

LFC Requester:	
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**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/9/26 *Check all that apply:*  
**Bill Number:** SB 151 Original  Correction   
 Amendment  Substitute

<b>Sponsor:</b> <u>Wirth, Parajon, Berghmans, Figueroa</u>	<b>Agency Name and Code</b> <u>995 NMC</u>
<b>Short Title:</b> <u>CORPORATE INCOME TAX CHANGES</u>	<b>Number:</b> _____
	<b>Person Writing</b> <u>Hannah Kase Woods</u>
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

## SECTION III: NARRATIVE

### **BILL SUMMARY**

Synopsis:

### **FISCAL IMPLICATIONS**

Counties are on the front lines of delivering essential public services, including public safety, detention, infrastructure, and indigent health care. Sustainable and equitable revenue systems are critical to ensuring these services continue without interruption and legislative proposals to add exemptions, deductions, or credits directly affect a county's ability to provide these critical services.

SB 151 creates new gross receipts tax deductions that reduce the taxable base relied upon by counties and municipalities. Specifically, the bill affects two areas of county revenue streams, the affordable housing development (construction materials and labor) deduction with a sunset of July 1, 2033 and the in-office equipment and in-office medication deduction for health care practitioners.

Section 5 of SB151 does not include a "hold harmless provision" for the affordable housing GRT reduction. Anticipated loss as originally reported in the fiscal analysis for SB92 identified a revenue reduction of approximately \$4.5 million per year for local governments based upon existing use, but an increase in use of the deduction could significantly raise this amount. If a "hold harmless" provision is not provided, a cap of \$5 million annually over the 3-year period would provide some assurances that this amount does not grow exponentially if there is an increased use of this deduction.

The bill does include a "hold harmless" provision for county governments for Section 8, the GRT deduction for the health care practitioner equipment and medication. "Hold Harmless" provisions have historically been repealed as the reality of the fiscal impacts become evident. This example has been clearly demonstrated by HB625 (2004) repealing the GRT on food and health care practitioner services estimated at a \$31.4 million loss for local governments. As the county and municipal fiscal impacts increased to over \$130 million, HB641 (2013) began a fifteen-year phase out of the hold harmless payments to local governments beginning in 2016.

It is important to note that county governments are highly reliant on both gross receipts taxes (GRT) and property taxes as their primary revenue sources. Depending on the specific county, this percentage of reliance can fluctuate dramatically statewide creating inequities in how deductions affect each individual county. Fiscal analysis to include an anticipated loss by county and municipality would identify anomalies when a broad tax policy change affects urban and rural communities in dramatically different ways.

### **ESTIMATED PERCENTAGE OF RELIANCE ON GRT & PROPERTY TAXES**

<b>COUNTY</b>	<b>% GRT</b>	<b>% Property</b>
<b>Bernalillo County</b>	66%	34%
<b>Catron County</b>	40%	60%
<b>Chaves County</b>	65%	35%
<b>Cibola County</b>	65%	35%
<b>Colfax County</b>	30%	70%
<b>Curry County</b>	56%	44%
<b>De Baca County</b>	30%	70%

Dona Ana County	58%	42%
Eddy County	77%	23%
Grant County	64%	36%
Guadalupe County	41%	59%
Harding County	36%	64%
Hidalgo County	40%	60%
Lea County	60%	40%
Lincoln County	32%	68%
Los Alamos County	93%	7%
Luna County	58%	42%
McKinley County	75%	25%
Mora County	64%	36%
Otero County	60%	40%
Quay County	63%	37%
Rio Arriba County	61%	39%
Roosevelt County	48%	52%
San Juan County	69%	31%
San Miguel County	60%	40%
Sandoval County	45%	55%
Santa Fe County	62%	38%
Sierra County	56%	44%
Socorro County	54%	46%
Taos County	64%	36%
Torrance County	61%	39%
Union County	38%	62%
Valencia County	62%	38%

Source: TRD Monthly Local Govt. Distribution Reports (RP-500) & DFA Property Tax Revenue

County GRT revenues are extremely volatile, with many counties only now returning to pre-pandemic levels. In any given year, a natural disaster, significant industry change, contract with a major employer, or legislative exemption can significantly impact a county's budget. The chart below demonstrates the inconsistencies from one county to another with GRT changes ranging from a reduction of -40% to an increase of 50% depending on the specific county.

#### COUNTY GRT FY 24 – FY 25 AND PERCENTAGE FLUNCTUATION

COUNTY	2023-2024	2024-2025	% OF CHANGE
Bernalillo County	\$311,433,967.89	\$324,928,052.96	4%
Catron County	\$1,266,479.35	\$1,081,504.80	-15%
Chaves County	\$20,184,589.74	\$20,638,015.79	2%
Cibola County	\$6,958,199.63	\$7,964,858.55	14%
Colfax County	\$2,836,997.25	\$3,191,339.77	12%
Curry County	\$14,074,996.65	\$13,842,703.23	-2%
De Baca County	\$725,747.11	\$437,005.49	-40%
Dona Ana County	\$75,093,080.61	\$80,428,544.55	7%
Eddy County	\$102,023,642.42	\$110,665,583.90	8%
Grant County	\$10,422,932.16	\$10,985,811.65	5%
Guadalupe	\$2,309,096.37	\$1,580,581.14	-32%
Harding County	\$367,836.44	\$356,730.48	-3%
Hidalgo County	\$1,150,527.14	\$1,530,857.96	33%
Lea County	\$48,275,303.84	\$49,656,015.01	3%
Lincoln County	\$3,245,920.72	\$4,586,109.67	41%
Los Alamos	\$102,020,036.10	\$80,447,933.21	-21%

<b>County</b>			
<b>Luna County</b>	\$9,189,779.29	\$10,662,691.30	16%
<b>McKinley County</b>	\$21,646,794.94	\$21,940,043.60	1%
<b>Mora County</b>	\$2,453,741.22	\$2,900,483.47	18%
<b>Otero County</b>	\$15,815,256.71	\$18,920,825.26	20%
<b>Quay County</b>	\$3,700,470.44	\$4,338,288.35	17%
<b>Rio Arriba County</b>	\$12,025,333.11	\$12,775,339.54	6%
<b>Roosevelt County</b>	\$6,232,597.65	\$6,852,940.17	10%
<b>San Juan County</b>	\$52,967,585.19	\$59,108,909.18	12%
<b>San Miguel County</b>	\$7,363,373.68	\$8,377,347.91	14%
<b>Sandoval County</b>	\$32,121,774.61	\$28,931,720.14	-10%
<b>Santa Fe County</b>	\$101,773,041.62	\$106,016,330.13	4%
<b>Sierra County</b>	\$5,293,608.06	\$5,352,848.16	1%
<b>Socorro County</b>	\$4,186,809.44	\$4,632,001.90	11%
<b>Taos County</b>	\$20,333,385.37	\$26,233,177.31	29%
<b>Torrance County</b>	\$6,602,975.40	\$9,936,446.08	50%
<b>Union County</b>	\$1,429,472.96	\$1,270,960.60	-11%
<b>Valencia County</b>	\$28,637,431.31	\$29,420,899.28	3%

Source: TRD Monthly Local Govt. Distribution Reports (RP-500)

**SIGNIFICANT ISSUES**

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**