,499	\$240,404	\$248,578	R	Section 93 General Fund - 7-9-73.1 NMSA 1978
--	\$32,768	\$33,653	\$34,797	\$35,980	R	Section 93 – Local Governments - 7-9-73.1 NMSA 1978
--	\$174,493	\$179,204	\$185,297	\$191,597	R	Section 93 General Fund - 7-9-73.2 NMSA 1978
--	\$116,364	\$119,506	\$123,569	\$127,770	R	Section 93 – Local Governments - 7-9-73.2 NMSA 1978
--	\$10,800	\$11,092	\$11,469	\$11,859	R	Section 93 General Fund - 7-9-73.3 NMSA 1978
--	\$7,200	\$7,394	\$7,646	\$7,906	R	Section 93 – Local Governments - 7-9-73.3 NMSA 1978
--	\$1,334	\$1,370	\$1,417	\$1,465	R	Section 93 General Fund - 7-9-73.4 NMSA 1978
--	\$889	\$913	\$944	\$977	R	Section 93 – Local Governments - 7-9-73.4 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-75 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-75 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-76 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-76 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-76.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-76.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-76.2 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-76.2 NMSA 1978
--	\$60,252	\$61,879	\$63,983	\$66,158	R	Section 93 General Fund - 7-9-77.1 NMSA 1978
--	\$40,168	\$41,253	\$42,655	\$44,106	R	Section 93 – Local Governments - 7-9-77.1 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-78 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-78 NMSA 1978
--	\$1,166	\$1,197	\$1,238	\$1,280	R	Section 93 General Fund - 7-9-83 NMSA 1978
--	\$777	\$798	\$825	\$853	R	Section 93 – Local Governments - 7-9-83 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-84 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-84 NMSA 1978
--	\$127	\$130	\$135	\$140	R	Section 93 General Fund - 7-9-85 NMSA 1978
--	\$85	\$87	\$90	\$93	R	Section 93 – Local Governments - 7-9-85 NMSA 1978
--	\$6,726	\$6,907	\$7,142	\$7,385	R	Section 93 General Fund - 7-9-87 NMSA 1978
--	\$4,408	\$4,527	\$4,681	\$4,840	R	Section 93 – Local Governments - 7-9-87 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-89 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-89 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-91 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-91 NMSA 1978
--	\$353,746	\$363,297	\$375,649	\$388,422	R	Section 93 General Fund - 7-9-92 NMSA 1978
--	\$66,861	\$68,666	\$71,001	\$73,415	R	Section 93 – Local Governments - 7-9-92 NMSA 1978
--	\$78,197	\$80,308	\$83,039	\$85,862	R	Section 93 General Fund - 7-9-93 NMSA 1978
--	\$18,050	\$18,537	\$19,167	\$19,819	R	Section 93 – Local Governments - 7-9-93 NMSA 1978
--	\$289	\$297	\$307	\$317	R	Section 93 General Fund - 7-9-95 NMSA 1978
--	\$185	\$190	\$197	\$203	R	Section 93 – Local Governments - 7-9-95 NMSA 1978
--	\$0	\$0	\$0	\$0	R	Section 93 General Fund - 7-9-98 NMSA 1978
--	\$0	\$0	\$0	\$0	R	Section 93 – Local Governments - 7-9-98 NMSA 1978
--	\$0	\$0	\$0	\$0	R	Section 93 General Fund -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-99 NMSA 1978
--	\$0	\$0	\$0	\$0	R	Section 93 – Local Governments - 7-9-99 NMSA 1978
--	\$0	\$0	\$0	\$0	R	Section 93 General Fund - 7-9-100 NMSA 1978
--	\$0	\$0	\$0	\$0	R	Section 93 – Local Governments - 7-9-100 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-101 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-101 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-102 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-102 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-103 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-103 NMSA 1978
--	\$2,890	\$2,968	\$3,068	\$3,173	R	Section 93 General Fund - 7-9-103.1 NMSA 1978

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	\$1,903	\$1,954	\$2,021	\$2,089	R	Section 93 – Local Governments - 7-9-103.1 NMSA 1978
--	\$10,400	\$10,680	\$11,044	\$11,419	R	Section 93 General Fund - 7-9-103.2 NMSA 1978
--	\$6,847	\$7,032	\$7,271	\$7,519	R	Section 93 – Local Governments - 7-9-103.2 NMSA 1978
--	\$103	\$105	\$109	\$113	R	Section 93 General Fund - 7-9-107 NMSA 1978
--	\$68	\$70	\$72	\$74	R	Section 93 – Local Governments - 7-9-107 NMSA 1978
--	\$1,694	\$1,740	\$1,799	\$1,860	R	Section 93 General Fund - 7-9-108 NMSA 1978
--	\$1,059	\$1,087	\$1,124	\$1,163	R	Section 93 – Local Governments - 7-9-108 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 General Fund - 7-9-109 NMSA 1978
--	Unknown	Unknown	Unknown	Unknown	R	Section 93 – Local Governments - 7-9-109 NMSA 1978
--	\$12,080	\$12,406	\$12,828	\$13,264	R	Section 93 General Fund - 7-9-110.2 NMSA 1978
--	\$8,053	\$8,271	\$8,552	\$8,843	R	Section 93 – Local Governments -

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
						7-9-110.2 NMSA 1978
--	\$191	\$196	\$202	\$209	R	Section 93 General Fund - 7-9-111 NMSA 1978
--	\$127	\$130	\$135	\$140	R	Section 93 – Local Governments - 7-9-111 NMSA 1978
--	\$2,472	\$2,539	\$2,625	\$2,715	R	Section 93 General Fund - 7-9-112 NMSA 1978
--	\$1,646	\$1,691	\$1,748	\$1,808	R	Section 93 – Local Governments - 7-9-112 NMSA 1978
--	--	\$2,613	\$2,698	\$2,786	R	Section 96 – General Fund – Laboratory Partnership with Small Business Credit
--	--	\$12,712	\$13,127	\$13,555	R	Section 97 – General Fund – Technology Jobs and Research and Development Credit
--	--	\$7,950	\$7,900	\$7,850	R	Section 98 – General Fund – High-Wage Jobs Credit
--	--	\$621	\$638	\$655	R	Section 99 – General Fund – Affordable Housing Tax Credit

* In thousands of dollars. Parentheses () indicate a revenue loss.

Methodology for Estimated Revenue Impact:

The fiscal impact for the proposed bill contains many unknowns and thus the table above does not produce a grand total of the impact to the General Fund, local governments or other funds impacted by the bill. There are numerous interactions between sections of the bill that have not been thoroughly modeled to

provide a reliable, comprehensive revenue impact. For example, the combined effect of rate changes and the impact of distributions changes and additions for the different funds to local governments is complex to model.

In addition, several sections of the bill propose delayed repeals of credits, deductions, and distribution changes beyond 2030, which are outside is beyond the outlook in the revenue impact table. A longer-term evaluation would be needed to evaluate the delayed repeals and the full revenue impact over time.

[Sections 19-22, 101, 102 and 105]: The new distributions' fiscal impact was assessed after estimating the revenue flow from GRT to the general fund under the new tax rate and new tax base. The proposed percentages in each section were applied and netted against reduced revenue based on the repeal of tax programs and their associated revenues as forecasted by the Consensus Revenue Estimating Group's (CREG) December 2025 forecast.

[Section 28]: The impact of the proposed changes to the income tax brackets was estimated using tax year 2024 tax return data for New Mexico taxpayers. Using the University of New Mexico's Bureau of Business and Economic Research (BBER) January 2025 forecast, the Taxation and Revenue Department (Tax & Rev) indexed the data to tax year 2026 and then grew the estimate annually by BBER's New Mexico's wage and salary growth. The fiscal impact is independent of proposed repeals of PIT credits, listed separately above where possible.

[Section 29]: Using tax return data for New Mexico taxpayers claiming the capital gains deduction, Tax & Rev estimated a of the impact of decreasing the capital gains deduction to a maximum amount per taxpayer of \$2,500 using tax years 2023 and 2024. For tax year 2028, the effective tax year for this change, the average capital deduction impact is grown by Standard & Poor's December 2025 S&P 500 stock index forecast.

[Section 30] Tax & Rev estimated the fiscal impact of the proposed corporate income tax (CIT) rate schedule by applying the bill's rates to historical New Mexico CIT returns and comparing the resulting liabilities to realized CIT collections.

Using tax-year return data for TY2021–TY2025, Tax & Rev computed (1) simulated CIT liability under current law and (2) simulated CIT liability under the bill for each return, then aggregate to an annual total for each tax year. Tax & Rev then compared the simulated totals under the bill to realized CIT collections (GenTax) for the same year and calculate the percent difference for each year. The percent differences are averaged across the historical years to obtain an estimated proportional impact, which is applied to the CREG December 2025 CIT revenue forecast to estimate the projected revenue change under the bill.

[Section 31]: Using the December 2025 CREG forecast for GRT to the General Fund, the revenue loss was estimated employing the proposed GRT rate of 2%.

[Section 33]: Using the December 2025 CREG forecast for compensating tax (CMP) to the General Fund, the revenue loss was estimated employing the proposed CMP rate of 2%.

[Section 73]: Tax & Rev used the December 2025 CREG forecast for gaming excise tax revenue to determine the impact of the changes in the bill. Tax & Rev isolated the portion of gaming tax which would be subject to 2% of the gross receipts which covers manufacturer licenses and estimates this is about 2.5% of total gaming tax. Tax & Rev grew the impact by the CREG's growth rate for Gaming in the December 2025 forecast.

[Section 76]: Based on the Department of Transportation’s January 2026 forecast for electric vehicles and plug-in hybrids, Tax & Rev estimated the increase in revenue from the proposed annual fees of \$650 for electric and \$325 for plug-in hybrid.

[Sections 87, 90, 91, 94-95, 96-99]: These sections repeal several PIT, CIT, GRT and CMP exemptions, deductions, distributions, and credits. Tax & Rev used the estimations reported in the 2025 Tax Expenditure Report to calculate the revenue gain from these repeals. Tax & Rev grew those revenue gains using the December 2025 CREG forecast for PIT, CIT, and GRT growth.

Policy Issues:

The bill proposes a complete overhaul for Gross Receipts and Personal and Corporate Income Taxes, which provide over 60% of General Fund revenue. The bill's purpose appears to be a redistribution of the contributions of these three main components without substantially reducing revenue to the General Fund. For example, although the GRT contributions to the general fund are expected to decline due to the drop in the GRT rate, the repeal of various tax incentives in the form of business credits, exemptions, and deductions seeks to compensate for this revenue loss. However, it is difficult to know whether the losses are fully compensated due to the number of assumptions that must be made when evaluating the fiscal impact of each section. In cases like this, where the bill attempts to reform different tax programs simultaneously, Tax & Rev supports an implementation in stages to observe and assess how taxpayers and the economy respond to each reform, one at a time. Additionally, the amount of preparation and education needed to prepare Tax & Rev and the public would require the implementation date to be pushed out beyond January 1, 2027, which is the effective date for this legislation.

In general, this bill supports efficiency, simplicity, and equity principles of tax policy. By repealing most of the deductions and exemptions, administering and filing may be easier for Tax & Rev and taxpayers. In addition, without deductions, exemptions and special taxes, almost all activities will be taxed and treated the same way, reducing market distortions and aligning the tax code with the general presumption that all receipts of a person engaged in business in New Mexico are subject to GRT without exemption of categories of sales.

The bill repeals several structural credits that aid in supporting and incentivizing specific industries and social policy initiatives in the state. For example, the rural job tax credit that supports job development in rural areas that struggle to incentivize economic growth. There are consequences to repealing long-standing tax incentives because the credits have been relied upon for economic and business planning.

The changes to the GRT and repealing of certain local government distributions will result in major changes to revenue streams for local governments. As with the impact to the state General Fund, local governments need time to assess the potential changes to revenue to assess budget outlays and planning. An implementation date of January 1, 2027, would place an enormous burden on local governments as well. Tax & Rev, taxpayers, and local governments need a longer timeline to implement and understand the implications of the significant changes to the GRT tax base.

There are positive dynamic fiscal effects associated with lowering the tax rate that have not been contemplated here. Lower tax rates might induce a rise in aggregate demand with positive spillover effects on employment, wages, business activity, and, ultimately, tax collections.

While an estimate of the total revenue impact is not calculated above, on whole the bill appears to reduce a significant portion of revenue to the state General Fund and to local governments. Such a tremendous shift in revenue will have negative impacts to spending by all levels of governments. These significant changes

to revenue and to spending could have negative dynamic fiscal impacts in the economy at the local and state levels.

[Section 28] Personal income tax (PIT) represents a consistent source of revenue for many states. For New Mexico, PIT is approximately 16% of the state’s recurring general fund revenue. While this revenue source is susceptible to economic downturns, it is also positively responsive to economic expansions. New Mexico is one of 41 states, along with the District of Columbia, that impose a broad-based PIT (New Hampshire and Washington do not tax wage and salary income). Like several states, New Mexico computes its income tax based on the federal definition of adjusted gross income (AGI) and ties to other states in the federal tax code. This is referred to as “conformity” to the federal tax code. The PIT is an important tax policy tool that has the potential to further both horizontal equity, by ensuring the same statutes apply to all taxpayers, and vertical equity, by ensuring the tax burden is based on taxpayers’ ability to pay.

PIT brackets were changed significantly in 2005,. In 2019, an legislation added an additional 5.9% income bracket to each filing status, effective from tax year 2021. Finally, In 2024, HB252 amended the PIT brackets again to lower all tax rates and expanded the 5 brackets into 6 brackets, effective from tax year 2025 forward. These changes to the tax brackets increased progressivity in the PIT structure, meaning that as income increases, higher-income taxpayers are taxed at a higher rate to match their ability to pay. See table 1.

Table 1					
Current Tax Bracket	Taxable Income Range	Rate	Proposed Tax Bracket	Taxable Income Range	Rate
Married Filing Separate					
1	Not over \$4,000	1.5%	1	Not over \$10,000	2.0%
2	\$4,000 -- not over \$12,500	3.2%	2	\$10,000 -- not over \$30,000	4.0%
3	\$12,500-- not over \$25,000	4.3%	3	Over \$30,000	6.0%
4	\$25,000 -- not over \$50,000	4.7%			
5	\$50,000 -- not over \$157,500	4.9%			
6	Over \$157,500	5.9%			
Married Filing Joint, Heads of Household					
1	Not over \$8,000	1.5%	1	Not over \$20,000	2.0%
2	\$8,000 -- not over \$25,000	3.2%	2	\$20,000 -- not over \$60,000	4.0%
3	\$25,000 -- not over \$50,000	4.3%	3	Over \$60,000	6.0%
4	\$50,000 -- not over \$100,000	4.7%			
5	\$100,000 -- not over \$315,000	4.9%			
6	Over \$315,000	5.9%			
Single					
1	Not over \$5,500	1.5%	1	Not over \$13,500	2.0%
2	\$5,500 -- not over \$16,500	3.2%	2	\$13,500 -- not over \$40,000	4.0%
3	\$16,500 -- not over \$33,500	4.3%	3	Over \$40,000	6.0%
4	\$33,500 -- not over \$66,500	4.7%			
5	\$66,500 -- not over \$210,000	4.9%			

6	Over \$210,000	5.9%
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Taxpayers in the lowest tax bracket income range would see an increase in their tax rate from 1.5% to 2.0% while those in the top bracket also would see a small increase in their tax rate, from 5.9% to 6.0%. This proposal collapses the 6 current brackets into 3 tax brackets, and creates more of a flat, proportional tax for taxpayers. The aggregate effect of the proposal increases tax liability (see Table 2), but not for all tax brackets.

Current Tax Bracket	Proposed Tax Bracket	Estimated No. of Taxpayers	Estimated Fiscal Impact for FY2028 (\$ thousand)	Average Tax Relief Per Taxpayer
1	1	398,510	\$1,200	\$3.01
2	1	93,623	(\$2,600)	(\$27.77)
2	2	34,841	(\$2,600)	(\$74.62)
3	2	165,884	(\$14,600)	(\$88.01)
4	2	104,399	(\$19,300)	(\$184.87)
4	3	79,580	(\$10,600)	(\$133.20)
5	3	81,859	\$67,800	\$828.25
6	3	50,338	\$59,300	\$1,178.04

The table above shows that taxpayers in the current bracket 4 see the most individual benefit at a tax decrease of up to \$184.87 per taxpayer. Tax brackets 1, 5, and 6 will see an increase in their liability with a greater percentage effect on brackets 5 and 6 than bracket 1. For example, a married couple with an income of \$8,000 currently pays 1.5%, for a tax liability of \$120 annually. This proposal would increase tax due to \$160, an increase of \$40 or 33%. Conversely, a wealthier couple with an income of \$400,000 would currently owe \$19,639, versus \$22,400 under this proposal. The higher-income couple owes \$2,761 more, representing an increase of 14%. This change decreases the progressivity of PIT, progressivity being where higher-earning taxpayers pay a larger share of their income in tax compared to lower-earning taxpayers reducing vertical equity. Horizontal equity would also fall since tax brackets 2 through 4 would lower their tax burden while the tax burden would rise for taxpayers in tax brackets 1 and 5 and 6.

The proposed bracket changes maintain the so-called “marriage penalty”. As defined by the Tax Foundation, a marriage penalty exists when a state’s income brackets for married taxpayers filing jointly are less than double the bracket widths for single filers. As of tax year 2025, New Mexico is one of 15 states which has a “marriage penalty” built into its income tax brackets.

[Section 29]: While any taxpayer may apply for the capital gains deduction, most of the financial benefit is realized by high wealth individuals who have passive income derived from investments. The proposed changes to the capital gains deduction will increase the amount of income for high wealth individuals that is subject to New Mexico PIT. First enacted in 1999 and expanded in 2003, this deduction is meant to encourage taxpayers to put their income to productive use through investing, and to appeal to individuals earning investment income to invest it in New Mexico. The deduction has since been narrowed. The proposed changes may lessen these incentives, to the extent the deduction is currently effective (Tax & Rev

cannot assess the effectiveness of the current deduction). Conversely the state will see an increase in PIT revenue as investment income performs well and more is subject to PIT.

[Section 30]: The range impact of the proposed changes to the corporate income tax brackets was modeled using tax years 2018 through 2020 tax return data for New Mexico corporate taxpayers. The fiscal impact on corporate income tax stretch across numerous fiscal years as corporate taxpayers file extensions and amend returns more readily than PIT filers. This routinely challenges the forecast of CIT for the Consensus Revenue Estimating Group (CREG) but all state revenue estimators note this challenge. The range impact demonstrates the uncertainty of how the bracket changes will impact revenue. The fiscal impact is independent of proposed repeals of CIT credits, listed separately above where possible. The repeal of CIT credits, in particular the film credit, will interact with the future forecast of CIT revenue as film production companies may move activities out of state without the film credit incentive, reducing the CIT tax base.

[Sections 31, 33]: The effects of setting a GRT 2% rate are uncertain. It is unknown whether the rate reduction is an optimal, revenue-maximizing tax rate (in tandem with all the repeals) or intended to stimulate production. The response of New Mexico's economy to this rate will depend on the interplay between tax pyramiding, household consumption, the wage rate, and labor demand adjustments following its imposition. Although in principle a reduction in the tax rate theoretically stimulates overall economic activity, a reduction in the rate, coupled with the repeals, might increase tax pyramiding, raising the effective tax rate and offsetting the positive effects of a lower rate.

[Section 73]: Maintaining a lower rate on gaming manufacturing licensees taxpayers will permanently lower recurring revenue to the General Fund. In FY2025, Gaming Excise Tax was 0.5% of recurring General Fund revenue.

Technical Issues:

The various changes, repeals to different tax acts, and tax credits proposed will interfere with tax credits with existing carryforwards that can extend for up to 20 years. Staff dedicated to business credit updates will be used where resources are needed for other tax programs. The implementation of this bill will require major changes to GenTax, the Tax & Rev tax system of record.

Implementation would be a considerable task for Tax & Rev, tax practitioners, and the public to learn how all the new provisions of the tax code interact with each other. The time needed to prepare the department and the public will require the implementation dates under Section 109 to be postponed to July 1, 2027 for subsection A.

[Section 28] Page 90, Line 12 - provides for income tax rates that would be available for taxpayers after January 1, 2025. The 2025 tax year has already been closed for form and instruction changes. If effective for the 2025 tax year, this bill would be difficult to implement and difficult for taxpayers. Based on the complexity of this bill and its implementation, we suggest the effective date on line 15 be changed from January 1, 2025, to January 1, 2027.

[Section 30] Page 92 line 23 – provides for new corporate income tax rates that would be available for taxpayers after January 1, 2025. The 2025 tax year has already been closed for form and instruction changes. If effective for the 2025 tax year, this bill would be difficult to implement and difficult for taxpayers. Based on the complexity of this bill and its implementation, we suggest the effective date on line 15 be changed from January 1, 2025, to January 1, 2027.

[Section 31 through 33] The state rate change to gross receipts tax would be preferred to be effective on July 1. Tax & Rev suggests changing the effective date for these three sections to July 1, 2027, better aligning with the fiscal year.

[Section 34 through 48] Tax & Rev suggests an effective date of July 1, 2027. This will better align with the frequency of the gross receipts tax filing kit that is released once each year.

Other Issues:

This bill repeals and makes changes to various tax programs including tax rate updates and requirements to deduction reporting. Making changes to the system, publications, regulations will require many resources for testing and project implementation. Given the resources that have been allocated for various tax changes in the last five years, the workload has increased due to FTE time spent on project implementation and incorporating the changes to various tax programs. Since inventories still exist, additional resources will be needed to implement the changes and continue to address the backlogs.

[Section 53] Pages 128 – Lines 4-6 & Section 100 – Page 207 – Lines 19-21 – The update to the Property Tax Act and removal of the Railroad Car Company Tax (RCCT) Act will revert taxation and reporting of railcars from the Account Resolution Services Bureau (ARSB) back to the Property Tax Division. Currently, railcar owners can elect to file/pay for the RCCT program in lieu of property taxes.

[Section 73] Pages 179-180 – Lines 19-25 & 1 -- The removal of the wording “of every other gaming operator licensee” creates ambiguity in the application of the rate. This originally meant that it applied on racetrack operators since the only other licensee owners are non-profit organizations. The revised wording with the definition of “Net Take” under NMSA 60-2E-2(FF) broadly covers the net amount received by a gaming operator from patrons playing games (under the gaming control act).

[Section 101] It is unclear if motor vehicle excise tax would be applied to a vehicle purchased prior to January 1, 2027, but subsequently titled after this implementation date. Tax & Rev suggests providing clarity in the law.

Administrative & Compliance Impact:

Tax & Rev will make extensive information system changes and update nearly all its forms and publications, as well as many regulations. These changes will be too great to incorporate into annual tax year implementation and represent additional workload and contractual costs for the Information Technology Division (ITD) and Motor Vehicle Division (MVD).

Tax & Rev will need to do an immense amount of outreach for awareness to inform the public of these changes and their obligations. For example, just changing certain GRT exemptions to deductions will cause taxpayers that don't currently register to register and file returns to obtain the deductions.

Policy and administrative process decisions will be made on phasing out prior documents and processes. A phased-in-depth approach by tax program would be suggested. This will allow time for Tax & Rev to make changes and provide taxpayer education. It would also allow taxpayers to make the necessary changes for their business and personal filings.

Tax & Rev's Administrative Services Division (ASD) anticipates this bill will take approximately 660 hours to test the new distribution sections, cease current distributions and complete business-user testing and end-to-end testing. This will involve the work of 2 FTEs at a pay-band 8 and pay-band 10. The pay-band 8 hours are estimated at time and ½ for extra hours worked. An additional 50 hours of ASD staff workload costs will be needed to test all new processes and revenue reports for distributions under Tapestry, the system of record for MVD.

Tax & Rev’s ITD estimates that due to the nature and complexity of the effort required to implement the proposed changes in this bill, its implementation will have an overall extreme impact on ITD, approximately \$996,442 total cost (\$930,000 of contractual resources and \$66,442 of staff workload costs). The time estimated to implement the changes is approximately 19 months. Finally, the implementation of this bill will have a high impact on the ITD’s Driver and Vehicles Services systems for the Motor Vehicle Division (MVD) and changes to the motor vehicle code.

This bill will have a significant impact on Tax & Rev’s Audit and Compliance Division (ACD) as a whole. Changes to the GRT are significant. For the taxpayer, the rate changes and deduction changes would be vast. Internally, adding sunset clauses to dozens of deductions and ultimately repealing or delay repealing will require Tax and Rev to keep track of each deduction type and amounts under PIT, CIT and GRT. These changes will need to be made annually through the end of the sunseting of the deductions. The repeal of many credits such as investment, laboratory partnerships with small businesses, technology jobs, R&D, high wage, and affordable housing will have a significant impact to ACD operations. Currently nine FTE are assigned to this work for the credits, and could be reassigned to other revenue generating activities with these credits repealed.

[Section 89] Pages 202-203 – Lines 23-25 & 1-4 – The repeal of the Estate Tax Act will simplify administration. The federal government changed the tax form years ago and the referenced credit expired. New Mexico tax code did not decouple from the federal government. Therefore, the estate tax for New Mexico is no longer calculated. Zero returns are required to be filed.

Tax & Rev’s Revenue Processing Division will incur staff workload costs to test and review the changes to the numerous tax programs.

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
--	\$47.4	--	\$47.4	NR	ASD – Staff Workload
--	\$930	--	\$930	NR	ITD – Contractual Costs
--	\$66.4	--	\$66.4	NR	ITD – Staff workload

* In thousands of dollars. Parentheses () indicate a revenue loss.

Related Bills:

Very similar to SB-559 (2025 Session), SB-105 (2024 Session)