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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; CREATING THE LOCAL NEWS
PRINTER INCOME TAX CREDIT AND THE LOCAL NEWS PRINTER
CORPORATE INCOME TAX CREDIT; EXTENDING THE DATE OF
ELIGIBILITY FOR THE HIGH-WAGE JOBS TAX CREDIT; MAKING
APPROPRIATIONS TO PROVIDE SALARY INCREASES FOR STATE AND
PUBLIC SCHOOL EMPLOYEES.

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

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

"7-2A-2. DEFINITIONS.--For the purpose of the Corporate

1 Income and Franchise Tax Act and unless the context requires
2 otherwise:

3 A. "bank" means any national bank, national
4 banking association, state bank or bank holding company;

5 B. "apportioned net income" or "apportioned net
6 loss" means net income allocated and apportioned to
7 New Mexico pursuant to the provisions of the Corporate Income
8 and Franchise Tax Act or the Uniform Division of Income for
9 Tax Purposes Act, but excluding from the sales factor any
10 sales that represent intercompany transactions between
11 members of the filing group;

12 C. "base income" means the federal taxable income
13 or the federal net operating loss of a corporation for the
14 taxable year calculated pursuant to the Internal Revenue
15 Code, after special deductions provided in Sections 241
16 through 249 of the Internal Revenue Code but without any
17 deduction for net operating losses, as if the corporation
18 filed a federal tax return as a separate domestic entity,
19 modified as follows:

20 (1) adding to that income:

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

23 (b) the amount of any deduction claimed
24 in calculating taxable income for all expenses and costs
25 directly or indirectly paid, accrued or incurred to a captive

1 real estate investment trust;

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

6 (d) for taxable years beginning on or
7 after January 1, 2023, an amount equal to the amount of
8 credit claimed and allowed for that year pursuant to Section
9 7-3A-10 NMSA 1978 with respect to the distributed net income
10 of a pass-through entity;

11 (e) the amount of any deduction taken
12 pursuant to Sections 168(k) and 168(n) of the Internal
13 Revenue Code in excess of the deduction amount that would
14 have been allowed by Sections 168(a) through 168(j) of the
15 Internal Revenue Code; and

16 (f) the amount of additional interest
17 deducted as a result of the changes to Subparagraph (A) of
18 Section 163(j)(8) of the Internal Revenue Code made by
19 Section 70303 of Public Law 119-21; provided that such
20 interest shall be eligible for the carryforward provisions of
21 Section 163(j)(2) of the Internal Revenue Code;

22 (2) subtracting from that income:

23 (a) income from obligations of the
24 United States net of expenses incurred to earn that income;
25 and

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

4 (3) making other adjustments deemed
5 necessary to properly reflect income of the unitary group,
6 including attribution of income or expense related to unitary
7 assets held by related corporations that are not part of the
8 filing group; and

9 (4) for a taxpayer that conducts a lawful
10 business pursuant to the laws of this state, excludes an
11 amount equal to any expenditure that is eligible to be
12 claimed as a federal income tax deduction but is disallowed
13 pursuant to Section 280E of the Internal Revenue Code, as
14 that section may be amended or renumbered;

15 D. "captive real estate investment trust" means a
16 corporation, trust or association taxed as a real estate
17 investment trust pursuant to Section 857 of the Internal
18 Revenue Code, the shares or beneficial interests of which are
19 not regularly traded on an established securities market;
20 provided that more than fifty percent of any class of
21 beneficial interests or shares of the real estate investment
22 trust are owned directly, indirectly or constructively by the
23 taxpayer during all or a part of the taxpayer's taxable year;

24 E. "common ownership" means the direct or indirect
25 control or ownership of more than fifty percent of the

1 outstanding voting stock, ownership of which is determined
2 pursuant to Section 1563 of the Internal Revenue Code, as
3 that section may be amended or renumbered, of:

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

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

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

12 (a) a common parent corporation
13 included in a group of corporations described in Paragraph
14 (1) of this subsection; and

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

17 F. "consolidated group" means the group of
18 entities properly filing a federal consolidated return under
19 the Internal Revenue Code for the taxable year;

20 G. "corporation" means corporations, joint stock
21 companies, real estate trusts organized and operated under
22 the Real Estate Trust Act, financial corporations and banks,
23 other business associations and, for corporate income tax
24 purposes, partnerships and limited liability companies taxed
25 as corporations under the Internal Revenue Code;

1 H. "department" means the taxation and revenue
2 department, the secretary of taxation and revenue or any
3 employee of the department exercising authority lawfully
4 delegated to that employee by the secretary;

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

8 J. "fiscal year" means any accounting period of
9 twelve months ending on the last day of any month other than
10 December;

11 K. "grandfathered net operating loss carryover"
12 means:

13 (1) the amount of net loss properly reported
14 to New Mexico for taxable years beginning January 1, 2013 and
15 prior to January 1, 2020 as part of a timely filed original
16 return, or an amended return for those taxable years filed
17 prior to January 1, 2020, to the extent such loss can be
18 attributed to one or more corporations that are properly
19 included in the taxpayer's return for the first taxable year
20 beginning on or after January 1, 2020;

21 (2) reduced by:

22 (a) adding back deductions that were
23 taken by the corporation or corporations for royalties or
24 interest paid to one or more related corporations, but only
25 to the extent that such adjustment would not create a net

1 loss for such related corporations; and

2 (b) the amount of net operating loss
3 deductions taken prior to January 1, 2020 that would be
4 charged against those losses consistent with the Internal
5 Revenue Code and provisions of the Corporate Income and
6 Franchise Tax Act applicable to the year of the deduction;
7 and

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

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

13 M. "net income" means:

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

16 (2) the combined base income and losses of
17 corporations that are part of a filing group that is computed
18 after eliminating intercompany income and expense in a manner
19 consistent with the consolidated filing requirements of the
20 Internal Revenue Code and the Corporate Income and Franchise
21 Tax Act;

22 N. "net operating loss carryover" means the
23 apportioned net loss properly reported on an original or
24 amended tax return for taxable years beginning on or after
25 January 1, 2020 by the taxpayer:

1 (1) plus:

2 (a) the portion of an apportioned net
3 loss properly reported to New Mexico for a taxable year
4 beginning on or after January 1, 2020, on a separate year
5 return, to the extent the taxpayer would have been entitled
6 to include the portion of such apportioned net loss in the
7 taxpayer's consolidated net operating loss carryforward under
8 the Internal Revenue Code if the taxpayer filed a
9 consolidated federal return; and

10 (b) the taxpayer's grandfathered net
11 operating loss carryover; and

12 (2) minus:

13 (a) the amount of the net operating
14 loss carryover attributed to an entity that has left the
15 filing group, computed in a manner consistent with the
16 consolidated filing requirements of the Internal Revenue Code
17 and applicable regulations, as if the taxpayer were filing a
18 consolidated return; and

19 (b) the amount of net operating loss
20 deductions properly taken by the taxpayer;

21 O. "net operating loss deduction" means the
22 portion of the net operating loss carryover that may be
23 deducted from the taxpayer's apportioned net income under the
24 Internal Revenue Code as of January 1, 2018 for the taxable
25 year in which the deduction is taken, including the eighty

1 percent limitation of Section 172(a) of the Internal Revenue
2 Code as of January 1, 2018 calculated on the basis of the
3 taxpayer's apportioned net income;

4 P. "person" means any individual, estate, trust,
5 receiver, cooperative association, club, corporation,
6 company, firm, partnership, limited liability company, joint
7 venture, syndicate or other association; "person" also means,
8 to the extent permitted by law, any federal, state or other
9 governmental unit or subdivision or agency, department or
10 instrumentality thereof;

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

14 R. "related corporation" means a corporation that
15 is under common ownership with one or more corporations but
16 that is not included in the same tax return;

17 S. "return" means any tax or information return,
18 including a water's-edge or worldwide combined return, a
19 consolidated return, a declaration of estimated tax or a
20 claim for refund, including any amendments or supplements to
21 the return, required or permitted pursuant to a law subject
22 to administration and enforcement pursuant to the Tax
23 Administration Act and filed with the department by or on
24 behalf of any person;

25 T. "secretary" means the secretary of taxation and

1 revenue or the secretary's delegate;

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

7 V. "state" means any state of the United States,
8 the District of Columbia, the commonwealth of Puerto Rico,
9 any territory or possession of the United States or political
10 subdivision thereof or any political subdivision of a foreign
11 country;

12 W. "state or local bond" means a bond issued by a
13 state other than New Mexico or by a local government other
14 than one of New Mexico's political subdivisions, the interest
15 from which is excluded from income for federal income tax
16 purposes under Section 103 of the Internal Revenue Code, as
17 that section may be amended or renumbered;

18 X. "taxable income" means a taxpayer's apportioned
19 net income minus the net operating loss deduction for the
20 taxable year;

21 Y. "taxable year" means the calendar year or
22 fiscal year upon the basis of which the net income is
23 computed under the Corporate Income and Franchise Tax Act and
24 includes, in the case of the return made for a fractional
25 part of a year under the provisions of that act, the period

1 for which the return is made;

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

6 AA. "unitary group" means a group of two or more
7 corporations, including a captive real estate investment
8 trust, but not including an S corporation, an insurance
9 company subject to the provisions of the New Mexico Insurance
10 Code, an insurance company that would be subject to the
11 New Mexico Insurance Code if the insurance company engaged in
12 business in this state or a real estate investment trust that
13 is not a captive real estate investment trust, that are:

14 (1) related through common ownership; and

15 (2) economically interdependent with one
16 another as demonstrated by the following factors:

17 (a) centralized management;

18 (b) functional integration; and

19 (c) economies of scale;

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

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

25 (2) corporations organized or incorporated

1 outside the United States or its possessions or territories
2 that have less than twenty percent of their property, payroll
3 and sales sourced to locations within the United States,
4 following the sourcing rules of the Uniform Division of
5 Income for Tax Purposes Act; and

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

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

13 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--

14 A. Except as provided in Subsections B and C of
15 this section, all business income shall be apportioned to
16 this state by multiplying the income by a fraction, the
17 numerator of which is the property factor plus the payroll
18 factor plus the sales factor and the denominator of which is
19 three. The apportionment calculation shall include the
20 factors of a controlled foreign corporation to the extent the
21 income of the corporation is included in net income.

22 B. If eighty percent or more of the New Mexico
23 numerators of the property and payroll factors for a filing
24 group, or for a taxpayer that is not a member of a filing
25 group, are employed in manufacturing or operating a computer

1 processing facility, the filing group or the taxpayer may
2 elect to have business income apportioned to this state by
3 multiplying the income by the sales factor for the taxable
4 year.

5 C. If a filing group, or a taxpayer that is not a
6 member of a filing group, has a headquarters operation in
7 New Mexico, the filing group or the taxpayer may elect to
8 have business income apportioned to this state by multiplying
9 the income by the sales factor for the taxable year.

10 D. To elect the method of apportionment provided
11 by Subsection B or C of this section, the taxpayer shall
12 notify the department of the election, in writing, no later
13 than the date on which the taxpayer files the return for the
14 first taxable year to which the election will apply. The
15 election shall apply as follows:

16 (1) if the election is made for taxable
17 years beginning prior to January 1, 2020, to the taxable year
18 in which the election is made and to each taxable year
19 thereafter for three years, or until the taxable year ending
20 prior to January 1, 2020, whichever is earlier;

21 (2) if the election is made for a taxable
22 year beginning on or after January 1, 2020, to the taxable
23 year in which the election is made and to each taxable year
24 thereafter until the taxpayer notifies the department, in
25 writing, that the election is terminated, except that the

1 taxpayer shall not terminate the election until the method of
2 apportioning business income provided by Subsection B or C of
3 this section has been used by the taxpayer for at least three
4 consecutive taxable years, including a total of at least
5 thirty-six calendar months; and

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

10 E. For purposes of this section:

11 (1) "controlled foreign corporation" means a
12 foreign corporation as defined by Section 957 of the Internal
13 Revenue Code of 1986, as that section may be amended or
14 renumbered;

15 (2) "filing group" means "filing group" as
16 that term is defined in the Corporate Income and Franchise
17 Tax Act;

18 (3) "headquarters operation" means:

19 (a) the center of operations of a
20 business: 1) where corporate staff employees are physically
21 employed; 2) where the centralized functions are primarily
22 performed, including administrative, planning, managerial,
23 human resources, purchasing, information technology and
24 accounting, but not including operating a call center; 3) the
25 function and purpose of which is to manage and direct most

1 aspects and functions of the business operations within a
2 subdivided area of the United States; 4) from which final
3 authority over regional or subregional offices, operating
4 facilities and any other offices of the business are issued;
5 and 5) including national and regional headquarters if the
6 national headquarters is subordinate only to the ownership of
7 the business or its representatives and the regional
8 headquarters is subordinate to the national headquarters; or

9 (b) the center of operations of a
10 business: 1) the function and purpose of which is to manage
11 and direct most aspects of one or more centralized functions;
12 and 2) from which final authority over one or more
13 centralized functions is issued;

14 (4) "manufacturing" means combining or
15 processing components or materials to increase their value
16 for sale in the ordinary course of business, but does not
17 include:

18 (a) construction;

19 (b) farming;

20 (c) power generation; provided that
21 "manufacturing" includes electricity generation at a facility
22 that does not require location approval and a certificate of
23 convenience and necessity prior to commencing construction or
24 operation of the facility pursuant to the Public Utility Act;

25 (d) processing natural resources,

1 including hydrocarbons; or

2 (e) processing or preparation of meals
3 for immediate consumption; and

4 (5) "operating a computer processing
5 facility" means managing the necessary and ancillary
6 activities for the operation of a facility primarily used to
7 process data or information, but does not include managing
8 the operation of facilities that are predominantly used to
9 support sales of tangible property or the provision of
10 banking, financial or professional services."

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

13 "LOCAL JOURNALIST EMPLOYMENT INCOME TAX CREDIT.--

14 A. For taxable years prior to January 1, 2032, a
15 taxpayer who is not a dependent of another individual and is
16 an owner of a local news organization that employs a
17 journalist may claim a credit against the taxpayer's tax
18 liability imposed pursuant to the Income Tax Act in an amount
19 provided in Subsection B of this section. The tax credit
20 provided by this section may be referred to as the "local
21 journalist employment income tax credit".

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

25 C. A taxpayer shall apply for certification of

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

1 may each claim only one-half of the tax credit that would
2 have 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
6 entity that is taxed for federal income tax purposes as a
7 partnership or limited liability company and the business
8 entity has met all requirements to be eligible for the
9 credit. The total credit claimed by all members of the
10 partnership or limited liability company shall not exceed the
11 allowable credit 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
14 manner required by the department.

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

19 J. As used in this section:

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

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

1 dissemination to the state or a local community through
2 reporting activities, including conducting interviews,
3 observing current events or 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
8 the taxable year in which the credit is claimed;

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

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

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

23 (c) in the case of print publications,
24 has published at least one print publication per month over
25 the previous twenty-four months and holds a valid United

1 States postal service periodical permit or has at least
2 thirty percent of its content dedicated to state or local
3 news;

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

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

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

21 (g) has not received more than ten
22 percent of its gross receipts for the previous year from
23 political action committees or other entities described in
24 Section 527 of the Internal Revenue Code, or from an
25 organization that has been granted exemption from the federal

1 income tax by the United States commissioner of internal
2 revenue as an organization described in Section 501(c)(4) or
3 501(c)(6) of the Internal Revenue Code; and

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

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

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

19 "LOCAL JOURNALIST EMPLOYMENT CORPORATE INCOME TAX
20 CREDIT.--

21 A. For taxable years prior to January 1, 2032, a
22 taxpayer that is a local news organization that employs a
23 journalist may claim a credit against the taxpayer's tax
24 liability imposed pursuant to the Corporate Income and
25 Franchise Tax Act in an amount provided in Subsection B of

1 this section. The tax credit provided by this section may be
2 referred to as the "local journalist employment corporate
3 income tax credit".

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

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

21 D. If the department determines that the taxpayer
22 meets the requirements of this section, the department shall
23 issue a dated certificate of eligibility to the taxpayer
24 providing the amount of tax credit for which the taxpayer is
25 eligible and the taxable years in which the credit may be

1 claimed.

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

6 F. A taxpayer allowed to claim a tax credit
7 pursuant to this section shall claim the tax credit in a
8 manner required by the department.

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

13 H. As used in this section:

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

15 (a) is paid by a local news
16 organization to regularly gather, prepare, collect,
17 photograph, record, direct the recording of, produce, write,
18 edit, report or publish news or information that concerns
19 state or local events or other matters of public interest for
20 dissemination to the state or a local community through
21 reporting activities, including conducting interviews,
22 observing current events or analyzing documents;

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

25 (c) is employed as a journalist by the

1 local news organization for more than twenty-eight weeks of
2 the taxable year in which the credit is claimed;

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

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

14 (b) pays at least one individual,
15 either through employment or by contract with the entity, as
16 a journalist;

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

23 (d) in the case of digital-only
24 entities, has published at least three originally produced
25 stories about the state or a local community per week

1 averaged over the previous twenty-four months and has at
2 least fifty percent of its digital audience in New Mexico,
3 averaged over a twelve-month period;

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

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

15 (g) has not received more than ten
16 percent of its gross receipts for the previous year from
17 political action committees or other entities described in
18 Section 527 of the Internal Revenue Code, or from an
19 organization that has been granted exemption from the federal
20 income tax by the United States commissioner of internal
21 revenue as an organization described in Section 501(c)(4) or
22 501(c)(6) of the Internal Revenue Code; and

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

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

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

13 "DEDUCTION--GROSS RECEIPTS--SALE OF CONSTRUCTION
14 MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF AFFORDABLE
15 HOUSING MULTIFAMILY RESIDENTIAL HOUSING PROJECTS.--

16 A. Prior to July 1, 2030, receipts from selling
17 construction materials and labor may be deducted from gross
18 receipts if:

19 (1) the construction materials and labor are
20 being used for the purpose of developing multifamily
21 residential housing;

22 (2) eighty percent or more of the housing
23 units being developed will be affordable housing;

24 (3) the construction materials and labor are
25 sold to a qualifying grantee for a single project that is

1 residential housing pursuant to the Affordable Housing Act;
2 and

3 (4) the buyer of the construction materials
4 and labor delivers a nontaxable transaction certificate to
5 the seller or provides alternative evidence pursuant to
6 Section 7-9-43 NMSA 1978.

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

10 C. The deduction provided by this section shall be
11 included in the tax expenditure budget pursuant to Section
12 7-1-84 NMSA 1978, including the annual aggregate cost of the
13 deduction.

14 D. As used in this section:

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

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

23 (3) "low or moderate income" means a
24 household in which the current annual income is at or below
25 eighty percent of the area median income for the geographic

1 area in which the household is located, adjusted for family
2 size, as determined by the United States department of
3 housing and urban development; and

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

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

12 "PHYSICIAN TAX CREDIT.--

13 A. For taxable years prior to January 1, 2032, a
14 taxpayer who files an individual New Mexico tax return, is
15 not a dependent of another individual, is a physician and
16 provides health care services in New Mexico for at least one
17 thousand five hundred eighty-four hours during a taxable year
18 may claim a credit against the tax liability imposed by the
19 Income Tax Act for that taxable year in an amount equal to
20 ten thousand dollars (\$10,000). The credit provided in this
21 section may be referred to as the "physician tax credit".

22 B. A taxpayer shall apply for certification of
23 eligibility for the tax credit from the department of health
24 on forms and in the manner prescribed by that department.
25 Completed applications shall be considered in the order

1 received. For a taxpayer approved to receive the credit, the
2 department of health shall issue a certificate of eligibility
3 to the qualifying physician. The department of health shall
4 provide the department with certificates of eligibility
5 issued pursuant to this subsection in an electronic format at
6 regularly agreed-upon intervals.

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

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

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

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

22 SECTION 7. A new section of the Income Tax Act is
23 enacted to read:

24 "LOCAL NEWS PRINTER INCOME TAX CREDIT.--

25 A. For taxable years prior to January 1, 2032, a

1 taxpayer who is not a dependent of another individual and is
2 an owner of a local news printer that employs a qualified
3 employee may claim a credit against the taxpayer's tax
4 liability imposed pursuant to the Income Tax Act in an amount
5 provided in Subsection B of this section. The tax credit
6 provided by this section may be referred to as the "local
7 news printer income tax credit".

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

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

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

18 C. A taxpayer shall apply for certification of
19 eligibility for the tax credit from the department on forms
20 and in the manner prescribed by the department no later than
21 one year following the end of the calendar year in which the
22 wages were paid. A taxpayer shall not be eligible to receive
23 a tax credit for more than one hundred qualified employees
24 whom the taxpayer employs as a local news printer and, except
25 as provided in Subsections F and G of this section, only one

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

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

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

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

21 G. A taxpayer may be allocated the right to claim
22 the tax credit in proportion to the taxpayer's ownership
23 interest if the taxpayer owns an interest in a business
24 entity that is taxed for federal income tax purposes as a
25 partnership or limited liability company and the business

1 entity has met all requirements to be eligible for the
2 credit. The total credit claimed by all members of the
3 partnership or limited liability company shall not exceed the
4 allowable credit pursuant to this section.

5 H. A taxpayer allowed to claim a tax credit
6 pursuant to this section shall claim the tax credit in a
7 manner required by the department.

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

12 J. As used in this section:

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

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

24 (b) pays at least one individual,
25 either through employment or by contract with the entity, as

1 a qualified employee;

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

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

14 (e) discloses in the entity's print
15 publication or on the entity's website the entity's
16 beneficial ownership or, in the case of a not-for-profit
17 entity, the entity's board of directors;

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

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

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

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

14 (a) provides manufacturing, production
15 and printing services using a web press designed and
16 optimized for printing newspapers for a local news
17 organization;

18 (b) has been engaging in the business
19 of manufacturing, producing and printing newspapers for at
20 least five years;

21 (c) employs at least five qualified
22 employees; and

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

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

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

6 (b) works at a physical location in
7 New Mexico; and

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

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

20 SECTION 8. A new section of the Corporate Income and
21 Franchise Tax Act is enacted to read:

22 "LOCAL NEWS PRINTER CORPORATE INCOME TAX CREDIT.--

23 A. For taxable years prior to January 1, 2032, a
24 taxpayer that is an owner of a local news printer that
25 employs a qualified employee may claim a credit against the

1 taxpayer's tax liability imposed pursuant to the Corporate
2 Income and Franchise Tax Act in an amount provided in
3 Subsection B of this section. The tax credit provided by
4 this section may be referred to as the "local news printer
5 corporate income tax credit".

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

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

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

16 C. A taxpayer shall apply for certification of
17 eligibility for the tax credit from the department on forms
18 and in the manner prescribed by the department no later than
19 one year following the end of the calendar year in which the
20 wages were paid. A taxpayer shall not be eligible to receive
21 a tax credit for more than one hundred qualified employees
22 whom the taxpayer employs as a local news printer and only
23 one tax credit shall be certified for each qualified employee
24 employed by a local news printer per taxable year. The total
25 annual aggregate amount of local news printer corporate

1 income tax credits and local news printer income tax credits
2 that may be certified in a calendar year shall not exceed one
3 million dollars (\$1,000,000). Completed applications shall
4 be considered in the order received.

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

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

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

17 G. The credit provided by this section shall be
18 included in the tax expenditure budget pursuant to Section
19 7-1-84 NMSA 1978, including the total annual aggregate cost
20 of the credit.

21 H. As used in this section:

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

24 (a) provides a print or digital
25 publication that engages professionals who regularly gather,

1 prepare, collect, photograph, record, direct the recording
2 of, produce, write, edit, report or publish news or
3 information that concerns state or local events or other
4 matters of public interest for dissemination to the state or
5 a local community through reporting activities, including
6 conducting interviews, observing current events or analyzing
7 documents;

8 (b) pays at least one individual,
9 either through employment or by contract with the entity, as
10 a qualified employee;

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

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

23 (e) discloses in the entity's print
24 publication or on the entity's website the entity's
25 beneficial ownership or, in the case of a not-for-profit

1 entity, the entity's board of directors;

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

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

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

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

23 (a) provides manufacturing, production
24 and printing services using a web press designed and
25 optimized for printing newspapers for a local news

1 organization;

2 (b) has been engaging in the business
3 of manufacturing, producing and printing newspapers for at
4 least 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
13 post-press newspaper production to prepare newspapers for
14 transition to delivery and distribution personnel;

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

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

20 (4) "wages" means compensation paid by a
21 local news printer to a qualified employee through the
22 organization's payroll system, including those wages that the
23 qualified employee elects to defer or redirect or the
24 qualified employee's contribution to a 401(k) or cafeteria
25 plan program. "Wages" does not mean benefits or the

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

4 SECTION 9. Section 7-9G-1 NMSA 1978 (being Laws 2004,
5 Chapter 15, Section 1, as amended by Laws 2025, Chapter 107,
6 Section 1 and by Laws 2025, Chapter 130, Section 93) is
7 amended to read:

8 "7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING
9 HIGH-WAGE JOBS.--

10 A. A taxpayer that is an eligible employer may
11 apply for, and the department may allow, a tax credit for
12 each new high-wage job. The credit provided in this section
13 may be referred to as the "high-wage jobs tax credit".

14 B. The purpose of the high-wage jobs tax credit is
15 to provide an incentive for businesses to create and fill new
16 high-wage jobs in New Mexico.

17 C. The high-wage jobs tax credit may be claimed
18 and allowed in an amount equal to eight and one-half percent
19 of the wages distributed to an eligible employee in a new
20 high-wage job but shall not exceed twelve thousand seven
21 hundred fifty dollars (\$12,750) per job per qualifying
22 period. The high-wage jobs tax credit may be claimed by an
23 eligible employer for each new high-wage job performed for
24 the year in which the new high-wage job is created and for
25 consecutive qualifying periods.

1 D. To receive a high-wage jobs tax credit, a
2 taxpayer shall file a completed application for approval of
3 the credit with the department once per calendar year on
4 forms and in the manner prescribed by the department. The
5 annual application shall contain the certification required
6 by Subsection K of this section and shall contain all
7 qualifying periods that closed during the calendar year for
8 which the application is made. Any qualifying period that
9 did not close in the calendar year for which the application
10 is made shall be denied by the department. The application
11 for a calendar year shall be filed no later than December 31
12 of the following calendar year. If a taxpayer fails to file
13 the annual application within the time limits provided in
14 this section, the application shall be denied by the
15 department.

16 E. A new high-wage job shall not be eligible for a
17 credit pursuant to this section for the initial qualifying
18 period unless the eligible employer's total number of
19 employees with threshold jobs on the last day of the initial
20 qualifying period at the location at which the job is
21 performed or based is at least one more than the number of
22 threshold jobs on the day prior to the date the new high-wage
23 job was created. A new high-wage job shall not be eligible
24 for a credit pursuant to this section for a consecutive
25 qualifying period unless the total number of threshold jobs

1 at a location at which the job is performed or based on the
2 last day of that qualifying period is greater than or equal
3 to the number of threshold jobs at that same location on the
4 last day of the initial qualifying period for the new
5 high-wage job.

6 F. If a consecutive qualifying period for a new
7 high-wage job does not meet the wage, occupancy and residency
8 requirements, then the qualifying period is ineligible.

9 G. Except as provided in Subsection H of this
10 section, a new high-wage job shall not be eligible for a
11 credit pursuant to this section if:

12 (1) the new high-wage job is created due to
13 a business merger or acquisition or other change in business
14 organization;

15 (2) the eligible employee was terminated
16 from employment in New Mexico by another employer involved in
17 the business merger or acquisition or other change in
18 business organization with the taxpayer; and

19 (3) the new high-wage job is performed by:

20 (a) the person who performed the job or
21 its functional equivalent prior to the business merger or
22 acquisition or other change in business organization; or

23 (b) a person replacing the person who
24 performed the job or its functional equivalent prior to a
25 business merger or acquisition or other change in business

1 organization.

2 H. A new high-wage job that was created by another
3 employer and for which an application for the high-wage jobs
4 tax credit was received and is under review by the department
5 prior to the time of the business merger or acquisition or
6 other change in business organization shall remain eligible
7 for the high-wage jobs tax credit for the balance of the
8 consecutive qualifying periods. The new employer that
9 results from a business merger or acquisition or other change
10 in business organization may only claim the high-wage jobs
11 tax credit for the balance of the consecutive qualifying
12 periods for which the new high-wage job is otherwise
13 eligible.

14 I. A new high-wage job shall not be eligible for a
15 credit pursuant to this section if the job is created due to
16 an eligible employer entering into a contract or becoming a
17 subcontractor to a contract with a governmental entity that
18 replaces one or more entities performing functionally
19 equivalent services for the governmental entity unless the
20 job is a new high-wage job that was not being performed by an
21 employee of the replaced entity.

22 J. A new high-wage job shall not be eligible for a
23 credit pursuant to this section if the eligible employer has
24 more than one business location in New Mexico from which it
25 conducts business and the requirements of Subsection E of

1 this section are satisfied solely by moving the job from one
2 business location of the eligible employer in New Mexico to
3 another business location of the eligible employer in
4 New Mexico.

5 K. With respect to each annual application for a
6 high-wage jobs tax credit, the employer shall certify and
7 include:

8 (1) the amount of wages paid to each
9 eligible employee in a new high-wage job during the
10 qualifying period;

11 (2) the number of weeks each position was
12 occupied during the qualifying period;

13 (3) whether the new high-wage job was in a
14 municipality with a population of sixty thousand or more or
15 with a population of less than sixty thousand according to
16 the most recent federal decennial census and whether the job
17 was in the unincorporated area of a county;

18 (4) which qualifying period the application
19 pertains to for each eligible employee;

20 (5) the total number of employees employed
21 by the employer at the job location on the day prior to the
22 qualifying period and on the last day of the qualifying
23 period;

24 (6) the total number of threshold jobs
25 performed or based at the eligible employer's location on the

1 day prior to the qualifying period and on the last day of the
2 qualifying period;

3 (7) for an eligible employer that has more
4 than one business location in New Mexico from which it
5 conducts business, the total number of threshold jobs
6 performed or based at each business location of the eligible
7 employer in New Mexico on the day prior to the qualifying
8 period and on the last day of the qualifying period;

9 (8) whether the eligible employer is
10 receiving or is eligible to receive development training
11 program assistance pursuant to Section 21-19-7 NMSA 1978;

12 (9) whether the eligible employer has ceased
13 business operations at any of its business locations in
14 New Mexico; and

15 (10) whether the application is precluded by
16 Subsection O of this section.

17 L. Any person who willfully submits a false,
18 incorrect or fraudulent certification required pursuant to
19 Subsection K of this section shall be subject to all
20 applicable penalties under the Tax Administration Act, except
21 that the amount on which the penalty is based shall be the
22 total amount of credit requested on the application for
23 approval.

24 M. Except as provided in Subsection N of this
25 section, an approved high-wage jobs tax credit shall be

1 claimed against the taxpayer's modified combined tax
2 liability and shall be filed with the return due immediately
3 following the date of the credit approval. If the credit
4 exceeds the taxpayer's modified combined tax liability, the
5 excess shall be refunded to the taxpayer.

6 N. If the taxpayer ceases business operations in
7 New Mexico while an application for credit approval is
8 pending or after an application for credit has been approved
9 for any qualifying period for a new high-wage job, the
10 department shall not grant an additional high-wage jobs tax
11 credit to that taxpayer except as provided in Subsection O of
12 this section and shall extinguish any amount of credit
13 approved for that taxpayer that has not already been claimed
14 against the taxpayer's modified combined tax liability.

15 O. A taxpayer that has received a high-wage jobs
16 tax credit shall not submit a new application for the credit
17 for a minimum of two calendar years from the closing date of
18 the last qualifying period for which the taxpayer received
19 the credit if the taxpayer lost eligibility to claim the
20 credit from a previous application pursuant to Subsection N
21 of this section.

22 P. The economic development department and the
23 taxation and revenue department shall report to the
24 appropriate interim legislative committee each year the cost
25 of the high-wage jobs tax credit to the state and its impact

1 on company recruitment and job creation.

2 Q. As used in this section:

3 (1) "benefits" means all remuneration for
4 work performed that is provided to an employee in whole or in
5 part by the employer, other than wages, including the
6 employer's contributions to insurance programs, health
7 care, medical, dental and vision plans, life insurance,
8 employer contributions to pensions, such as a 401(k), and
9 employer-provided services, such as child care, offered by an
10 employer to the employee;

11 (2) "consecutive qualifying period" means
12 each of the three qualifying periods successively following
13 the qualifying period in which the new high-wage job was
14 created;

15 (3) "department" means the taxation and
16 revenue department;

17 (4) "dependent" means "dependent" as defined
18 in 26 U.S.C. 152(a), as that section may be amended or
19 renumbered;

20 (5) "domicile" means the sole place where an
21 individual has a true, fixed, permanent home. It is the
22 place where the individual has a voluntary, fixed habitation
23 of self and family with the intention of making a permanent
24 home;

25 (6) "eligible employee" means an individual

1 who is employed in New Mexico by an eligible employer and who
2 is a resident of New Mexico; "eligible employee" does not
3 include an individual who:

4 (a) is a dependent of the employer;

5 (b) if the employer is an estate or
6 trust, is a grantor, beneficiary or fiduciary of the estate
7 or trust or is a dependent of a grantor, beneficiary or
8 fiduciary of the estate or trust;

9 (c) if the employer is a corporation,
10 is a dependent of an individual who owns, directly or
11 indirectly, more than fifty percent in value of the
12 outstanding stock of the corporation; or

13 (d) if the employer is an entity other
14 than a corporation, estate or trust, is a dependent of an
15 individual who owns, directly or indirectly, more than fifty
16 percent of the capital and profits interests in the entity;

17 (7) "eligible employer" means an employer
18 that, during the applicable qualifying period, would be
19 eligible for development training program assistance under
20 the fiscal year 2019 policies defining development training
21 program eligibility developed by the industrial training
22 board in accordance with Section 21-19-7 NMSA 1978;

23 (8) "modified combined tax liability" means
24 the total liability for the reporting period for the gross
25 receipts tax imposed by Section 7-9-4 NMSA 1978 together with

1 any tax collected at the same time and in the same manner as
2 the gross receipts tax, such as the compensating tax, the
3 withholding tax, the interstate telecommunications gross
4 receipts tax, the surcharges imposed by Section 63-9D-5 NMSA
5 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,
6 minus the amount of any credit other than the high-wage jobs
7 tax credit applied against any or all of these taxes or
8 surcharges; but "modified combined tax liability" excludes
9 all amounts collected with respect to local option gross
10 receipts taxes;

11 (9) "new high-wage job" means a new job
12 created in New Mexico by an eligible employer on or after
13 July 1, 2004 and prior to July 1, 2036 that is occupied for
14 at least forty-four weeks of a qualifying period by an
15 eligible employee who is paid wages calculated for the
16 qualifying period to be at least:

17 (a) sixty thousand dollars (\$60,000) if
18 the job is performed or based in or within ten miles of the
19 external boundaries of a municipality with a population of
20 sixty thousand or more according to the most recent federal
21 decennial census or in a class H county; and

22 (b) forty thousand dollars (\$40,000) if
23 the job is performed or based in a municipality with a
24 population of less than sixty thousand according to the most
25 recent federal decennial census or in the unincorporated

1 area, that is not within ten miles of the external boundaries
2 of a municipality with a population of sixty thousand or
3 more, of a county other than a class H county;

4 (10) "new job" means a job that is occupied
5 by an employee who has not been employed in New Mexico by the
6 eligible employer in the three years prior to the date of
7 hire;

8 (11) "qualifying period" means the period of
9 twelve months beginning on the day an eligible employee
10 begins working in a new high-wage job or the period of twelve
11 months beginning on the anniversary of the day an eligible
12 employee began working in a new high-wage job;

13 (12) "resident" means a natural person whose
14 domicile is in New Mexico at the time of hire or within one
15 hundred eighty days of the date of hire;

16 (13) "threshold job" means a job that:

17 (a) is occupied for at least forty-four
18 weeks of the first fifty-two weeks of employment by an
19 eligible employee; provided that the fifty-two-week period
20 begins on the day the eligible employee occupies the job; and

21 (b) meets the wage requirements for a
22 "new high-wage job"; and

23 (14) "wages" means all compensation paid by
24 an eligible employer to an eligible employee through the
25 employer's payroll system, including those wages that the

1 employee elects to defer or redirect or the employee's
2 contribution to a 401(k) or cafeteria plan program, but
3 "wages" does not include benefits or the employer's share of
4 payroll taxes, social security or medicare contributions,
5 federal or state unemployment insurance contributions or
6 workers' compensation."

7 SECTION 10. APPROPRIATIONS.--

8 A. Twenty-six million six thousand dollars
9 (\$26,006,000) is appropriated from the general fund to the
10 department of finance and administration for expenditure in
11 fiscal year 2027 to pay all costs attributable to the general
12 fund of providing a salary increase of one percent to
13 employees in budgeted positions who have completed their
14 probationary period subject to satisfactory job performance.
15 Any unexpended balance remaining at the end of fiscal year
16 2027 shall revert to the general fund. The salary increases
17 shall be effective the first full pay period after July 1,
18 2026, and distributed as follows:

19 (1) three hundred twenty-four thousand nine
20 hundred dollars (\$324,900) for permanent legislative
21 employees, including permanent employees of the legislative
22 council service, legislative finance committee, legislative
23 education study committee, legislative building services,
24 house and senate, house and senate chief clerks' office and
25 house and senate leadership;

1 (2) three million four hundred seventy-seven
2 thousand three hundred dollars (\$3,477,300) for judicial
3 permanent employees, including magistrate judges, elected
4 district attorneys, district attorney permanent employees,
5 public defender department permanent employees, judicial
6 hearing officers and judicial special commissioners, supreme
7 court justices, court of appeals judges, district court
8 judges and metropolitan court judges;

9 (3) nine million five hundred ninety-six
10 thousand seven hundred dollars (\$9,596,700) for incumbents in
11 positions in the classified service governed by the Personnel
12 Act, for incumbents in the New Mexico state police career pay
13 system and for executive exempt employees;

14 (4) twelve million twenty-three thousand
15 eight hundred dollars (\$12,023,800) to the higher education
16 department for nonstudent faculty and staff of two-year and
17 four-year public post-secondary educational institutions; and

18 (5) five hundred eighty-three thousand three
19 hundred dollars (\$583,300) to the higher education department
20 for nonstudent faculty and staff of the New Mexico military
21 institute, New Mexico school for the blind and visually
22 impaired and New Mexico school for the deaf.

23 B. Thirty-six million forty-three thousand seven
24 hundred dollars (\$36,043,700) is appropriated from the
25 general fund to the state equalization guarantee distribution

1 of the public school fund for expenditure in fiscal year 2027
2 to recruit and retain public school personnel, comparable to
3 an average one percent salary increase. Any unexpended
4 balance remaining at the end of fiscal year 2027 shall revert
5 to the general fund.

6 C. Six hundred sixty-two thousand dollars
7 (\$662,000) is appropriated from the general fund to the
8 transportation distribution of the public school fund for
9 expenditure in fiscal year 2027 to recruit and retain public
10 school transportation personnel, comparable to an average one
11 percent salary increase. Any unexpended balance remaining at
12 the end of fiscal year 2027 shall revert to the general fund.

13 D. For those state employees whose salaries are
14 referenced in or received as a result of nongeneral fund
15 appropriations in the General Appropriation Act of 2026, the
16 department of finance and administration shall transfer from
17 the appropriate fund to the appropriate agency the amount
18 required for the salary increases equivalent to those
19 provided for in this section. Such amounts are appropriated
20 for expenditure in fiscal year 2027. Any unexpended balances
21 remaining at the end of fiscal year 2027 shall revert to the
22 appropriate fund.

23 SECTION 11. APPLICABILITY.--The provisions of Sections
24 1 through 4 and 6 through 8 of this act apply to taxable
25 years beginning on or after January 1, 2027.

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SECTION 12. EFFECTIVE DATE.--The effective date of the provisions of Section 5 of this act is July 1, 2027. _____