

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE TAX, BUSINESS AND TRANSPORTATION
COMMITTEE SUBSTITUTE FOR
SENATE BILL 151

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

AN ACT

RELATING TO TAXATION; DECOUPLING FROM CERTAIN PROVISIONS OF
FEDERAL LAW RELATING TO CORPORATE INCOME TAX BY AMENDING THE
DEFINITION OF "BASE INCOME" IN THE CORPORATE INCOME AND
FRANCHISE TAX ACT TO CONFORM TO THE FEDERAL INCLUSION OF
CERTAIN INCOME OF CONTROLLED FOREIGN CORPORATIONS AND
SUBTRACTING AMOUNTS DEDUCTED FOR BONUS DEPRECIATION AND
INTEREST EXPENSES; PROVIDING THAT APPORTIONMENT RULES APPLY TO
ATTRIBUTED INCOME FROM A CONTROLLED FOREIGN CORPORATION;
CREATING THE LOCAL JOURNALIST EMPLOYMENT INCOME TAX CREDIT AND
THE LOCAL JOURNALIST EMPLOYMENT CORPORATE INCOME TAX CREDIT;
CREATING A GROSS RECEIPTS TAX DEDUCTION FOR THE SALE OF
CONSTRUCTION MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF
AFFORDABLE HOUSING; CREATING THE PHYSICIAN TAX CREDIT PURSUANT
TO THE INCOME TAX ACT; PROVIDING A GROSS RECEIPTS TAX DEDUCTION
FOR THE SALE OF CERTAIN EQUIPMENT AND MEDICATION DISPENSED BY A

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1 HEALTH CARE PRACTITIONER IN A PRACTICE SETTING; CREATING THE
2 LOCAL NEWS PRINTER INCOME TAX CREDIT AND THE LOCAL NEWS PRINTER
3 CORPORATE INCOME TAX CREDIT.

4
5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

6 SECTION 1. Section 7-2A-2 NMSA 1978 (being Laws 1986,
7 Chapter 20, Section 33, as amended) is amended to read:

8 "7-2A-2. DEFINITIONS.--For the purpose of the Corporate
9 Income and Franchise Tax Act and unless the context requires
10 otherwise:

11 A. "bank" means any national bank, national banking
12 association, state bank or bank holding company;

13 B. "apportioned net income" or "apportioned net
14 loss" means net income allocated and apportioned to New Mexico
15 pursuant to the provisions of the Corporate Income and
16 Franchise Tax Act or the Uniform Division of Income for Tax
17 Purposes Act, but excluding from the sales factor any sales
18 that represent intercompany transactions between members of the
19 filing group;

20 C. "base income" means the federal taxable income
21 or the federal net operating loss of a corporation for the
22 taxable year calculated pursuant to the Internal Revenue Code,
23 after special deductions provided in Sections 241 through 249
24 of the Internal Revenue Code but without any deduction for net
25 operating losses, as if the corporation filed a federal tax

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1 return as a separate domestic entity, modified as follows:

2 (1) adding to that income:

3 (a) interest received on a state or
4 local bond exempt under the Internal Revenue Code;

5 (b) the amount of any deduction claimed
6 in calculating taxable income for all expenses and costs
7 directly or indirectly paid, accrued or incurred to a captive
8 real estate investment trust;

9 (c) the amount of any deduction, other
10 than for premiums, for amounts paid directly or indirectly to a
11 commonly controlled entity that is exempt from corporate income
12 tax pursuant to Section 7-2A-4 NMSA 1978; [~~and~~]

13 (d) for taxable years beginning on or
14 after January 1, 2023, an amount equal to the amount of credit
15 claimed and allowed for that year pursuant to Section 7-3A-10
16 NMSA 1978 with respect to the distributed net income of a pass-
17 through entity;

18 (e) the amount of any deduction taken
19 pursuant to Sections 168(k) and 168(n) of the Internal Revenue
20 Code in excess of the deduction amount that would have been
21 allowed by Sections 168(a) through 168(j) of the Internal
22 Revenue Code; and

23 (f) the amount of additional interest
24 deducted as a result of the changes to Subparagraph (A) of
25 Section 163(j)(8) of the Internal Revenue Code made by Section

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1 70303 of Public Law 119-21; provided that such interest shall
2 be eligible for the carryforward provisions of Section
3 163(j)(2) of the Internal Revenue Code;

4 (2) subtracting from that income:

5 (a) income from obligations of the
6 United States net of expenses incurred to earn that income; and

7 (b) other amounts that the state is
8 prohibited from taxing because of the laws or constitution of
9 this state or the United States net of any related expenses;

10 [~~and~~

11 ~~(c) an amount equal to one hundred~~
12 ~~percent of the income of the corporation under Section 951A of~~
13 ~~the Internal Revenue Code, less the amount deducted pursuant to~~
14 ~~Section 250 of the Internal Revenue Code;]~~

15 (3) making other adjustments deemed necessary
16 to properly reflect income of the unitary group, including
17 attribution of income or expense related to unitary assets held
18 by related corporations that are not part of the filing group;
19 and

20 (4) for a taxpayer that conducts a lawful
21 business pursuant to the laws of this state, excludes an amount
22 equal to any expenditure that is eligible to be claimed as a
23 federal income tax deduction but is disallowed pursuant to
24 Section 280E of the Internal Revenue Code, as that section may
25 be amended or renumbered;

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1 D. "captive real estate investment trust" means a
2 corporation, trust or association taxed as a real estate
3 investment trust pursuant to Section 857 of the Internal
4 Revenue Code, the shares or beneficial interests of which are
5 not regularly traded on an established securities market;
6 provided that more than fifty percent of any class of
7 beneficial interests or shares of the real estate investment
8 trust are owned directly, indirectly or constructively by the
9 taxpayer during all or a part of the taxpayer's taxable year;

10 E. "common ownership" means the direct or indirect
11 control or ownership of more than fifty percent of the
12 outstanding voting stock, ownership of which is determined
13 pursuant to Section 1563 of the Internal Revenue Code, as that
14 section may be amended or renumbered, of:

15 (1) a parent-subsidiary controlled group as
16 defined in Section 1563 of the Internal Revenue Code, except
17 that fifty percent shall be substituted for eighty percent;

18 (2) a brother-sister controlled group as
19 defined in Section 1563 of the Internal Revenue Code; or

20 (3) three or more corporations each of which
21 is a member of a group of corporations described in Paragraph
22 (1) or (2) of this subsection, and one of which is:

23 (a) a common parent corporation included
24 in a group of corporations described in Paragraph (1) of this
25 subsection; and

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1 (b) included in a group of corporations
2 described in Paragraph (2) of this subsection;

3 F. "consolidated group" means the group of entities
4 properly filing a federal consolidated return under the
5 Internal Revenue Code for the taxable year;

6 G. "corporation" means corporations, joint stock
7 companies, real estate trusts organized and operated under the
8 Real Estate Trust Act, financial corporations and banks, other
9 business associations and, for corporate income tax purposes,
10 partnerships and limited liability companies taxed as
11 corporations under the Internal Revenue Code;

12 H. "department" means the taxation and revenue
13 department, the secretary of taxation and revenue or any
14 employee of the department exercising authority lawfully
15 delegated to that employee by the secretary;

16 I. "filing group" means a group of corporations
17 properly included in a return pursuant to Section 7-2A-8.3 NMSA
18 1978 for a particular taxable year;

19 J. "fiscal year" means any accounting period of
20 twelve months ending on the last day of any month other than
21 December;

22 K. "grandfathered net operating loss carryover"
23 means:

24 (1) the amount of net loss properly reported
25 to New Mexico for taxable years beginning January 1, 2013 and

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1 prior to January 1, 2020 as part of a timely filed original
2 return, or an amended return for those taxable years filed
3 prior to January 1, 2020, to the extent such loss can be
4 attributed to one or more corporations that are properly
5 included in the taxpayer's return for the first taxable year
6 beginning on or after January 1, 2020;

7 (2) reduced by:

8 (a) adding back deductions that were
9 taken by the corporation or corporations for royalties or
10 interest paid to one or more related corporations, but only to
11 the extent that such adjustment would not create a net loss for
12 such related corporations; and

13 (b) the amount of net operating loss
14 deductions taken prior to January 1, 2020 that would be charged
15 against those losses consistent with the Internal Revenue Code
16 and provisions of the Corporate Income and Franchise Tax Act
17 applicable to the year of the deduction; and

18 (3) apportioned to New Mexico using the
19 apportionment factors that can properly be attributed to the
20 corporation or corporations for the year of the net loss;

21 L. "Internal Revenue Code" means the United States
22 Internal Revenue Code of 1986, as amended;

23 M. "net income" means:

24 (1) the base income of a corporation properly
25 filing a tax return as a separate entity; or

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1 (2) the combined base income and losses of
2 corporations that are part of a filing group that is computed
3 after eliminating intercompany income and expense in a manner
4 consistent with the consolidated filing requirements of the
5 Internal Revenue Code and the Corporate Income and Franchise
6 Tax Act;

7 N. "net operating loss carryover" means the
8 apportioned net loss properly reported on an original or
9 amended tax return for taxable years beginning on or after
10 January 1, 2020 by the taxpayer:

11 (1) plus:

12 (a) the portion of an apportioned net
13 loss properly reported to New Mexico for a taxable year
14 beginning on or after January 1, 2020, on a separate year
15 return, to the extent the taxpayer would have been entitled to
16 include the portion of such apportioned net loss in the
17 taxpayer's consolidated net operating loss carryforward under
18 the Internal Revenue Code if the taxpayer filed a consolidated
19 federal return; and

20 (b) the taxpayer's grandfathered net
21 operating loss carryover; and

22 (2) minus:

23 (a) the amount of the net operating loss
24 carryover attributed to an entity that has left the filing
25 group, computed in a manner consistent with the consolidated

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1 filing requirements of the Internal Revenue Code and applicable
2 regulations, as if the taxpayer were filing a consolidated
3 return; and

4 (b) the amount of net operating loss
5 deductions properly taken by the taxpayer;

6 O. "net operating loss deduction" means the portion
7 of the net operating loss carryover that may be deducted from
8 the taxpayer's apportioned net income under the Internal
9 Revenue Code as of January 1, 2018 for the taxable year in
10 which the deduction is taken, including the eighty percent
11 limitation of Section 172(a) of the Internal Revenue Code as of
12 January 1, 2018 calculated on the basis of the taxpayer's
13 apportioned net income;

14 P. "person" means any individual, estate, trust,
15 receiver, cooperative association, club, corporation, company,
16 firm, partnership, limited liability company, joint venture,
17 syndicate or other association; "person" also means, to the
18 extent permitted by law, any federal, state or other
19 governmental unit or subdivision or agency, department or
20 instrumentality thereof;

21 Q. "real estate investment trust" has the meaning
22 ascribed to the term in Section 856 of the Internal Revenue
23 Code, as that section may be amended or renumbered;

24 R. "related corporation" means a corporation that
25 is under common ownership with one or more corporations but

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1 that is not included in the same tax return;

2 S. "return" means any tax or information return,
3 including a water's-edge or worldwide combined return, a
4 consolidated return, a declaration of estimated tax or a claim
5 for refund, including any amendments or supplements to the
6 return, required or permitted pursuant to a law subject to
7 administration and enforcement pursuant to the Tax
8 Administration Act and filed with the department by or on
9 behalf of any person;

10 T. "secretary" means the secretary of taxation and
11 revenue or the secretary's delegate;

12 U. "separate year return" means a properly filed
13 original or amended return for a taxable year beginning on or
14 after January 1, 2020 by a taxpayer reporting a loss, a portion
15 of which is claimed as part of the net operating loss carryover
16 by another taxpayer in a subsequent return period;

17 V. "state" means any state of the United States,
18 the District of Columbia, the commonwealth of Puerto Rico, any
19 territory or possession of the United States or political
20 subdivision thereof or any political subdivision of a foreign
21 country;

22 W. "state or local bond" means a bond issued by a
23 state other than New Mexico or by a local government other than
24 one of New Mexico's political subdivisions, the interest from
25 which is excluded from income for federal income tax purposes

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1 under Section 103 of the Internal Revenue Code, as that section
2 may be amended or renumbered;

3 X. "taxable income" means a taxpayer's apportioned
4 net income minus the net operating loss deduction for the
5 taxable year;

6 Y. "taxable year" means the calendar year or fiscal
7 year upon the basis of which the net income is computed under
8 the Corporate Income and Franchise Tax Act and includes, in the
9 case of the return made for a fractional part of a year under
10 the provisions of that act, the period for which the return is
11 made;

12 Z. "taxpayer" means any corporation or group of
13 corporations filing a return pursuant to Section 7-2A-8.3 NMSA
14 1978 subject to the taxes imposed by the Corporate Income and
15 Franchise Tax Act;

16 AA. "unitary group" means a group of two or more
17 corporations, including a captive real estate investment trust,
18 but not including an S corporation, an insurance company
19 subject to the provisions of the New Mexico Insurance Code, an
20 insurance company that would be subject to the New Mexico
21 Insurance Code if the insurance company engaged in business in
22 this state or a real estate investment trust that is not a
23 captive real estate investment trust, that are:

- 24 (1) related through common ownership; and
25 (2) economically interdependent with one

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1 another as demonstrated by the following factors:

- 2 (a) centralized management;
- 3 (b) functional integration; and
- 4 (c) economies of scale;

5 BB. "water's-edge group" means all corporations
6 that are part of a unitary group, except:

7 (1) corporations that are exempt from
8 corporate income tax pursuant to Section 7-2A-4 NMSA 1978; and

9 (2) corporations organized or incorporated
10 outside the United States or its possessions or territories
11 that have less than twenty percent of their property, payroll
12 and sales sourced to locations within the United States,
13 following the sourcing rules of the Uniform Division of Income
14 for Tax Purposes Act; and

15 CC. "worldwide combined group" means all members of
16 a unitary group, except members that are exempt from corporate
17 income tax pursuant to Section 7-2A-4 NMSA 1978, irrespective
18 of the country in which the corporations are incorporated or
19 conduct business activity."

20 SECTION 2. Section 7-4-10 NMSA 1978 (being Laws 1993,
21 Chapter 153, Section 1, as amended) is amended to read:

22 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--

23 A. Except as provided in Subsections B and C of
24 this section, all business income shall be apportioned to this
25 state by multiplying the income by a fraction, the numerator of

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1 which is the property factor plus the payroll factor plus the
2 sales factor and the denominator of which is three. The
3 apportionment calculation shall include the factors of a
4 controlled foreign corporation to the extent the income of the
5 corporation is included in net income.

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

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

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

25 (1) if the election is made for taxable years

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

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

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

19 E. For purposes of this section:

20 (1) "controlled foreign corporation" means a
21 foreign corporation as defined by Section 957 of the Internal
22 Revenue Code of 1986, as that section may be amended or
23 renumbered;

24 [~~(1)~~] (2) "filing group" means "filing group"
25 as that term is defined in the Corporate Income and Franchise

1 Tax Act;

2 [~~(2)~~] (3) "headquarters operation" means:

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

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

23 [~~(3)~~] (4) "manufacturing" means combining or
24 processing components or materials to increase their value for
25 sale in the ordinary course of business, but does not include:

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- 1 (a) construction;
- 2 (b) farming;
- 3 (c) power generation; provided that
- 4 "manufacturing" includes electricity generation at a facility
- 5 that does not require location approval and a certificate of
- 6 convenience and necessity prior to commencing construction or
- 7 operation of the facility pursuant to the Public Utility Act;
- 8 (d) processing natural resources,
- 9 including hydrocarbons; or
- 10 (e) processing or preparation of meals
- 11 for immediate consumption; and

12 [~~4~~] (5) "operating a computer processing
13 facility" means managing the necessary and ancillary activities
14 for the operation of a facility primarily used to process data
15 or information, but does not include managing the operation of
16 facilities that are predominantly used to support sales of
17 tangible property or the provision of banking, financial or
18 professional services."

19 SECTION 3. A new section of the Income Tax Act is enacted
20 to read:

21 "[NEW MATERIAL] LOCAL JOURNALIST EMPLOYMENT INCOME TAX
22 CREDIT.--

23 A. For taxable years prior to January 1, 2031, a
24 taxpayer who is not a dependent of another individual and is
25 an owner of a local news organization that employs a journalist

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1 may claim a credit against the taxpayer's tax liability imposed
2 pursuant to the Income Tax Act in an amount provided in
3 Subsection B of this section. The tax credit provided by this
4 section may be referred to as the "local journalist employment
5 income tax credit".

6 B. The amount of tax credit shall be in an amount
7 equal to thirty percent of wages paid to each journalist
8 employed by a local news organization.

9 C. A taxpayer shall apply for certification of
10 eligibility for the tax credit from the department on forms and
11 in the manner prescribed by the department no later than one
12 year following the end of the calendar year in which the wages
13 were paid. A taxpayer shall not be eligible to receive a tax
14 credit for more than seventy-five journalists whom the taxpayer
15 employs as a local news organization and, except as provided in
16 Subsections F and G of this section, only one tax credit shall
17 be certified for each journalist employed by a local news
18 organization per taxable year. The total annual aggregate
19 amount of local journalist employment income tax credits and
20 local journalist employment corporate income tax credits that
21 may be certified in a calendar year shall not exceed four
22 million dollars (\$4,000,000). Completed applications shall be
23 considered in the order received.

24 D. If the department determines that the taxpayer
25 meets the requirements of this section, the department shall

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1 issue a dated certificate of eligibility to the taxpayer
2 providing the amount of tax credit for which the taxpayer is
3 eligible and the taxable years in which the credit may be
4 claimed.

5 E. That portion of tax credit that exceeds a
6 taxpayer's income tax liability in the taxable year in which
7 the credit is claimed shall be refunded to the taxpayer.

8 F. Married individuals filing separate returns for
9 a taxable year for which they could have filed a joint return
10 may each claim only one-half of the tax credit that would have
11 been claimed on a joint return.

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

21 H. A taxpayer allowed to claim a tax credit
22 pursuant to this section shall claim the tax credit in a manner
23 required by the department.

24 I. The tax credit provided by this section shall be
25 included in the tax expenditure budget pursuant to Section

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1 7-1-84 NMSA 1978, including the total annual aggregate cost of
2 the tax credit.

3 J. As used in this section:

4 (1) "journalist" means a person who:

5 (a) is paid by a local news organization
6 to regularly gather, prepare, collect, photograph, record,
7 direct the recording of, produce, write, edit, report or
8 publish news or information that concerns state or local events
9 or other matters of public interest for dissemination to the
10 state or a local community through reporting activities,
11 including conducting interviews, observing current events or
12 analyzing documents;

13 (b) resides within fifty miles of the
14 coverage area assigned by the local news organization; and

15 (c) is employed as a journalist by the
16 local news organization for more than twenty-eight weeks of the
17 taxable year in which the credit is claimed;

18 (2) "local news organization" means an entity
19 that:

20 (a) provides a print or digital
21 publication that engages professionals who regularly gather,
22 prepare, collect, photograph, record, direct the recording of,
23 produce, write, edit, report or publish news or information
24 that concerns state or local events or other matters of public
25 interest for dissemination to the state or a local community

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1 through reporting activities, including conducting interviews,
2 observing current events or analyzing documents;

3 (b) pays at least one individual, either
4 through employment or by contract with the entity, as a
5 journalist;

6 (c) in the case of print publications,
7 has published at least one print publication per month over the
8 previous twenty-four months and holds a valid United States
9 postal service periodical permit or has at least thirty percent
10 of its content dedicated to state or local news;

11 (d) in the case of digital-only
12 entities, has published at least three originally produced
13 stories about the state or a local community per week over the
14 previous twenty-four months and has at least fifty percent of
15 its digital audience in New Mexico, averaged over a twelve-
16 month period;

17 (e) discloses in its print publication
18 or on its website its beneficial ownership or, in the case of a
19 not-for-profit entity, its board of directors;

20 (f) in the case of an organization that
21 demonstrates to the department that the organization has been
22 granted exemption from the federal income tax by the United
23 States commissioner of internal revenue as organizations
24 described in Section 501(c)(3) of the Internal Revenue Code,
25 has declared the coverage of state or local news as the stated

1 mission in its filings with the federal internal revenue
2 service;

3 (g) has not received more than ten
4 percent of its gross receipts for the previous year from
5 political action committees or other entities described in
6 Section 527 of the Internal Revenue Code, or from an
7 organization that has been granted exemption from the federal
8 income tax by the United States commissioner of internal
9 revenue as an organization described in Section 501(c)(4) or
10 501(c)(6) of the Internal Revenue Code; and

11 (h) is not a publicly traded entity or
12 is no more than forty-nine percent owned, directly or
13 indirectly, by a publicly traded entity or subsidiary; and

14 (3) "wages" means not more than fifty thousand
15 dollars (\$50,000) in compensation paid by a local news
16 organization to a journalist through the organization's payroll
17 system, including those wages that the journalist elects to
18 defer or redirect or the journalist's contribution to a 401(k)
19 or cafeteria plan program. "Wages" does not mean benefits or
20 the organization's share of payroll taxes, social security or
21 medicare contributions, federal or state unemployment insurance
22 contributions or workers' compensation."

23 SECTION 4. A new section of the Corporate Income and
24 Franchise Tax Act is enacted to read:

25 "[NEW MATERIAL] LOCAL JOURNALIST EMPLOYMENT CORPORATE

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1 INCOME TAX CREDIT.--

2 A. For taxable years prior to January 1, 2031, a
3 taxpayer that is a local news organization that employs a
4 journalist may claim a credit against the taxpayer's tax
5 liability imposed pursuant to the Corporate Income and
6 Franchise Tax Act in an amount provided in Subsection B of this
7 section. The tax credit provided by this section may be
8 referred to as the "local journalist employment corporate
9 income tax credit".

10 B. The amount of tax credit shall be in an amount
11 equal to thirty percent of wages paid to each journalist
12 employed by a local news organization.

13 C. A taxpayer shall apply for certification of
14 eligibility for the tax credit from the department on forms and
15 in the manner prescribed by the department no later than one
16 year following the end of the calendar year in which the wages
17 were paid. A taxpayer shall not be eligible to receive a tax
18 credit for more than seventy-five journalists whom the taxpayer
19 employs as a local news organization, and only one tax credit
20 shall be certified for each journalist employed by a local news
21 organization per taxable year. The total annual aggregate
22 amount of local journalist employment corporate income tax
23 credits and local journalist employment income tax credits that
24 may be certified in a calendar year shall not exceed four
25 million dollars (\$4,000,000). Completed applications shall be

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1 considered in the order received.

2 D. If the department determines that the taxpayer
3 meets the requirements of this section, the department shall
4 issue a dated certificate of eligibility to the taxpayer
5 providing the amount of tax credit for which the taxpayer is
6 eligible and the taxable years in which the credit may be
7 claimed.

8 E. That portion of tax credit that exceeds a
9 taxpayer's corporate income tax liability in the taxable year
10 in which the credit is claimed shall be refunded to the
11 taxpayer.

12 F. A taxpayer allowed to claim a tax credit
13 pursuant to this section shall claim the tax credit in a manner
14 required by the department.

15 G. The tax credit provided by this section shall be
16 included in the tax expenditure budget pursuant to Section
17 7-1-84 NMSA 1978, including the total annual aggregate cost of
18 the tax credit.

19 H. As used in this section:

20 (1) "journalist" means a person who:

21 (a) is paid by a local news organization
22 to regularly gather, prepare, collect, photograph, record,
23 direct the recording of, produce, write, edit, report or
24 publish news or information that concerns state or local events
25 or other matters of public interest for dissemination to the

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1 state or a local community through reporting activities,
2 including conducting interviews, observing current events or
3 analyzing documents;

4 (b) resides within fifty miles of the
5 coverage area assigned by the local news organization; and

6 (c) is employed as a journalist by the
7 local news organization for more than twenty-eight weeks of the
8 taxable year in which the credit is claimed;

9 (2) "local news organization" means an entity
10 that:

11 (a) provides a print or digital
12 publication that engages professionals who regularly gather,
13 prepare, collect, photograph, record, direct the recording of,
14 produce, write, edit, report or publish news or information
15 that concerns state or local events or other matters of public
16 interest for dissemination to the state or a local community
17 through reporting activities, including conducting interviews,
18 observing current events or analyzing documents;

19 (b) pays at least one individual, either
20 through employment or by contract with the entity, as a
21 journalist;

22 (c) in the case of print publications,
23 has published at least one print publication per month over the
24 previous twenty-four months and holds a valid United States
25 postal service periodical permit or has at least thirty percent

1 of its content dedicated to state or local news;

2 (d) in the case of digital-only
3 entities, has published at least three originally produced
4 stories about the state or a local community per week over the
5 previous twenty-four months and has at least fifty percent of
6 its digital audience in New Mexico, averaged over a twelve-
7 month period;

8 (e) discloses in its print publication
9 or on its website its beneficial ownership or, in the case of a
10 not-for-profit entity, its board of directors;

11 (f) in the case of an organization that
12 demonstrates to the department that the organization has been
13 granted exemption from the federal income tax by the United
14 States commissioner of internal revenue as organizations
15 described in Section 501(c)(3) of the Internal Revenue Code,
16 has declared the coverage of state or local news as the stated
17 mission in its filings with the federal internal revenue
18 service;

19 (g) has not received more than ten
20 percent of its gross receipts for the previous year from
21 political action committees or other entities described in
22 Section 527 of the Internal Revenue Code, or from an
23 organization that has been granted exemption from the federal
24 income tax by the United States commissioner of internal
25 revenue as an organization described in Section 501(c)(4) or

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1 501(c)(6) of the Internal Revenue Code; and

2 (h) is not a publicly traded entity or
3 is no more than forty-nine percent owned, directly or
4 indirectly, by a publicly traded entity or subsidiary; and

5 (3) "wages" means not more than fifty thousand
6 dollars (\$50,000) in compensation paid by a local news
7 organization to a journalist through the organization's payroll
8 system, including those wages that the journalist elects to
9 defer or redirect or the journalist's contribution to a 401(k)
10 or cafeteria plan program. "Wages" does not mean benefits or
11 the organization's share of payroll taxes, social security or
12 medicare contributions, federal or state unemployment insurance
13 contributions or workers' compensation."

14 SECTION 5. A new section of the Gross Receipts and
15 Compensating Tax Act is enacted to read:

16 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--SALE OF
17 CONSTRUCTION MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF
18 AFFORDABLE HOUSING MULTIFAMILY RESIDENTIAL HOUSING PROJECTS.--

19 A. Prior to July 1, 2029, receipts from selling
20 construction materials and labor may be deducted from gross
21 receipts if:

22 (1) the construction materials and labor are
23 being used for the purpose of developing multifamily
24 residential housing;

25 (2) eighty percent or more of the housing

1 units being developed will be affordable housing; and

2 (3) the construction materials and labor are
3 sold to a qualifying grantee for a single project that is
4 residential housing pursuant to the Affordable Housing Act.

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

8 C. The deduction provided by this section shall be
9 included in the tax expenditure budget pursuant to Section
10 7-1-84 NMSA 1978, including the annual aggregate cost of the
11 deduction.

12 D. As used in this section:

13 (1) "affordable housing" means multifamily
14 residential housing primarily for persons or households of low
15 or moderate income;

16 (2) "building" means a structure capable of
17 being renovated or converted into affordable housing or a
18 structure that is to be demolished and is located on land that
19 is donated and upon which affordable housing will be
20 constructed;

21 (3) "low or moderate income" means a household
22 in which the current annual income is at or below eighty
23 percent of the area median income for the geographic area in
24 which the household is located, adjusted for family size, as
25 determined by the United States department of housing and urban

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1 development; and

2 (4) "multifamily residential housing" means
3 any building or portion thereof that is primarily occupied, or
4 is designed or intended to be primarily occupied, as a
5 residence by more than three households. "Multifamily
6 residential housing" includes congregate housing and
7 transitional or temporary housing for homeless persons."

8 SECTION 6. A new section of the Income Tax Act is enacted
9 to read:

10 "[NEW MATERIAL] PHYSICIAN TAX CREDIT.--

11 A. A taxpayer who files an individual New Mexico
12 tax return, is not a dependent of another individual, is a
13 physician and provides health care services in New Mexico for
14 at least one thousand five hundred eighty-four hours during a
15 taxable year may claim a credit against the tax liability
16 imposed by the Income Tax Act for that taxable year in an
17 amount equal to ten thousand dollars (\$10,000). The credit
18 provided in this section may be referred to as the "physician
19 tax credit".

20 B. A taxpayer shall apply for certification of
21 eligibility for the tax credit from the department of health on
22 forms and in the manner prescribed by that department.
23 Completed applications shall be considered in the order
24 received. For a taxpayer approved to receive the credit, the
25 department of health shall issue a certificate of eligibility

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1 to the qualifying physician. The department of health shall
 2 provide the department with certificates of eligibility issued
 3 pursuant to this subsection in an electronic format at
 4 regularly agreed-upon intervals.

5 C. That portion of a tax credit that exceeds a
 6 taxpayer's tax liability in the taxable year in which the
 7 credit is being claimed may be carried forward for up to three
 8 consecutive taxable years.

9 D. A taxpayer allowed a tax credit pursuant to this
 10 section shall claim the credit on forms and in a manner
 11 required by the department.

12 E. The tax credit provided by this section shall be
 13 included in the tax expenditure budget pursuant to Section
 14 7-1-84 NMSA 1978, including the annual aggregate cost of the
 15 tax credit.

16 F. As used in this section, "physician" means a
 17 health professional who is a medical physician or an
 18 osteopathic physician licensed to practice medicine in New
 19 Mexico pursuant to the Medical Practice Act."

20 SECTION 7. A new section of the Gross Receipts and
 21 Compensating Tax Act is enacted to read:

22 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--IN-OFFICE
 23 EQUIPMENT AND IN-OFFICE MEDICATION SOLD TO A HEALTH CARE
 24 PRACTITIONER.--

25 A. Except for receipts that may be deducted

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1 pursuant to Section 7-9-73.3 NMSA 1978, receipts from selling
2 in-office equipment may be deducted from gross receipts if the
3 sale is made to a health care practitioner or an association of
4 health care practitioners that delivers a nontaxable
5 transaction certificate to the seller or provides alternative
6 evidence pursuant to Section 7-9-43 NMSA 1978. The in-office
7 equipment must be used exclusively during a service that is
8 within the scope of practice of the health care practitioner
9 providing the service.

10 B. Except for receipts that may be deducted
11 pursuant to Section 7-9-73.2 NMSA 1978, receipts from selling
12 in-office medication may be deducted from gross receipts if the
13 sale is made to a health care practitioner or an association of
14 health care practitioners that delivers a nontaxable
15 transaction certificate to the seller or provides alternative
16 evidence pursuant to Section 7-9-43 NMSA 1978. The in-office
17 medication must be used exclusively for treatment of patients
18 within the scope of practice of the health care practitioner
19 providing the service.

20 C. A taxpayer allowed a deduction pursuant to this
21 section shall report the amount of the deduction separately in
22 a manner required by the department.

23 D. The deduction provided by this section shall be
24 included in the tax expenditure budget pursuant to Section
25 7-1-84 NMSA 1978, including the annual aggregate cost of the

1 deductions.

2 E. As used in this section:

3 (1) "association of health care practitioners"
4 means a corporation, an unincorporated business entity or other
5 legal entity organized by, owned by or employing one or more
6 health care practitioners; provided that the entity is not:

7 (a) an organization granted exemption
8 from the federal income tax by the United States commissioner
9 of internal revenue as organizations described in Section
10 501(c)(3) of the United States Internal Revenue Code of 1986,
11 as that section may be amended or renumbered; or

12 (b) a health maintenance organization or
13 a hospital, a hospice, a nursing home or an entity that is
14 solely an outpatient facility or intermediate care facility
15 licensed by the health care authority;

16 (2) "health care practitioner" means:

17 (a) a chiropractic physician licensed
18 pursuant to the provisions of the Chiropractic Physician
19 Practice Act;

20 (b) a dentist or dental hygienist
21 licensed pursuant to the Dental Health Care Act;

22 (c) a doctor of oriental medicine
23 licensed pursuant to the provisions of the Acupuncture and
24 Oriental Medicine Practice Act;

25 (d) an optometrist licensed pursuant to

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1 the provisions of the Optometry Act;

2 (e) an osteopathic physician licensed
3 pursuant to the provisions of the Medical Practice Act;

4 (f) a physical therapist licensed
5 pursuant to the provisions of the Physical Therapy Act;

6 (g) a physician or physician assistant
7 licensed pursuant to the provisions of the Medical Practice
8 Act;

9 (h) a podiatric physician licensed
10 pursuant to the provisions of the Podiatry Act;

11 (i) a psychologist licensed pursuant to
12 the provisions of the Professional Psychologist Act;

13 (j) a registered lay midwife registered
14 by the department of health;

15 (k) a registered nurse or licensed
16 practical nurse licensed pursuant to the provisions of the
17 Nursing Practice Act;

18 (l) a registered occupational therapist
19 licensed pursuant to the provisions of the Occupational Therapy
20 Act;

21 (m) a respiratory care practitioner
22 licensed pursuant to the provisions of the Respiratory Care
23 Act;

24 (n) a speech-language pathologist or
25 audiologist licensed pursuant to the Speech-Language Pathology,

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1 Audiology and Hearing Aid Dispensing Practices Act;

2 (o) a professional clinical mental
3 health counselor, marriage and family therapist or professional
4 art therapist licensed pursuant to the provisions of the
5 Counseling and Therapy Practice Act who has obtained a master's
6 degree or a doctorate;

7 (p) an independent social worker
8 licensed pursuant to the provisions of the Social Work Practice
9 Act;

10 (q) a clinical laboratory that is
11 accredited pursuant to 42 U.S.C. Section 263a but that is not a
12 laboratory in a physician's office or in a hospital defined
13 pursuant to 42 U.S.C. Section 1395x; and

14 (r) a naturopathic doctor licensed
15 pursuant to the provisions of the Naturopathic Doctors'
16 Practice Act;

17 (3) "in-office equipment" means equipment used
18 by a health care practitioner primarily to provide medical
19 treatment to patients in the health care practitioner's
20 practice setting. "In-office equipment" does not mean office
21 furniture that is not primarily used to provide medical
22 treatment, including desks, desk chairs, computers and
23 software; and

24 (4) "in-office medication" means saline or
25 other non-prescription substance dispensed by a health care

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1 practitioner to a patient in the health care practitioner's
2 practice setting to treat the patient's specific illness,
3 injury or other medical necessity."

4 SECTION 8. A new section of the Income Tax Act is enacted
5 to read:

6 "[NEW MATERIAL] LOCAL NEWS PRINTER INCOME TAX CREDIT.--

7 A. For taxable years prior to January 1, 2031, a
8 taxpayer who is not a dependent of another individual and is
9 an owner of a local news printer that employs a qualified
10 employee may claim a credit against the taxpayer's tax
11 liability imposed pursuant to the Income Tax Act in an amount
12 provided in Subsection B of this section. The tax credit
13 provided by this section may be referred to as the "local news
14 printer income tax credit".

15 B. The amount of tax credit shall be in an amount
16 equal to the wages paid to each qualified employee employed by
17 a local news printer in the taxable year for which the tax
18 credit is claimed, not to exceed:

19 (1) ten thousand dollars (\$10,000) for a
20 qualified employee working an average of twenty hours or more
21 per week in the taxable year; and

22 (2) five thousand dollars (\$5,000) for a
23 qualified employee working an average of less than twenty hours
24 per week in the taxable year.

25 C. A taxpayer shall apply for certification of

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1 eligibility for the tax credit from the department on forms and
2 in the manner prescribed by the department no later than one
3 year following the end of the calendar year in which the wages
4 were paid. A taxpayer shall not be eligible to receive a tax
5 credit for more than one hundred qualified employees whom the
6 taxpayer employs as a local news printer and, except as
7 provided in Subsections F and G of this section, only one tax
8 credit shall be certified for each qualified employee employed
9 by a local news printer per taxable year. The total annual
10 aggregate amount of local news printer income tax credits and
11 local news printer corporate income tax credits that may be
12 certified in a calendar year shall not exceed one million
13 dollars (\$1,000,000). Completed applications shall be
14 considered in the order received.

15 D. If the department determines that the taxpayer
16 meets the requirements of this section, the department shall
17 issue a dated certificate of eligibility to the taxpayer
18 providing the amount of tax credit for which the taxpayer is
19 eligible and the taxable years in which the credit may be
20 claimed.

21 E. That portion of tax credit that exceeds a
22 taxpayer's income tax liability in the taxable year in which
23 the credit is claimed shall be refunded to the taxpayer.

24 F. Married individuals filing separate returns for
25 a taxable year for which they could have filed a joint return

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1 may each claim only one-half of the tax credit that would have
2 been claimed on a joint return.

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

12 H. A taxpayer allowed to claim a tax credit
13 pursuant to this section shall claim the tax credit in a manner
14 required by the department.

15 I. The credit provided by this section shall be
16 included in the tax expenditure budget pursuant to Section
17 7-1-84 NMSA 1978, including the total annual aggregate cost of
18 the credit.

19 J. As used in this section:

20 (1) "local news organization" means an entity
21 that:

22 (a) provides a print or digital
23 publication that engages professionals who regularly gather,
24 prepare, collect, photograph, record, direct the recording of,
25 produce, write, edit, report or publish news or information

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1 that concerns state or local events or other matters of public
2 interest for dissemination to the state or a local community
3 through reporting activities, including conducting interviews,
4 observing current events or analyzing documents;

5 (b) pays at least one individual, either
6 through employment or by contract with the entity, as a
7 qualified employee;

8 (c) in the case of print publications,
9 has published at least one print publication per month over the
10 previous thirty-six months and holds a valid United States
11 postal service periodical permit or has at least thirty percent
12 of its content dedicated to state or local news;

13 (d) in the case of digital-only
14 entities, has published at least five originally produced
15 stories about the state or a local community per week over the
16 previous thirty-six months and has at least fifty percent of
17 its digital audience in New Mexico, averaged over a twelve-
18 month period;

19 (e) discloses in the entity's print
20 publication or on the entity's website the entity's beneficial
21 ownership or, in the case of a not-for-profit entity, the
22 entity's board of directors;

23 (f) in the case of an organization that
24 demonstrates to the department that the organization has been
25 granted exemption from the federal income tax by the United

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1 States commissioner of internal revenue as organizations
2 described in Section 501(c)(3) of the Internal Revenue Code,
3 has declared the coverage of state or local news as the stated
4 mission in the organization's filings with the federal internal
5 revenue service;

6 (g) has not received more than ten
7 percent of the entity's gross receipts for the previous year
8 from political action committees or other entities described in
9 Section 527 of the Internal Revenue Code, or from an
10 organization that has been granted exemption from the federal
11 income tax by the United States commissioner of internal
12 revenue as an organization described in Section 501(c)(4) or
13 501(c)(6) of the Internal Revenue Code; and

14 (h) is not a publicly traded entity or
15 is no more than forty-nine percent owned, directly or
16 indirectly, by a publicly traded entity or subsidiary;

17 (2) "local news printer" means an entity that:

18 (a) provides manufacturing, production
19 and printing services using a web press designed and optimized
20 for printing newspapers for a local news organization;

21 (b) has been engaging in the business of
22 manufacturing, producing and printing newspapers for at least
23 five years;

24 (c) employs at least five qualified
25 employees; and

1 (d) is not a publicly traded entity or
2 is no more than forty-nine percent owned, directly or
3 indirectly, by a publicly traded entity or subsidiary;

4 (3) "qualified employee" means a person who:

5 (a) is paid by a local news printer to
6 regularly perform duties related to pre-press, press and post-
7 press newspaper production to prepare newspapers for transition
8 to delivery and distribution personnel;

9 (b) works at a physical location in New
10 Mexico; and

11 (c) works as a qualified employee for
12 the local news printer for at least twenty-five percent of the
13 taxable year in which the credit is claimed; and

14 (4) "wages" means compensation paid by a local
15 news printer to a qualified employee through the organization's
16 payroll system, including those wages that the qualified
17 employee elects to defer or redirect or the qualified
18 employee's contribution to a 401(k) or cafeteria plan program.
19 "Wages" does not mean benefits or the organization's share of
20 payroll taxes, social security or medicare contributions,
21 federal or state unemployment insurance contributions or
22 workers' compensation."

23 SECTION 9. A new section of the Corporate Income and
24 Franchise Tax Act is enacted to read:

25 "[NEW MATERIAL] LOCAL NEWS PRINTER CORPORATE INCOME TAX

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1 CREDIT.--

2 A. For taxable years prior to January 1, 2031, a
3 taxpayer that is an owner of a local news printer that employs
4 a qualified employee may claim a credit against the taxpayer's
5 tax liability imposed pursuant to the Corporate Income and
6 Franchise Tax Act in an amount provided in Subsection B of this
7 section. The tax credit provided by this section may be
8 referred to as the "local news printer corporate income tax
9 credit".

10 B. The amount of tax credit shall be in an amount
11 equal to the wages paid to each qualified employee employed by
12 a local news printer in the taxable year for which the tax
13 credit is claimed, not to exceed:

14 (1) ten thousand dollars (\$10,000) for a
15 qualified employee working an average of twenty hours or more
16 per week in the taxable year; and

17 (2) five thousand dollars (\$5,000) for a
18 qualified employee working an average of less than twenty hours
19 per week in the taxable year.

20 C. A taxpayer shall apply for certification of
21 eligibility for the tax credit from the department on forms and
22 in the manner prescribed by the department no later than one
23 year following the end of the calendar year in which the wages
24 were paid. A taxpayer shall not be eligible to receive a tax
25 credit for more than one hundred qualified employees whom the

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1 taxpayer employs as a local news printer and only one tax
2 credit shall be certified for each qualified employee employed
3 by a local news printer per taxable year. The total annual
4 aggregate amount of local news printer corporate income tax
5 credits and local news printer income tax credits that may be
6 certified in a calendar year shall not exceed one million
7 dollars (\$1,000,000). Completed applications shall be
8 considered in the order received.

9 D. If the department determines that the taxpayer
10 meets the requirements of this section, the department shall
11 issue a dated certificate of eligibility to the taxpayer
12 providing the amount of tax credit for which the taxpayer is
13 eligible and the taxable years in which the credit may be
14 claimed.

15 E. That portion of tax credit that exceeds a
16 taxpayer's income tax liability in the taxable year in which
17 the credit is claimed shall be refunded to the taxpayer.

18 F. A taxpayer allowed to claim a tax credit
19 pursuant to this section shall claim the tax credit in a manner
20 required by the department.

21 G. The credit provided by this section shall be
22 included in the tax expenditure budget pursuant to Section
23 7-1-84 NMSA 1978, including the total annual aggregate cost of
24 the credit.

25 H. As used in this section:

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1 (1) "local news organization" means an entity
2 that:

3 (a) provides a print or digital
4 publication that engages professionals who regularly gather,
5 prepare, collect, photograph, record, direct the recording of,
6 produce, write, edit, report or publish news or information
7 that concerns state or local events or other matters of public
8 interest for dissemination to the state or a local community
9 through reporting activities, including conducting interviews,
10 observing current events or analyzing documents;

11 (b) pays at least one individual, either
12 through employment or by contract with the entity, as a
13 qualified employee;

14 (c) in the case of print publications,
15 has published at least one print publication per month over the
16 previous thirty-six months and holds a valid United States
17 postal service periodical permit or has at least thirty percent
18 of the entity's content dedicated to state or local news;

19 (d) in the case of digital-only
20 entities, has published at least five originally produced
21 stories about the state or a local community per week over the
22 previous thirty-six months and has at least fifty percent of
23 the entity's digital audience in New Mexico, averaged over a
24 twelve-month period;

25 (e) discloses in the entity's print

1 publication or on the entity's website the entity's beneficial
2 ownership or, in the case of a not-for-profit entity, the
3 entity's board of directors;

4 (f) in the case of an organization that
5 demonstrates to the department that the organization has been
6 granted exemption from the federal income tax by the United
7 States commissioner of internal revenue as organizations
8 described in Section 501(c)(3) of the Internal Revenue Code,
9 has declared the coverage of state or local news as the stated
10 mission in the organization's filings with the federal internal
11 revenue service;

12 (g) has not received more than ten
13 percent of the entity's gross receipts for the previous year
14 from political action committees or other entities described in
15 Section 527 of the Internal Revenue Code, or from an
16 organization that has been granted exemption from the federal
17 income tax by the United States commissioner of internal
18 revenue as an organization described in Section 501(c)(4) or
19 501(c)(6) of the Internal Revenue Code; and

20 (h) is not a publicly traded entity or
21 is no more than forty-nine percent owned, directly or
22 indirectly, by a publicly traded entity or subsidiary;

23 (2) "local news printer" means an entity that:

24 (a) provides manufacturing, production
25 and printing services using a web press designed and optimized

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1 for printing newspapers for a local news organization;

2 (b) has been engaging in the business of
3 manufacturing, producing and printing newspapers for at least
4 five years;

5 (c) employs at least five qualified
6 employees; and

7 (d) is not a publicly traded entity or
8 is no more than forty-nine percent owned, directly or
9 indirectly, by a publicly traded entity or subsidiary;

10 (3) "qualified employee" means a person who:

11 (a) is paid by a local news printer to
12 regularly perform duties related to pre-press, press and post-
13 press newspaper production to prepare newspapers for transition
14 to delivery and distribution personnel;

15 (b) works at a physical location in New
16 Mexico; and

17 (c) works as a qualified employee for
18 the local news printer for at least twenty-five percent of the
19 taxable year in which the credit is claimed; and

20 (4) "wages" means compensation paid by a local
21 news printer to a qualified employee through the organization's
22 payroll system, including those wages that the qualified
23 employee elects to defer or redirect or the qualified
24 employee's contribution to a 401(k) or cafeteria plan program.

25 "Wages" does not mean benefits or the organization's share of

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1 payroll taxes, social security or medicare contributions,
2 federal or state unemployment insurance contributions or
3 workers' compensation."

4 SECTION 10. APPLICABILITY.--

5 A. The provisions of Sections 1 and 2 of this act
6 apply to taxable years beginning on or after January 1, 2027.

7 B. The provisions of Sections 3, 4, 6, 8 and 9 of
8 this act apply to taxable years beginning on or after January
9 1, 2026.

10 SECTION 11. EFFECTIVE DATE.--The effective date of the
11 provisions of Sections 5 and 7 of this act is July 1, 2026.