

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

\_\_\_\_\_ BILL

**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; UPDATING AND DELETING OUTDATED PROVISIONS  
IN CERTAIN SECTIONS OF CHAPTER 7 NMSA 1978; AMENDING CERTAIN  
PROVISIONS OF THE METROPOLITAN REDEVELOPMENT CODE AND THE TAX  
INCREMENT FOR DEVELOPMENT ACT TO CONFORM WITH DESTINATION  
SOURCING; INCREASING THE AMOUNT A TAXPAYER MAY OWE TO ALLOW  
QUARTERLY OR SEMIANNUAL FILING; ALLOWING THE SECRETARY OF  
TAXATION AND REVENUE TO COMPROMISE ASSERTED LIABILITY IN THE  
CASE OF A DENIAL OF A REFUND OR CREDIT; INCREASING THE AMOUNT  
OF INSTALLMENT AGREEMENTS, ABATEMENTS, REFUNDS AND CREDITS THAT  
SHALL BE MADE AVAILABLE FOR PUBLIC INSPECTION; ALLOWING A  
COMPLETED RETURN TO CONSTITUTE A FILING OF A CLAIM FOR REFUND;  
REMOVING ATTORNEY GENERAL APPROVAL OF REFUNDS OVER TWENTY  
THOUSAND DOLLARS (\$20,000); AMENDING CERTAIN PROVISIONS  
REGARDING A LIEN FOR A TAX LIABILITY; AMENDING CERTAIN  
PROVISIONS ON INTEREST ON DEFICIENCIES; PROVIDING THAT

.228781.3SA

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

underscored material = new  
[bracketed material] = delete

1 ELECTRONIC FILERS FILE AND PAY WITH THE SAME DEADLINE AS ALL  
2 OTHER FILERS; REMOVING REPORTING REQUIREMENTS FOR TAX  
3 EXPENDITURES REQUIRED TO BE INCLUDED IN THE TAX EXPENDITURE  
4 BUDGET AND CERTAIN OTHER DEDUCTIONS; REMOVING CONTINGENT RATES  
5 FOR THE PETROLEUM PRODUCTS LOADING FEE; PROVIDING THAT LOCAL  
6 OPTION GROSS RECEIPTS AND COMPENSATING TAX RATES SHALL BE  
7 EFFECTIVE ON JULY 1 FOLLOWING ELECTION OR ADOPTED ORDINANCE;  
8 STREAMLINING ADVANCE PAYMENTS OF THE CERTAIN OIL AND GAS TAXES;  
9 CLARIFYING THE APPLICATION OF CERTAIN OIL PRODUCTION TAXES ON  
10 SKIM OIL; ALLOWING TAX LIENS TO BE RECORDED WITHOUT A NOTARY  
11 SIGNATURE; ALIGNING A WORKERS' COMPENSATION FEE DUE DATE TO THE  
12 WITHHOLDING TAX DUE DATE; CLARIFYING ASSESSMENT AND PAYMENT  
13 PROVISIONS PURSUANT TO THE HEALTH CARE DELIVERY AND ACCESS ACT;  
14 AMENDING AND REPEALING CERTAIN SECTIONS OF LAWS 2024, CHAPTER  
15 41 THAT ENACTED THE HEALTH CARE DELIVERY AND ACCESS ACT TO  
16 CONFORM THE CONTINGENT EFFECTIVE DATE AND DELAYED REPEAL OF  
17 THAT ACT; AMENDING AND REPEALING SECTIONS OF THE NMSA 1978.

18  
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

20 SECTION 1. Section 3-60A-21 NMSA 1978 (being Laws 2024,  
21 Chapter 62, Section 1) is amended to read:

22 "3-60A-21. PROPERTY AND GROSS RECEIPTS TAX INCREMENTS--  
23 PROCEDURES.--

24 A. The procedures to be used in determining a  
25 property tax increment are:

.228781.3SA

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

1                   (1) the local government shall, after approval  
2 of a metropolitan redevelopment plan, notify the county  
3 assessor of the taxable parcels of property within the  
4 metropolitan redevelopment area;

5                   (2) upon receipt of the notification, the  
6 county assessor shall identify the parcels of property within  
7 the metropolitan redevelopment area within their respective  
8 jurisdictions and certify to the county treasurer the net  
9 taxable value of the property at the time of notification as  
10 the base value for the distribution of property tax revenues  
11 authorized by the Property Tax Code. If because of acquisition  
12 by the local government the property becomes tax exempt, the  
13 county assessor shall note that fact on their respective  
14 records and so notify the county treasurer, but the county  
15 assessor and the county treasurer shall preserve a record of  
16 the net taxable value at the time of inclusion of the property  
17 within the metropolitan redevelopment area as the base value  
18 for the purpose of distribution of property tax revenues when  
19 the parcel again becomes taxable. The county assessor is not  
20 required by this section to preserve the new taxable value at  
21 the time of inclusion of the property within the metropolitan  
22 redevelopment area as the base value for the purposes of  
23 valuation of the property;

24                   (3) if because of acquisition by the local  
25 government the property becomes tax exempt, when the parcel

.228781.3SA

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

1 again becomes taxable, the local government shall notify the  
2 county assessor of the parcels of property that because of  
3 their rehabilitation or other improvement are to be revalued  
4 for property tax purposes. A new taxable value of this  
5 property shall then be determined by the county assessor. If  
6 no acquisition by the local government occurs, improvement or  
7 rehabilitation of property subject to valuation by the assessor  
8 shall be reported to the assessor as required by the Property  
9 Tax Code, and the new taxable value shall be determined as of  
10 January 1 of the tax year following the year in which the  
11 improvement or rehabilitation is completed; and

12 (4) current tax rates shall then be applied to  
13 the new taxable value of property included in the metropolitan  
14 redevelopment area. The amount by which the revenue received  
15 exceeds that which would have been received by application of  
16 the same rates to the base value before inclusion in the  
17 metropolitan redevelopment area shall be multiplied by the  
18 percentage of the increment dedicated by the local government  
19 pursuant to Section 3-60A-23 NMSA 1978, credited to the local  
20 government and deposited in the metropolitan redevelopment  
21 fund. This transfer shall take place only after the county  
22 treasurer has been notified to apply the procedures pursuant to  
23 this subsection to property included in a metropolitan  
24 redevelopment area. Unless the entire metropolitan  
25 redevelopment area is specifically included by the local

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 government for purposes of tax increment financing, the payment  
2 by the county treasurer to the local government shall be  
3 limited to those properties specifically included. The  
4 remaining revenue shall be distributed to participating units  
5 of government as authorized by the Property Tax Code.

6 B. The procedures to be used in determining a gross  
7 receipts tax increment are:

8 (1) the local government shall notify the  
9 taxation and revenue department of the geographic boundaries of  
10 the metropolitan redevelopment area;

11 (2) by the [~~January 1 or~~] July 1 following at  
12 least ninety days after receipt of the notice of the geographic  
13 boundaries, the taxation and revenue department shall designate  
14 a reporting location code for the metropolitan redevelopment  
15 area pursuant to Section 7-1-14 NMSA 1978;

16 (3) using data from the twelve months of  
17 reporting periods following designation of the reporting  
18 location code, the taxation and revenue department shall  
19 calculate the gross receipts tax revenue for the base year as  
20 follows:

21 (a) the amount of the local government's  
22 local option gross receipts tax revenue attributable to the  
23 gross receipts sourced to the metropolitan redevelopment area  
24 pursuant to Section 7-1-14 NMSA 1978 in the previous twelve  
25 months; and

.228781.3SA

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

1 (b) the amount of state gross receipts  
2 tax revenue attributable to gross receipts sourced to the  
3 metropolitan redevelopment area pursuant to Section 7-1-14 NMSA  
4 1978 in the previous twelve months, less any amount distributed  
5 to the municipality pursuant to Section 7-1-6.4 NMSA 1978  
6 attributable to gross receipts sourced to the metropolitan  
7 redevelopment area; and

8 (4) following making the calculation of the  
9 gross receipts tax revenue for the base year:

10 (a) the taxation and revenue department  
11 shall compare the amounts of gross receipts tax revenues of the  
12 base year with the amounts of gross receipts tax revenues of  
13 that following twelve months, using the same calculation  
14 methods as provided in Paragraph (3) of this subsection; and

15 (b) if there is an increase between the  
16 gross receipts tax revenue of the base year and the gross  
17 receipts tax revenue of that following twelve months, the  
18 taxation and revenue department shall distribute, pursuant to  
19 Section 7-1-6.71 NMSA 1978, the sum of: 1) the product of the  
20 total rate of the local government's local option gross  
21 receipts tax multiplied by the increased amount of the local  
22 government's local option gross receipts tax revenue, further  
23 multiplied by the percentage of the gross receipts tax  
24 increment dedicated by the local government pursuant to Section  
25 3-60A-23 NMSA 1978; plus 2) the product of the state gross

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 receipts tax rate multiplied by the increased amount of the  
2 state gross receipts tax revenue, further multiplied by the  
3 percentage of the gross receipts tax increment dedicated by the  
4 state board of finance pursuant to Section 3-60A-23 NMSA 1978.

5 C. The procedures specified in this section shall  
6 be followed annually for a maximum period of twenty years  
7 following the date of notification provided by this section.

8 D. As used in this section:

9 (1) "local option gross receipts tax revenue"  
10 means revenue transferred to the local government pursuant to  
11 Section 7-1-6.12 or 7-1-6.13 NMSA 1978, as appropriate; and

12 (2) "state gross receipts tax revenue" means  
13 revenue received from the gross receipts tax imposed pursuant  
14 to Section 7-9-4 NMSA 1978."

15 SECTION 2. Section 5-15-3 NMSA 1978 (being Laws 2006,  
16 Chapter 75, Section 3, as amended by Laws 2019, Chapter 212,  
17 Section 199 and also by Laws 2019, Chapter 275, Section 1) is  
18 amended to read:

19 "5-15-3. DEFINITIONS.--As used in the Tax Increment for  
20 Development Act:

21 A. "base gross receipts taxes" means:

22 (1) the total amount of gross receipts [~~taxes~~  
23 ~~collected within~~] tax revenue attributable to the gross  
24 receipts sourced to a tax increment development district  
25 pursuant to Section 7-1-14 NMSA 1978, as [estimated by the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~governing body that adopted a resolution to form that district,~~  
2 ~~in consultation with] calculated by the taxation and revenue~~  
3 ~~department, in the [calendar year preceding the formation of~~  
4 ~~the tax increment development district or, when an area is~~  
5 ~~added to an existing district, the amount of gross receipts~~  
6 ~~taxes collected in the calendar year preceding the effective~~  
7 ~~date of the modification of the tax increment development plan]~~  
8 base period and designated by the governing body to be  
9 available as part of the gross receipts tax increment; and

10 (2) any amount of gross receipts taxes that  
11 would have been collected in [~~such year~~] the base period if any  
12 applicable additional gross receipts taxes imposed after that  
13 [~~year~~] base period had been imposed in that [~~year~~] base period;

14 B. "base period" means, unless as revised pursuant  
15 to Sections 5-15-25.1 and 5-15-25.2 NMSA 1978, the first twelve  
16 months following designation of a new reporting location code  
17 by the taxation and revenue department following notice of the  
18 formation of a district pursuant to Section 5-15-9 NMSA 1978;

19 [~~B.~~] C. "base property taxes" means:

20 (1) the portion of property taxes produced by  
21 the total of all property tax levied at the rate fixed each  
22 year by each governing body levying a property tax on the  
23 assessed value of taxable property within the tax increment  
24 development area last certified for the year ending immediately  
25 prior to the year in which a tax increment development plan is

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 approved for the tax increment development area, or, when an  
2 area is added to an existing tax increment development area,  
3 "base property taxes" means that portion of property taxes  
4 produced by the total of all property tax levied at the rate  
5 fixed each year by each governing body levying a property tax  
6 upon the assessed value of taxable property within the tax  
7 increment development area on the date of the modification of  
8 the tax increment development plan and designated by the  
9 governing body to be available as part of the property tax  
10 increment; and

11 (2) any amount of property taxes that would  
12 have been collected in such year if any applicable additional  
13 property taxes imposed after that year had been imposed in that  
14 year;

15 ~~[G.]~~ D. "county option gross receipts ~~[taxes]~~ tax"  
16 means gross receipts taxes imposed by counties pursuant to the  
17 County Local Option Gross Receipts Taxes Act and designated by  
18 the governing body of the county to be available as part of the  
19 gross receipts tax increment;

20 E. "developer" means the owner or developer who has  
21 entered into an agreement pursuant to Subsection A of Section  
22 5-15-4 NMSA 1978 with the governing body that formed the  
23 district or the owner's or developer's successors or assigns;

24 ~~[D.]~~ F. "district" means a tax increment  
25 development district;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           ~~[E.]~~ G. "district board" means a board formed in  
2 accordance with the provisions of the Tax Increment for  
3 Development Act to govern a tax increment development district;

4           ~~[F.]~~ H. "enhanced services" means public services  
5 provided by a municipality or county within the district at a  
6 higher level or to a greater degree than otherwise available to  
7 the land located in the district from the municipality or  
8 county, including such services as public safety, fire  
9 protection, street or sidewalk cleaning or landscape  
10 maintenance in public areas; provided that "enhanced services"  
11 does not include the basic operation and maintenance related to  
12 infrastructure improvements financed by the district pursuant  
13 to the Tax Increment for Development Act;

14           ~~[G.]~~ I. "governing body" means the city council or  
15 city commission of a city, the board of trustees or council of  
16 a town or village or the board of county commissioners of a  
17 county;

18           ~~[H.]~~ J. "gross receipts tax increment" means the  
19 gross receipts taxes ~~[collected within]~~ sourced to a tax  
20 increment development district in excess of the base gross  
21 receipts taxes collected in the district;

22           ~~[I.]~~ K. "gross receipts tax increment bonds" means  
23 bonds issued by a district in accordance with the Tax Increment  
24 for Development Act, the pledged revenue for which is a gross  
25 receipts tax increment;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   [~~J.~~] L. "local government" means a municipality or  
2 county;

3                   [~~K.~~] M. "municipal option gross receipts [~~taxes~~  
4 tax" means those gross receipts taxes imposed by municipalities  
5 pursuant to the Municipal Local Option Gross Receipts Taxes Act  
6 and designated by the governing body of the municipality to be  
7 available as part of the gross receipts tax increment;

8                   [~~L.~~] N. "municipality" means an incorporated city,  
9 town or village;

10                   [~~M.~~] O. "new full-time economic base job" means a  
11 job:

12                                   (1) that is primarily performed in New Mexico;

13                                   (2) that is held by an employee who is hired  
14 to work an average of at least thirty-two hours per week for at  
15 least forty-eight weeks per year;

16                                   (3) that is:

17   (a) involved, directly or in a  
18 supervisory capacity, with the production of: 1) a service;  
19 provided that the majority of the revenue generated from the  
20 service is from sources outside the state; or 2) tangible or  
21 intangible personal property for sale; or

22   (b) held by an employee that is employed  
23 at a regional, national or international headquarters operation  
24 or at an operation that primarily provides services for other  
25 operations of the qualifying entity that are located outside

.228781.3SA

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

1 the state; and

2 (4) that is not directly involved with natural  
3 resources extraction or processing, on-site services where the  
4 customer is typically present for the delivery of the service,  
5 call center, retail, construction or agriculture except for  
6 value-added processing performed on agricultural products that  
7 would then be sold for wholesale or retail consumption;

8 ~~[N-]~~ P. "owner" means a person owning real property  
9 within the boundaries of a district;

10 ~~[O-]~~ Q. "person" means an individual, corporation,  
11 association, partnership, limited liability company or other  
12 legal entity;

13 ~~[P-]~~ R. "project" means a tax increment development  
14 project;

15 ~~[Q-]~~ S. "property tax increment" means all property  
16 tax collected on real property within the designated tax  
17 increment development area that is in excess of the base  
18 property tax until termination of the district and distributed  
19 to the district in the same manner as distributions are made  
20 under the provisions of the Tax Administration Act;

21 ~~[R-]~~ T. "property tax increment bonds" means bonds  
22 issued by a district in accordance with the Tax Increment for  
23 Development Act, the pledged revenue for which is a property  
24 tax increment;

25 ~~[S-]~~ U. "public improvements" means on-site

.228781.3SA

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

1 improvements and off-site improvements that directly or  
2 indirectly benefit a tax increment development district or  
3 facilitate development within a tax increment development area  
4 and that are dedicated to the governing body in which the  
5 district lies. "Public improvements" includes:

6 (1) sanitary sewage systems, including  
7 collection, transport, treatment, dispersal, effluent use and  
8 discharge;

9 (2) drainage and flood control systems,  
10 including collection, transport, storage, treatment, dispersal,  
11 effluent use and discharge;

12 (3) water systems for domestic, commercial,  
13 office, hotel or motel, industrial, irrigation, municipal or  
14 fire protection purposes, including production, collection,  
15 storage, treatment, transport, delivery, connection and  
16 dispersal;

17 (4) highways, streets, roadways, bridges,  
18 crossing structures and parking facilities, including all areas  
19 for vehicular use for travel, ingress, egress and parking;

20 (5) trails and areas for pedestrian,  
21 equestrian, bicycle or other non-motor vehicle use for travel,  
22 ingress, egress and parking;

23 (6) pedestrian and transit facilities, parks,  
24 recreational facilities and open space areas for the use of  
25 members of the public for entertainment, assembly and

.228781.3SA

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

1 recreation;

2 (7) landscaping, including earthworks,  
3 structures, plants, trees and related water delivery systems;

4 (8) public buildings, public safety facilities  
5 and fire protection and police facilities;

6 (9) electrical generation, transmission and  
7 distribution facilities;

8 (10) natural gas distribution facilities;

9 (11) lighting systems;

10 (12) cable or other telecommunications lines  
11 and related equipment;

12 (13) traffic control systems and devices,  
13 including signals, controls, markings and signage;

14 (14) school sites and facilities with the  
15 consent of the governing board of the public school district  
16 for which the facility is to be acquired, constructed or  
17 renovated;

18 (15) library and other public educational or  
19 cultural facilities;

20 (16) equipment, vehicles, furnishings and  
21 other personal property related to the items listed in this  
22 subsection;

23 (17) inspection, construction management,  
24 planning and program management and other professional services  
25 costs incidental to the project;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (18) workforce housing; and

2 (19) any other improvement that the governing  
3 body determines to be for the use or benefit of the public;

4 [~~F.~~] V. "state gross receipts tax" means the gross  
5 receipts tax imposed pursuant to the Gross Receipts and  
6 Compensating Tax Act, but does not include that portion  
7 distributed to municipalities pursuant to Sections 7-1-6.4 and  
8 7-1-6.46 NMSA 1978 or to counties pursuant to Section 7-1-6.47  
9 NMSA 1978;

10 [~~U.~~] W. "sustainable development" means land  
11 development that achieves sustainable economic and social goals  
12 in ways that can be supported for the long term by conserving  
13 resources, protecting the environment and ensuring human health  
14 and welfare using mixed-use, pedestrian-oriented, multimodal  
15 land use planning;

16 [~~V.~~] X. "tax increment development area" means the  
17 land included within the boundaries of a tax increment  
18 development district;

19 [~~W.~~] Y. "tax increment development district" means  
20 a district formed for the purposes of carrying out tax  
21 increment development projects;

22 [~~X.~~] Z. "tax increment development plan" means a  
23 plan for the undertaking of a tax increment development  
24 project;

25 [~~Y.~~] AA. "tax increment development project" means

.228781.3SA

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

1 activities undertaken within a tax increment development area  
2 to enhance the sustainability of the local, regional or  
3 statewide economy; to support the creation of jobs, schools and  
4 workforce housing; and to generate tax revenue for the  
5 provision of public improvements and may include:

6 (1) acquisition of land within a designated  
7 tax increment development area or a portion of that tax  
8 increment development area;

9 (2) demolition and removal of buildings and  
10 improvements and installation, construction or reconstruction  
11 of streets, utilities, parks, playgrounds and improvements  
12 necessary to carry out the objectives of the Tax Increment for  
13 Development Act;

14 (3) installation, construction or  
15 reconstruction of streets, water utilities, sewer utilities,  
16 parks, playgrounds and other public improvements necessary to  
17 carry out the objectives of the Tax Increment for Development  
18 Act;

19 (4) disposition of property acquired or held  
20 by a tax increment development district as part of the  
21 undertaking of a tax increment development project at the fair  
22 market value of such property for uses in accordance with the  
23 Tax Increment for Development Act;

24 (5) payments for professional services  
25 contracts necessary to implement a tax increment development

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 plan or project;

2 (6) borrowing to purchase land, buildings or  
3 infrastructure in an amount not to exceed the revenue stream  
4 that may be derived from the gross receipts tax increment or  
5 the property tax increment estimated to be received by a tax  
6 increment development district; and

7 (7) grants for public improvements essential  
8 to the location or expansion of a business;

9 [~~Z-~~] BB. "taxing entity" means the governing body  
10 of a political subdivision of the state, the gross receipts tax  
11 increment or property tax increment of which may be used for a  
12 tax increment development project; and

13 [~~AA-~~] CC. "workforce housing" means decent, safe  
14 and sanitary dwellings, apartments, single-family dwellings or  
15 other living accommodations that are affordable for persons or  
16 families earning less than eighty percent of the median income  
17 within the county in which the tax increment development  
18 project is located; provided that an owner-occupied housing  
19 unit is affordable to a household if the expected sales price  
20 is reasonably anticipated to result in monthly housing costs  
21 that do not exceed thirty-three percent of the household's  
22 gross monthly income; provided that:

23 (1) determination of mortgage amounts and  
24 payments is to be based on down payment rates and interest  
25 rates generally available to lower- and moderate-income

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 households; and

2 (2) a renter-occupied housing unit is  
3 affordable to a household if the unit's monthly housing costs,  
4 including rent and basic utility and energy costs, do not  
5 exceed thirty-three percent of the household's gross monthly  
6 income."

7 SECTION 3. Section 5-15-9 NMSA 1978 (being Laws 2006,  
8 Chapter 75, Section 9, as amended) is amended to read:

9 "5-15-9. FORMATION OF A DISTRICT.--

10 A. If the formation of the tax increment  
11 development district is approved in accordance with the  
12 provisions of Section 5-15-8 NMSA 1978, the governing body  
13 shall deliver a copy of the resolution ordering formation of  
14 the tax increment development district to each of the following  
15 persons or entities:

16 (1) the county assessor, the county treasurer  
17 and the clerk of the county in which the district is located;

18 (2) the school district within which any  
19 portion of the property located within a tax increment  
20 development area lies;

21 (3) any other taxing entities within which any  
22 portion of the property located within a tax increment  
23 development area lies;

24 (4) the taxation and revenue department;

25 (5) the local government division of the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 department of finance and administration; and

2 (6) the director of the legislative finance  
3 committee.

4 B. A notice of the formation showing the number and  
5 date of the resolution and giving a description of the land  
6 included in the district shall be recorded with the clerk of  
7 the county in which the district is located.

8 C. A tax increment development district shall be a  
9 political subdivision of the state, separate and apart from a  
10 municipality or county.

11 D. By the July 1 following at least ninety days  
12 after receipt of the notice required by this section, the  
13 taxation and revenue department shall designate a reporting  
14 location code for the tax increment development district  
15 pursuant to Section 7-1-14 NMSA 1978."

16 SECTION 4. Section 5-15-15 NMSA 1978 (being Laws 2006,  
17 Chapter 75, Section 15, as amended by Laws 2019, Chapter 274,  
18 Section 8 and by Laws 2019, Chapter 275, Section 2) is amended  
19 to read:

20 "5-15-15. TAX INCREMENT FINANCING--GROSS RECEIPTS TAX  
21 INCREMENT TO SECURE BONDS.--

22 A. A tax increment development plan, as originally  
23 approved or as later modified, may contain a provision that  
24 gross receipts tax increments [~~collected within~~] sourced to the  
25 tax increment development area [~~after the effective date of~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~approval of the tax increment development plan~~ pursuant to  
2 Section 7-1-14 NMSA 1978 and distributed to the district  
3 pursuant to Section 7-1-6.54 NMSA 1978 may be dedicated for the  
4 purpose of securing gross receipts tax increment bonds pursuant  
5 to the Tax Increment for Development Act.

6 B. A municipality may dedicate a portion of [~~a~~  
7 ~~gross receipts tax increment from~~] any of the following [~~taxes~~]  
8 to pay the principal of, the interest on and any premium due in  
9 connection with the bonds of, loans or advances to, or any  
10 indebtedness incurred by, whether funded, refunded, assumed or  
11 otherwise, the authority for financing or refinancing, in whole  
12 or in part, a tax increment development project within the tax  
13 increment development area:

14 (1) an increment of a municipal option gross  
15 receipts tax that is dedicated by the ordinance imposing the  
16 increment to the tax increment development project; and

17 (2) an amount distributed to municipalities  
18 pursuant to Sections 7-1-6.4 and 7-1-6.46 NMSA 1978.

19 C. A county may dedicate a portion of [~~a gross~~  
20 ~~receipts tax increment from~~] any of the following [~~taxes~~] to  
21 pay the principal of, the interest on and any premium due in  
22 connection with the bonds of, loans or advances to or any  
23 indebtedness incurred by, whether funded, refunded, assumed or  
24 otherwise, the district for financing or refinancing, in whole  
25 or in part, a tax increment development project within the tax

.228781.3SA

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

1 increment development area:

2 (1) an increment of a county option gross  
3 receipts tax that is dedicated by the ordinance imposing the  
4 increment to the tax increment development project; and

5 (2) the amount distributed to counties  
6 pursuant to Section 7-1-6.47 NMSA 1978.

7 D. Subject to the provisions of Subsection G of  
8 this section, the state board of finance may dedicate a gross  
9 receipts tax increment attributable to the state gross receipts  
10 tax to pay the financing and refinancing costs, the principal  
11 of, the interest on and any premium due in connection with  
12 gross receipts tax increment bonds issued to finance a tax  
13 increment development project within the tax increment  
14 development area; provided that:

15 (1) beginning July 1, 2029 the increment from  
16 the state gross receipts tax is no more than the average of:

17 (a) the increment from municipal option  
18 gross receipts taxes dedicated by resolution by the  
19 municipality, if the district is located in a municipality; and

20 (b) the increment from county option  
21 gross receipts taxes dedicated by resolution by the county;

22 (2) the state board of finance has adopted a  
23 resolution dedicating an increment attributable to the state  
24 gross receipts tax for the purpose of securing gross receipts  
25 tax increment bonds pursuant to Subsection G of this section;

.228781.3SA

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

1 and

2 (3) the dedication shall be conditioned on the  
3 gross receipts tax increment bonds being issued no later than  
4 four years after the state board of finance has adopted the  
5 resolution dedicating the increment.

6 E. The gross receipts tax increment generated by  
7 the imposition of municipal or county option gross receipts  
8 taxes specified by statute for particular purposes may  
9 nonetheless be dedicated for the purposes of the Tax Increment  
10 for Development Act if intent to do so is set forth in the tax  
11 increment development plan approved by the governing body, if  
12 the purpose for which the increment is intended to be used is  
13 consistent with the purposes set forth in the statute  
14 authorizing the municipal or county option gross receipts tax.

15 F. An imposition of a gross receipts tax increment  
16 attributable to a gross receipts tax by a taxing entity may be  
17 dedicated for the purpose of securing gross receipts tax  
18 increment bonds with the agreement of the taxing entity,  
19 evidenced by a resolution adopted by a majority vote of that  
20 taxing entity. A taxing entity shall not agree to dedicate for  
21 the purposes of securing gross receipts tax increment bonds  
22 more than seventy-five percent of its gross receipts tax  
23 increment attributable to gross receipts taxes by the taxing  
24 entity. A resolution of the taxing entity to dedicate a gross  
25 receipts tax increment or to increase the dedication of a gross

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 receipts tax increment shall become effective only on [~~January~~  
2 ~~1-01~~] July 1 of the calendar year pursuant to Subsection A of  
3 Section 5-15-3 NMSA 1978 and after base gross receipts taxes  
4 have been calculated.

5 G. The state board of finance shall condition a  
6 dedication of a gross receipts tax increment attributable to  
7 the state gross receipts tax on the approval required pursuant  
8 to Section 5-15-21 NMSA 1978, on calculation of base gross  
9 receipts taxes and that the initial gross receipts tax  
10 increment bonds issuance secured by a portion of the gross  
11 receipts tax increment attributable to the state gross receipts  
12 tax shall be issued no later than four years after the state  
13 board of finance has adopted the resolution making the  
14 dedication. Subject to the limitations provided in Subsection  
15 D of this section, the state board of finance shall not agree  
16 to dedicate more than seventy-five percent of the gross  
17 receipts tax increment attributable to the state gross receipts  
18 tax within the district. The resolution of the state board of  
19 finance shall become effective on [~~January 1-01~~] July 1 of the  
20 calendar year pursuant to Subsection A of Section 5-15-3 NMSA  
21 1978 following calculation of base gross receipts taxes and the  
22 notification period pursuant to Section 5-15-27 NMSA 1978 and  
23 shall find that:

24 (1) the state board of finance has reviewed  
25 the request for the use of the state gross receipts tax;

.228781.3SA

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

1 (2) based upon review by the state board of  
2 finance of the applicable tax increment development plan, the  
3 dedication by the state board of finance of a portion of the  
4 gross receipts tax increment within the district for use in  
5 meeting the required goals of the tax increment plan is  
6 reasonable and in the best interest of the state; and

7 (3) based upon the review by the state board  
8 of finance, the use of the state gross receipts tax is likely  
9 to stimulate the creation of jobs, economic opportunities and  
10 general revenue for the state through the addition of new  
11 businesses to the state and the expansion of existing  
12 businesses within the state; provided that, when reviewing the  
13 applicable tax increment development plan to create jobs and  
14 economic opportunities, the state board of finance shall  
15 prioritize in its consideration net, new full-time economic  
16 base jobs that would not have occurred on a similar scale and  
17 time line but for the use of the state gross receipts tax  
18 increment. The benefit to be evaluated is the marginal benefit  
19 of the speed-up in time or the incremental change in job  
20 creation above expected normal growth and shall exclude retail  
21 jobs, call center jobs and service jobs where the customer is  
22 typically on site.

23 H. The governing body of the jurisdiction in which  
24 a tax increment development district has been established shall  
25 timely notify the assessor of the county in which the district

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 has been established, the taxation and revenue department and  
2 the local government division of the department of finance and  
3 administration when:

4 (1) a tax increment development plan has been  
5 approved that contains a provision for the allocation of a  
6 gross receipts tax increment;

7 (2) any outstanding bonds of the district have  
8 been paid off; and

9 (3) the purposes of the district have  
10 otherwise been achieved."

11 SECTION 5. Section 5-15-21 NMSA 1978 (being Laws 2006,  
12 Chapter 75, Section 21, as amended) is amended to read:

13 "5-15-21. APPROVAL REQUIRED FOR ISSUANCE OF BONDS AGAINST  
14 STATE GROSS RECEIPTS TAX INCREMENTS.--

15 A. In addition to all other requirements of the Tax  
16 Increment for Development Act, prior to a district board  
17 issuing bonds that are issued in whole or in part against a  
18 gross receipts tax increment attributable to the state gross  
19 receipts tax [~~within~~] sourced to a district and before a  
20 distribution attributable to the state gross receipts tax is  
21 made pursuant to Section 7-1-6.54 NMSA 1978, the New Mexico  
22 finance authority shall review the proposed issuance of the  
23 bonds and determine that the proceeds of the bonds will be used  
24 for a tax increment development project in accordance with the  
25 district's tax increment development plan and present the

.228781.3SA

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

1 proposed issuance of the bonds to the legislature for approval.

2 B. The issuance of the bonds and the maximum amount  
3 of bonds to be issued shall be specifically authorized by law."

4 SECTION 6. Section 5-15-25.1 NMSA 1978 (being Laws 2014,  
5 Chapter 11, Section 1) is amended to read:

6 "5-15-25.1. BASE [~~YEAR~~] PERIOD REVISION--RESOLUTION--  
7 COMMENT PERIOD--SUBMISSION OF MATERIALS.--

8 A. A district may revise the base [~~year~~] period  
9 that the district uses to determine its gross receipts tax  
10 increment. To initiate the process of revising its base [~~year~~]  
11 period, a district board shall:

12 (1) adopt a resolution declaring that intent;

13 and

14 (2) forward copies of the adopted resolution  
15 to the secretary of taxation and revenue, the secretary of  
16 finance and administration, the developer and the local  
17 governments that have dedicated a tax increment to the  
18 district.

19 B. The taxation and revenue department, the  
20 department of finance and administration, the developer and the  
21 local governments that have dedicated a tax increment to the  
22 district may submit written comments to the district with  
23 copies sent to the state board of finance for fifteen days  
24 after receiving a copy of a district board's resolution  
25 indicating the board's intent to revise the base [~~year~~] period

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 used to determine the district's gross receipts tax increment.

2 C. No more than forty-five days after adopting the  
3 resolution declaring the intent to revise the base [~~year~~  
4 period] that the district uses to determine its gross receipts  
5 tax increment, the district board shall submit to the state  
6 board of finance and send copies to the developer and any local  
7 government that has dedicated a tax increment to the district:

- 8 (1) a copy of the resolution;  
9 (2) all comments on the matter that the  
10 district received from the taxation and revenue department, the  
11 department of finance and administration, the developer and the  
12 local governments that have dedicated a tax increment to the  
13 district; and

14 (3) any other related documentation.

15 [~~D. As used in this section, "developer" means the  
16 owner or developer who has entered into an agreement pursuant  
17 to Subsection A of Section 5-15-4 NMSA 1978 with the governing  
18 body that formed the district or the owner's or developer's  
19 successors or assigns.~~]"

20 SECTION 7. Section 5-15-25.2 NMSA 1978 (being Laws 2014,  
21 Chapter 11, Section 2) is amended to read:

22 "5-15-25.2. BASE [~~YEAR~~] PERIOD REVISION--APPROVAL.--

23 A. The state board of finance may approve the  
24 revision of the base [~~year~~] period used to determine a  
25 district's gross receipts tax increment:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (1) once during the lifetime of the district;  
2 [~~(2)~~] ~~if the revised year is a calendar year~~  
3 ~~that is completed;~~  
4 ~~(3)~~ (2) if no gross receipts tax increment  
5 bonds attributable to the district have been issued;  
6 [~~(4)~~] (3) if there is no unresolved objection  
7 to the revision by the developer or by a local government that  
8 has dedicated a tax increment to the district; and  
9 [~~(5)~~] (4) upon a finding that the revision is  
10 reasonable and in the best interest of the state.

11 B. If the state board of finance approves the  
12 revision of the base year used to determine a district's gross  
13 receipts tax increment, the state board of finance shall notify  
14 the district, the secretary of taxation and revenue, the  
15 developer and the local governments that have dedicated a tax  
16 increment to the district.

17 [~~G. As used in this section, "developer" means the~~  
18 ~~owner or developer who has entered into an agreement pursuant~~  
19 ~~to Subsection A of Section 5-15-4 NMSA 1978 with the governing~~  
20 ~~body that formed the district or the owner's or developer's~~  
21 ~~successors or assigns.]"~~

22 SECTION 8. Section 5-15-25.3 NMSA 1978 (being Laws 2014,  
23 Chapter 11, Section 3) is amended to read:

24 "5-15-25.3. BASE [YEAR] PERIOD REVISION--EFFECT.--

25 A. Upon notice of the approval of a revision of the  
.228781.3SA

underscored material = new  
[bracketed material] = delete

1 base [~~year~~] period used to determine a district's gross  
2 receipts tax increment, the district shall:

3 (1) return to the taxation and revenue  
4 department any gross receipts tax increment credited to the  
5 period between the time that the revenue collection began and  
6 the end of the revised base [~~year~~] period and distributed to  
7 the district;

8 (2) update the district tax increment  
9 development plan to reflect the revision; and

10 (3) file with the clerk of the governing body  
11 that formed the district the revised tax increment development  
12 plan.

13 B. Upon receipt of the revenue identified in  
14 Paragraph (1) of Subsection A of this section, the taxation and  
15 revenue department shall remit to the taxing entities that have  
16 dedicated a gross receipts tax increment to the district an  
17 amount of that revenue in proportion to the amount of gross  
18 receipts tax increment attributable to their dedication."

19 **SECTION 9.** Section 5-15-27 NMSA 1978 (being Laws 2006,  
20 Chapter 75, Section 27, as amended) is amended to read:

21 "5-15-27. DEDICATION OF GROSS RECEIPTS TAX INCREMENT--  
22 NOTICE TO TAXATION AND REVENUE DEPARTMENT.--

23 A. If the state board of finance or a taxing entity  
24 approves a dedication or increase in the dedication of a gross  
25 receipts tax increment to a district, the state board of

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 finance or the taxing entity shall notify the taxation and  
2 revenue department of that approval at least one hundred twenty  
3 days before the [~~effective date of the dedication or increase~~  
4 ~~in the dedication~~] date on which the taxation and revenue  
5 department is requested to designate a reporting location code  
6 pursuant to Section 7-1-14 NMSA 1978 for the district in order  
7 to calculate the district's base gross receipts taxes; provided  
8 that the effective date of the dedication by the state board of  
9 finance is on or after the date base gross receipts taxes have  
10 been calculated and the bonds are approved by the legislature  
11 pursuant to Section 5-15-21 NMSA 1978.

12 B. In regard to a dedication of a gross receipts  
13 tax increment attributable to the state gross receipts tax, if  
14 the approval required pursuant to Section 5-15-21 NMSA 1978 has  
15 not occurred when the notice pursuant to Subsection A of this  
16 section is made, the state board of finance shall include in  
17 the notice that legislative approval is needed prior to a  
18 distribution pursuant to Section 7-1-6.54 NMSA 1978  
19 attributable to the state gross receipts tax can be made. Upon  
20 approval pursuant to Section 5-15-21 NMSA 1978, the state board  
21 of finance shall notify the department of the approval."

22 SECTION 10. Section 7-1-2 NMSA 1978 (being Laws 1965,  
23 Chapter 248, Section 2, as amended) is amended to read:

24 "7-1-2. APPLICABILITY.--The Tax Administration Act  
25 applies to and governs:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           A. the administration and enforcement of the  
2 following taxes or tax acts as they now exist or may hereafter  
3 be amended:

- 4                   (1) Income Tax Act;
- 5                   (2) Withholding Tax Act;
- 6                   (3) Oil and Gas Proceeds and Pass-Through  
7 Entity Withholding Tax Act;
- 8                   (4) Gross Receipts and Compensating Tax Act,  
9 Interstate Telecommunications Gross Receipts Tax Act and Leased  
10 Vehicle Gross Receipts Tax Act;
- 11                   (5) Liquor Excise Tax Act;
- 12                   (6) Local Liquor Excise Tax Act;
- 13                   (7) any municipal local option gross receipts  
14 tax or municipal compensating tax;
- 15                   (8) any county local option gross receipts tax  
16 or county compensating tax;
- 17                   (9) Special Fuels Supplier Tax Act;
- 18                   (10) Gasoline Tax Act;
- 19                   (11) petroleum products loading fee, which fee  
20 shall be considered a tax for the purpose of the Tax  
21 Administration Act;
- 22                   (12) Alternative Fuel Tax Act;
- 23                   (13) Cigarette Tax Act;
- 24                   (14) Estate Tax Act;
- 25                   (15) Railroad Car Company Tax Act;

underscored material = new  
[bracketed material] = delete

1 (16) Investment Credit Act, rural job tax  
2 credit, Laboratory Partnership with Small Business Tax Credit  
3 Act, Technology Jobs and Research and Development Tax Credit  
4 Act, Film Production Tax Credit Act, Affordable Housing Tax  
5 Credit Act and high-wage jobs tax credit;

6 (17) Corporate Income and Franchise Tax Act;

7 (18) Uniform Division of Income for Tax  
8 Purposes Act;

9 (19) Multistate Tax Compact;

10 (20) Tobacco Products Tax Act;

11 (21) the telecommunications relay service  
12 surcharge imposed by Section 63-9F-11 NMSA 1978, which  
13 surcharge shall be considered a tax for the purposes of the Tax  
14 Administration Act;

15 (22) the Insurance Premium Tax Act;

16 (23) the Health Care Quality Surcharge Act;

17 [~~and~~]

18 (24) the Cannabis Tax Act; and

19 (25) the Health Care Delivery and Access Act;

20 provided that the contingency pursuant to Laws 2024, Chapter  
21 41, Section 14 is met;

22 B. the administration and enforcement of the  
23 following taxes, surtaxes, advanced payments or tax acts as  
24 they now exist or may hereafter be amended:

25 (1) Resources Excise Tax Act;

.228781.3SA



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

- 1 (2) Severance Tax Act;
- 2 (3) any severance surtax;
- 3 (4) Oil and Gas Severance Tax Act;
- 4 (5) Oil and Gas Conservation Tax Act;
- 5 (6) Oil and Gas Emergency School Tax Act;
- 6 (7) Oil and Gas Ad Valorem Production Tax Act;
- 7 (8) Natural Gas Processors Tax Act;
- 8 (9) Oil and Gas Production Equipment Ad
- 9 Valorem Tax Act;
- 10 (10) Copper Production Ad Valorem Tax Act;
- 11 (11) any advance payment required to be made
- 12 by any act specified in this subsection, which advance payment
- 13 shall be considered a tax for the purposes of the Tax
- 14 Administration Act;
- 15 (12) Enhanced Oil Recovery Act;
- 16 (13) Natural Gas and Crude Oil Production
- 17 Incentive Act; and
- 18 (14) intergovernmental production tax credit
- 19 and intergovernmental production equipment tax credit;
- 20 C. the administration and enforcement of the
- 21 following taxes, surcharges, fees or acts as they now exist or
- 22 may hereafter be amended:
- 23 (1) Weight Distance Tax Act;
- 24 (2) the workers' compensation fee authorized
- 25 by Section 52-5-19 NMSA 1978, which fee shall be considered a

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 tax for purposes of the Tax Administration Act;  
2 (3) Uniform Unclaimed Property Act (1995);  
3 (4) 911 emergency surcharge and the network  
4 and database surcharge, which surcharges shall be considered  
5 taxes for purposes of the Tax Administration Act;  
6 (5) the solid waste assessment fee authorized  
7 by the Solid Waste Act, which fee shall be considered a tax for  
8 purposes of the Tax Administration Act;  
9 (6) the water conservation fee imposed by  
10 Section 74-1-13 NMSA 1978, which fee shall be considered a tax  
11 for the purposes of the Tax Administration Act; and  
12 (7) the gaming tax imposed pursuant to the  
13 Gaming Control Act; and  
14 D. the administration and enforcement of all other  
15 laws, with respect to which the department is charged with  
16 responsibilities pursuant to the Tax Administration Act, but  
17 only to the extent that the other laws do not conflict with the  
18 Tax Administration Act."

19 SECTION 11. Section 7-1-4.4 NMSA 1978 (being Laws 2005,  
20 Chapter 138, Section 1) is amended to read:

21 "7-1-4.4. NOTICE OF POTENTIAL ELIGIBILITY REQUIRED.--The  
22 department shall include a notice with an income tax refund or  
23 other notice sent to a taxpayer whose income is within one  
24 hundred thirty percent of federal poverty guidelines as defined  
25 by the United States census bureau that the taxpayer may be

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 eligible for ~~[food stamps]~~ supplemental nutrition assistance  
2 program benefits. Included in the notice shall be general  
3 information about ~~[food stamps]~~ those benefits, such as where  
4 to apply for ~~[food stamps]~~ those benefits, based on information  
5 received by the department from the ~~[human services department]~~  
6 health care authority by January 30 of each calendar year."

7 SECTION 12. Section 7-1-6.4 NMSA 1978 (being Laws 1983,  
8 Chapter 211, Section 9, as amended) is amended to read:

9 "7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS  
10 TAX.--

11 A. Except as provided in Subsection B of this  
12 section, a distribution pursuant to Section 7-1-6.1 NMSA 1978  
13 shall be made to each municipality in an amount, subject to any  
14 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
15 1978, equal to the product of the quotient of one and two  
16 hundred twenty-five thousandths percent divided by the tax rate  
17 imposed by Section 7-9-4 NMSA 1978 multiplied by the net  
18 receipts, except net receipts attributable to a nonprofit  
19 hospital licensed by the ~~[department of]~~ health care authority,  
20 for the month attributable to the gross receipts tax from  
21 business locations:

- 22 (1) within that municipality;  
23 (2) on land owned by the state, commonly known  
24 as the "state fairgrounds", within the exterior boundaries of  
25 that municipality;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (3) outside the boundaries of any municipality  
2 on land owned by that municipality; and

3 (4) on an Indian reservation or pueblo grant  
4 in an area that is contiguous to that municipality and in which  
5 the municipality performs services pursuant to a contract  
6 between the municipality and the Indian tribe or Indian pueblo  
7 if:

8 (a) the contract describes an area in  
9 which the municipality is required to perform services and  
10 requires the municipality to perform services that are  
11 substantially the same as the services the municipality  
12 performs for itself; and

13 (b) the governing body of the  
14 municipality has submitted a copy of the contract to the  
15 secretary.

16 ~~[B. If the reduction made by Laws 1991, Chapter 9,~~  
17 ~~Section 9 to the distribution under this section impairs the~~  
18 ~~ability of a municipality to meet its principal or interest~~  
19 ~~payment obligations for revenue bonds outstanding prior to July~~  
20 ~~1, 1991 that are secured by the pledge of all or part of the~~  
21 ~~municipality's revenue from the distribution made under this~~  
22 ~~section, then the amount distributed pursuant to this section~~  
23 ~~to that municipality shall be increased by an amount sufficient~~  
24 ~~to meet any required payment, provided that the distribution~~  
25 ~~amount does not exceed the amount that would have been due that~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~municipality under this section as it was in effect on June 30,~~  
2 ~~1992.~~

3           ~~G.]~~ B. A distribution pursuant to this section may  
4 be adjusted for a distribution made to a tax increment  
5 development district with respect to a portion of a gross  
6 receipts tax increment dedicated by a municipality pursuant to  
7 the Tax Increment for Development Act.

8           ~~[D.]~~ C. As used in this section, "nonprofit  
9 hospital" means a hospital that has been granted exemption from  
10 federal income tax by the United States commissioner of  
11 internal revenue as an organization described in Section  
12 501(c)(3) of the Internal Revenue Code."

13           **SECTION 13.** Section 7-1-6.9 NMSA 1978 (being Laws 1991,  
14 Chapter 9, Section 11, as amended) is amended to read:

15           "7-1-6.9. DISTRIBUTION OF GASOLINE TAXES TO  
16 MUNICIPALITIES AND COUNTIES.--

17           A. A distribution pursuant to Section 7-1-6.1 NMSA  
18 1978 shall be made in an amount, subject to any increase or  
19 decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to  
20 ten and thirty-eight hundredths percent of the net receipts  
21 attributable to the taxes, exclusive of penalties and interest,  
22 imposed by the Gasoline Tax Act.

23           B. The amount determined in Subsection A of this  
24 section shall be distributed as follows:

25           (1) ninety percent of the amount shall be paid

.228781.3SA

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

1 to the treasurers of municipalities and H class counties in the  
2 proportion that the taxable motor fuel sales in each of the  
3 municipalities and H class counties bears to the aggregate  
4 taxable motor fuel sales in all of these municipalities and H  
5 class counties; and

6 (2) ten percent of the amount shall be paid to  
7 the treasurers of the counties, including H class counties, in  
8 the proportion that the taxable motor fuel sales outside of  
9 incorporated municipalities in each of the counties bears to  
10 the aggregate taxable motor fuel sales outside of incorporated  
11 municipalities in all of the counties.

12 C. Except as provided in Subsection D of this  
13 section, this distribution shall be paid into a separate road  
14 fund in the municipal treasury or county road fund for  
15 expenditure only for construction, reconstruction, resurfacing  
16 or other improvement or maintenance of public roads, streets,  
17 alleys or bridges, including right-of-way and materials  
18 acquisition. Money distributed pursuant to this section may be  
19 used by a municipality or county to provide matching funds for  
20 projects subject to cooperative agreements entered into with  
21 the department of transportation pursuant to Section 67-3-28  
22 NMSA 1978. Any municipality or H class county that has created  
23 or that creates a "street improvement fund" to which gasoline  
24 tax revenues or distributions are irrevocably pledged under  
25 Sections 3-34-1 through 3-34-4 NMSA 1978 or that has pledged

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 all or a portion of gasoline tax revenues or distributions to  
2 the payment of bonds shall receive its proportion of the  
3 distribution of revenues under this section impressed with and  
4 subject to these pledges.

5 D. This distribution may be paid into a separate  
6 road fund or the general fund of the municipality or county if  
7 the municipality has a population less than three thousand or  
8 the county has a population less than four thousand."

9 SECTION 14. Section 7-1-6.15 NMSA 1978 (being Laws 1983,  
10 Chapter 211, Section 20, as amended) is amended to read:

11 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS [~~TO~~  
12 ~~MUNICIPALITIES OR COUNTIES~~].--

13 A. The provisions of this section apply to:

14 (1) any distribution to a municipality  
15 pursuant to Section 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

16 (2) any transfer to a municipality with  
17 respect to any local option gross receipts tax or municipal  
18 compensating tax imposed by that municipality;

19 (3) any transfer to a county with respect to  
20 any local option gross receipts tax or county compensating tax  
21 imposed by that county;

22 (4) any distribution to a county pursuant to  
23 Section 7-1-6.16 or 7-1-6.47 NMSA 1978;

24 (5) any distribution to a municipality or a  
25 county of gasoline taxes pursuant to Section 7-1-6.9 NMSA 1978;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (6) any transfer to a county with respect to  
2 any tax imposed in accordance with the Local Liquor Excise Tax  
3 Act;

4 (7) any distribution to a county from the  
5 county government road fund pursuant to Section 7-1-6.26 NMSA  
6 1978;

7 (8) any distribution to a municipality of  
8 gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978;

9 ~~[(9) any distribution to a municipality of~~  
10 ~~compensating taxes pursuant to Section 7-1-6.55 NMSA 1978; and]~~

11 (9) any distribution to the state treasurer on  
12 behalf of a political subdivision of oil and gas ad valorem  
13 production taxes pursuant to Sections 7-32-1 through 7-32-38  
14 NMSA 1978;

15 (10) any distribution to a political  
16 subdivision of oil and gas production ad valorem equipment tax  
17 pursuant to Sections 7-34-1 through 7-34-9 NMSA 1978; and

18 ~~[(10)]~~ (11) any distribution to a municipality  
19 or a county of cannabis excise taxes pursuant to [the Cannabis  
20 Tax Act] Section 7-1-6.68 NMSA 1978.

21 B. Before making a distribution or transfer  
22 specified in Subsection A of this section ~~[to a municipality,~~  
23 ~~or county]~~ for the month, amounts comprising the net receipts  
24 shall be segregated into two mutually exclusive categories.

25 One category shall be for amounts relating to the current

.228781.3SA



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

1 month, and the other category shall be for amounts relating to  
2 prior periods. The total of each category for a municipality  
3 or county shall be reported each month to that municipality or  
4 county. If the total of the amounts relating to prior periods  
5 is less than zero and its absolute value exceeds the greater of  
6 one hundred dollars (\$100) or an amount equal to twenty percent  
7 of the average distribution or transfer amount for that  
8 municipality or county, then the following procedures shall be  
9 carried out:

10 (1) all negative amounts relating to any  
11 period prior to the three calendar years preceding the year of  
12 the current month, net of any positive amounts in that same  
13 time period for the same taxpayers to which the negative  
14 amounts pertain, shall be excluded from the total relating to  
15 prior periods. Except as provided in Paragraph (2) of this  
16 subsection, the net receipts to be distributed or transferred  
17 to the municipality or county shall be adjusted to equal the  
18 amount for the current month plus the revised total for prior  
19 periods; and

20 (2) if the revised total for prior periods  
21 determined pursuant to Paragraph (1) of this subsection is  
22 negative and its absolute value exceeds the greater of one  
23 hundred dollars (\$100) or an amount equal to twenty percent of  
24 the average distribution or transfer amount for that  
25 municipality or county, the revised total for prior periods

.228781.3SA

1 shall be excluded from the distribution or transfers and the  
2 net receipts to be distributed or transferred to the  
3 municipality or county shall be equal to the amount for the  
4 current month.

5 C. The department shall recover from a municipality  
6 or county the amount excluded by Paragraph (2) of Subsection B  
7 of this section. This amount may be referred to as the  
8 "recoverable amount".

9 D. Prior to or concurrently with the distribution  
10 or transfer to the municipality or county of the adjusted net  
11 receipts, the department shall notify the municipality or  
12 county whose distribution or transfer has been adjusted  
13 pursuant to Paragraph (2) of Subsection B of this section:

14 (1) that the department has made such an  
15 adjustment, that the department has determined that a specified  
16 amount is recoverable from the municipality or county and that  
17 the department intends to recover that amount from future  
18 distributions or transfers to the municipality or county;

19 (2) that the municipality or county has ninety  
20 days from the date notice is made to enter into a mutually  
21 agreeable repayment agreement with the department;

22 (3) that if the municipality or county takes  
23 no action within the ninety-day period, the department will  
24 recover the amount from the next six distributions or transfers  
25 following the expiration of the ninety days; and

.228781.3SA

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

1 (4) that the municipality or county may  
2 inspect, pursuant to Section 7-1-8.9 NMSA 1978, an application  
3 for a claim for refund that gave rise to the recoverable  
4 amount, exclusive of any amended returns that may be attached  
5 to the application.

6 E. No earlier than ninety days from the date notice  
7 pursuant to Subsection D of this section is given, the  
8 department shall begin recovering the recoverable amount from a  
9 municipality or county as follows:

10 (1) the department may collect the recoverable  
11 amount by:

12 (a) decreasing distributions or  
13 transfers to the municipality or county in accordance with a  
14 repayment agreement entered into with the municipality or  
15 county; or

16 (b) except as provided in Paragraphs (2)  
17 and (3) of this subsection, if the municipality or county fails  
18 to act within the ninety days, decreasing the amount of the  
19 next six distributions or transfers to the municipality or  
20 county following expiration of the ninety-day period in  
21 increments as nearly equal as practicable and sufficient to  
22 recover the amount;

23 (2) if, pursuant to Subsection B of this  
24 section, the secretary determines that the recoverable amount  
25 is more than fifty percent of the average distribution or

.228781.3SA

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

1 transfer of net receipts for that municipality or county, the  
2 secretary:

3 (a) shall recover only up to fifty  
4 percent of the average distribution or transfer of net receipts  
5 for that municipality or county; and

6 (b) may, in the secretary's discretion,  
7 waive recovery of any portion of the recoverable amount,  
8 subject to approval by the state board of finance; and

9 (3) if, after application of a refund claim,  
10 audit adjustment, correction of a mistake by the department or  
11 other adjustment of a prior period, but prior to any recovery  
12 of the department pursuant to this section, the total net  
13 receipts of a municipality or county for the twelve-month  
14 period beginning with the current month are reduced or are  
15 projected to be reduced to less than fifty percent of the  
16 average distribution or transfer of net receipts, the secretary  
17 may waive recovery of any portion of the recoverable amount,  
18 subject to approval by the state board of finance.

19 F. No later than ninety days from the date notice  
20 pursuant to Subsection D of this section is given, the  
21 department shall provide the municipality or county adequate  
22 opportunity to review an application for a claim for refund  
23 that gave rise to the recoverable amount, exclusive of any  
24 amended returns that may be attached to the application,  
25 pursuant to Section 7-1-8.9 NMSA 1978.

.228781.3SA

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

1           G. On or before September 1 of each year beginning  
2 in 2016, the secretary shall report to the state board of  
3 finance and the legislative finance committee the total  
4 recoverable amount waived pursuant to Subparagraph (b) of  
5 Paragraph (2) and Paragraph (3) of Subsection E of this section  
6 for each municipality and county in the prior fiscal year.

7           H. The secretary is authorized to decrease a  
8 distribution or transfer to a municipality or county upon being  
9 directed to do so by the secretary of finance and  
10 administration pursuant to the State Aid Intercept Act or to  
11 redirect a distribution or transfer to the New Mexico finance  
12 authority pursuant to an ordinance or a resolution passed by  
13 the county or municipality and a written agreement of the  
14 municipality or county and the New Mexico finance authority.  
15 Upon direction to decrease a distribution or transfer or notice  
16 to redirect a distribution or transfer to a municipality or  
17 county, the secretary shall decrease or redirect the next  
18 designated distribution or transfer, and succeeding  
19 distributions or transfers as necessary, by the amount of the  
20 state distributions intercept authorized by the secretary of  
21 finance and administration pursuant to the State Aid Intercept  
22 Act or by the amount of the state distribution intercept  
23 authorized pursuant to an ordinance or a resolution passed by  
24 the county or municipality and a written agreement with the New  
25 Mexico finance authority. The secretary shall transfer the

.228781.3SA

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

1 state distributions intercept amount to the municipal or county  
2 treasurer or other person designated by the secretary of  
3 finance and administration or to the New Mexico finance  
4 authority pursuant to written agreement to pay the debt service  
5 to avoid default on qualified local revenue bonds or meet other  
6 local revenue bond, loan or other debt obligations of the  
7 municipality or county to the New Mexico finance authority. A  
8 decrease to or redirection of a distribution or transfer  
9 pursuant to this subsection that arose:

10 (1) prior to an adjustment of a distribution  
11 or transfer of net receipts creating a recoverable amount owed  
12 to the department takes precedence over any collection of any  
13 recoverable amount pursuant to Paragraph (2) of Subsection B of  
14 this section, which may be made only from the net amount of the  
15 distribution or transfer remaining after application of the  
16 decrease or redirection pursuant to this subsection; and

17 (2) after an adjustment of a distribution or  
18 transfer of net receipts creating a recoverable amount owed to  
19 the department shall be subordinate to any collection of any  
20 recoverable amount pursuant to Paragraph (2) of Subsection B of  
21 this section.

22 I. Upon the direction of the secretary of finance  
23 and administration pursuant to Section 9-6-5.2 NMSA 1978, the  
24 secretary shall temporarily withhold the balance of a  
25 distribution to a municipality or county, net of any decrease

.228781.3SA

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

1 or redirected amount pursuant to Subsection H of this section  
2 and any recoverable amount pursuant to Paragraph (2) of  
3 Subsection B of this section, that has failed to submit an  
4 audit report required by the Audit Act or a financial report  
5 required by Subsection F of Section 6-6-2 NMSA 1978. The  
6 amount to be withheld, the source of the withheld distribution  
7 and the number of months that the distribution is to be  
8 withheld shall be as directed by the secretary of finance and  
9 administration. A distribution withheld pursuant to this  
10 subsection shall remain in the tax administration suspense fund  
11 until distributed to the municipality or county and shall not  
12 be distributed to the general fund. An amount withheld  
13 pursuant to this subsection shall be distributed to the  
14 municipality or county upon direction of the secretary of  
15 finance and administration.

16 J. As used in this section:

17 (1) "amounts relating to the current month"  
18 means any amounts included in the net receipts of the current  
19 month that represent payment of tax due for the current month,  
20 correction of amounts processed in the current month that  
21 relate to the current month or that otherwise relate to  
22 obligations due for the current month;

23 (2) "amounts relating to prior periods" means  
24 any amounts processed during the current month that adjust  
25 amounts processed in a period or periods prior to the current

.228781.3SA

1 month regardless of whether the adjustment is a correction of a  
2 department error or due to the filing of amended returns,  
3 payment of department-issued assessments, filing or approval of  
4 claims for refund, audit adjustments or other cause;

5 (3) "average distribution or transfer amount"  
6 means the following amounts; provided that a distribution or  
7 transfer that is negative shall not be used in calculating the  
8 amounts:

9 (a) the annual average of the total  
10 amount distributed or transferred to a municipality or county  
11 in each of the three twelve-month periods preceding the current  
12 month;

13 (b) if a distribution or transfer to a  
14 municipality or county has been made for less than three years,  
15 the total amount distributed or transferred in the year  
16 preceding the current month; or

17 (c) if a municipality or county has not  
18 received distributions or transfers of net receipts for twelve  
19 or more months, the monthly average of net receipts distributed  
20 or transferred to the municipality or county preceding the  
21 current month multiplied by twelve;

22 (4) "current month" means the month for which  
23 the distribution or transfer is being prepared; and

24 (5) "repayment agreement" means an agreement  
25 between the department and a municipality or county under which



underscored material = new  
[bracketed material] = delete

1 the municipality or county agrees to allow the department to  
2 recover an amount determined pursuant to Paragraph (2) of  
3 Subsection B of this section by decreasing distributions or  
4 transfers to the municipality or county for ~~[one or more]~~ up to  
5 seventy-two months beginning with the distribution or transfer  
6 to be made with respect to a designated month. No interest  
7 shall be charged."

8 SECTION 15. Section 7-1-6.16 NMSA 1978 (being Laws 1983,  
9 Chapter 213, Section 27, as amended) is amended to read:

10 "7-1-6.16. COUNTY EQUALIZATION DISTRIBUTION.--

11 A. ~~[Beginning on September 15, 1989 and]~~ On  
12 September 15 of each year ~~[thereafter]~~, the department shall  
13 distribute to any county that has imposed or continued in  
14 effect during the state's preceding fiscal year a county gross  
15 receipts tax pursuant to Section 7-20E-9 NMSA 1978 an amount  
16 equal to:

17 (1) the product of a fraction, the numerator  
18 of which is the county's population and the denominator of  
19 which is the state's population, multiplied by the annual sum  
20 for the county; less

21 (2) the net receipts received by the  
22 department during the report year, including any increase or  
23 decrease made pursuant to Section 7-1-6.15 NMSA 1978,  
24 attributable to the county gross receipts tax at a rate of one-  
25 eighth percent; provided that for any month in the report year,

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 if no county gross receipts tax was in effect in the county in  
2 the previous month, the net receipts, for the purposes of this  
3 section, for that county for that month shall be zero.

4 B. If the amount determined by the calculation in  
5 Subsection A of this section is zero or a negative number for a  
6 county, no distribution shall be made to that county.

7 C. As used in this section:

8 (1) "annual sum" means for each county the sum  
9 of the monthly amounts for those months in the report year that  
10 follow a month in which the county had in effect a county gross  
11 receipts tax;

12 (2) "monthly amount" means an amount equal to  
13 the product of:

14 (a) the net receipts received by the  
15 department in the month attributable to the state gross  
16 receipts tax plus five percent of the total amount of  
17 deductions claimed pursuant to Section 7-9-92 NMSA 1978 for the  
18 month plus five percent of the total amount of deductions  
19 claimed pursuant to Section 7-9-93 NMSA 1978 for the month; and

20 (b) a fraction, the numerator of which  
21 is one-eighth percent and the denominator of which is the tax  
22 rate imposed by Section 7-9-4 NMSA 1978 in effect on the last  
23 day of the previous month;

24 (3) "population" means the most recent  
25 official census or estimate determined by the United States

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 census bureau for the unit or, if neither is available, the  
2 most current estimated population for the unit provided in  
3 writing by the bureau of business and economic research at the  
4 university of New Mexico; and

5 (4) "report year" means the twelve-month  
6 period ending on the July 31 immediately preceding the date  
7 upon which a distribution pursuant to this section is required  
8 to be made."

9 SECTION 16. Section 7-1-6.18 NMSA 1978 (being Laws 1987,  
10 Chapter 257, Section 1, as amended) is amended to read:

11 "7-1-6.18. DISTRIBUTION--~~[VETERANS' STATE CEMETERY FUND]~~  
12 VOLUNTARY TAX REFUND CONTRIBUTIONS.--A distribution pursuant to  
13 Section 7-1-6.1 NMSA 1978 shall be made to ~~[the veterans' state~~  
14 ~~cemetary fund of the amounts designated pursuant to Section~~  
15 ~~7-2-28 NMSA 1978 as contributions to that fund after the city~~  
16 ~~of Santa Fe has received the balance of tax refund~~  
17 ~~contributions in the amount of one million seventy thousand~~  
18 ~~dollars (\$1,070,000)]~~ each of the following funds and entities  
19 in amounts equal to the money contributed to each purpose  
20 pursuant to Subsection C of Section 7-2-24 NMSA 1978:

21 A. to the department of game and fish for the game  
22 protection fund;

23 B. to the energy, minerals and natural resources  
24 department for the conservation planting revolving fund for the  
25 planting of trees in New Mexico;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           C. to the board of regents of New Mexico state  
2 university for support of the New Mexico department of  
3 agriculture's healthy soil program;

4           D. to the veterans' services department for the  
5 veterans' state cemetery fund after the city of Santa Fe has  
6 received the balance of tax refund contributions in the amount  
7 of one million seventy thousand dollars (\$1,070,000);

8           E. to the public education department for the  
9 substance abuse education fund;

10          F. to the board of regents of the university of New  
11 Mexico for the amyotrophic lateral sclerosis research fund;

12          G. to the energy, minerals and natural resources  
13 department for the state parks division's kids in parks  
14 education program;

15          H. to the department of military affairs to deposit  
16 in a temporary suspense account for distribution to members of  
17 the New Mexico national guard and to their families;

18          I. to the veterans' services department for the  
19 operation, maintenance and improvement of the Vietnam veterans  
20 memorial near Angel Fire, New Mexico;

21          J. to the veterans' services department for the  
22 veterans' enterprise fund;

23          K. to the higher education department for the  
24 lottery tuition fund;

25          L. to the New Mexico livestock board for the equine

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 shelter rescue fund;

2 M. to the aging and long-term services department  
3 to enhance or expand senior services;

4 N. to the New Mexico board of veterinary medicine  
5 for the animal care and facility fund;

6 O. to the New Mexico mortgage finance authority for  
7 the New Mexico housing trust fund; and

8 P. to the state treasurer to remit within ten days  
9 of receipt of the money from the department to each state  
10 political party."

11 SECTION 17. Section 7-1-6.26 NMSA 1978 (being Laws 1987,  
12 Chapter 347, Section 11, as amended) is amended to read:

13 "7-1-6.26. COUNTY GOVERNMENT ROAD FUND--DISTRIBUTION.--

14 A. For the purposes of this section, "distributable  
15 amount" means the amount in the county government road fund as  
16 of the last day of any month for which a distribution is  
17 required to be made pursuant to this section, subject to any  
18 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
19 1978, in excess of the balance in that fund as of the last day  
20 of the preceding month after reduction for any required  
21 distributions for the preceding month.

22 B. The secretary of transportation shall determine  
23 and certify on or before July 1 of each year the total miles of  
24 public roads maintained by each county pursuant to Section  
25 66-6-23 NMSA 1978. For the purposes of this subsection, if the

.228781.3SA

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

1 certified mileage of public roads maintained by a county is  
2 less than four hundred miles, the state treasurer shall  
3 increase the number of miles of public roads maintained by that  
4 county by fifty percent and revise the total miles of public  
5 roads maintained by all counties accordingly. Except as  
6 provided otherwise in Subsection D of this section, each county  
7 shall receive an amount equal to its proportionate share of  
8 miles of public roads maintained, as the number of miles for  
9 the county may have been revised pursuant to this subsection,  
10 to the total miles of public roads maintained by all counties,  
11 as that total may have been revised pursuant to this  
12 subsection, times fifty percent of the distributable amount in  
13 the county government road fund.

14 C. Except as provided otherwise in Subsection D of  
15 this section, each county shall receive a share of fifty  
16 percent of the distributable amount in the county government  
17 road fund as determined in this subsection. The amount for  
18 each county shall be the greater of:

19 (1) twenty-one cents (\$.21) multiplied by the  
20 county's population as shown by the most recent federal  
21 decennial census; or

22 (2) the proportionate share that the taxable  
23 gallons of gasoline reported for that county for the preceding  
24 fiscal year bear to the total taxable gallons of gasoline for  
25 all counties in the preceding fiscal year, as determined by the

.228781.3SA

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

1 department, multiplied by fifty percent of the distributable  
2 amount in the county government road fund.

3 If the sum of the amounts to be distributed pursuant to  
4 Paragraphs (1) and (2) of this subsection exceeds fifty percent  
5 of the distributable amount in the county government road fund,  
6 the excess shall be eliminated by multiplying the amount  
7 determined in Paragraphs (1) and (2) of this subsection for  
8 each county by a fraction, the numerator of which is fifty  
9 percent of the distributable amount in the county government  
10 road fund, and the denominator of which is the sum of amounts  
11 determined for all counties in Paragraphs (1) and (2) of this  
12 subsection.

13 D. If the distribution for a class A county or for  
14 an H class county determined pursuant to Subsections B and C of  
15 this section exceeds an amount equal to one-twelfth of the  
16 product of the total taxable gallons of gasoline reported for  
17 the county for the preceding fiscal year times one cent (\$.01),  
18 the distribution for that county shall be reduced to an amount  
19 equal to one-twelfth of the product of the total taxable  
20 gallons of gasoline reported for the county for the preceding  
21 fiscal year times one cent (\$.01). Any amount of the reduction  
22 shall be shared among the counties whose distribution has not  
23 been reduced pursuant to this subsection in the ratio of the  
24 amounts computed in Subsections B and C of this section.

25 E. If a county has not made the required mileage

.228781.3SA

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

1 certification pursuant to Section 67-3-28.3 NMSA 1978 by April  
2 1 of every year of the year for which distribution is being  
3 made, the secretary of transportation shall estimate the  
4 mileage maintained by those counties for the purpose of making  
5 distribution to all counties, and the amount calculated to be  
6 distributed each month to those counties not certifying mileage  
7 shall be reduced by one-third each month for that fiscal year  
8 and that amount not distributed to those counties shall be  
9 distributed equally to all counties that have certified  
10 mileages.

11 F. Distributions made to counties pursuant to this  
12 section shall be deposited in the county road fund to be used  
13 for the construction, reconstruction, resurfacing or other  
14 improvement or maintenance of the public roads and bridges in  
15 the county, including right-of-way and materials acquisition.  
16 Money distributed pursuant to this section may be used by the  
17 county to provide matching funds for projects subject to  
18 cooperative agreements entered into with the department of  
19 transportation pursuant to Section 67-3-28 NMSA 1978."

20 SECTION 18. Section 7-1-6.27 NMSA 1978 (being Laws 1991,  
21 Chapter 9, Section 20, as amended) is amended to read:

22 "7-1-6.27. DISTRIBUTION--MUNICIPAL ROADS.--

23 A. A distribution pursuant to Section 7-1-6.1 NMSA  
24 1978 shall be made to municipalities for the purposes and  
25 amounts specified in this section in an aggregate amount,

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 subject to any increase or decrease made pursuant to Section  
2 7-1-6.15 NMSA 1978, equal to five and seventy-six hundredths  
3 percent of the net receipts attributable to the gasoline tax.

4 B. The distribution authorized in this section  
5 shall be used for the following purposes:

6 (1) reconstructing, resurfacing, maintaining,  
7 repairing or otherwise improving existing alleys, streets,  
8 roads or bridges, or any combination of the foregoing; or  
9 laying off, opening, constructing or otherwise acquiring new  
10 alleys, streets, roads or bridges, or any combination of the  
11 foregoing; provided that any of the foregoing improvements may  
12 include, but are not limited to, the acquisition of rights of  
13 way;

14 (2) to provide matching funds for projects  
15 subject to cooperative agreements with the [~~state highway and~~  
16 department of transportation [~~department~~] pursuant to Section  
17 67-3-28 NMSA 1978; and

18 (3) for expenses of purchasing, maintaining  
19 and operating transit operations and facilities, for the  
20 operation of a transit authority established by the Municipal  
21 Transit Law and for the operation of a vehicle emission  
22 inspection program. A municipality may engage in the business  
23 of the transportation of passengers and property within the  
24 political subdivision by whatever means the municipality may  
25 decide and may acquire cars, trucks, motor buses and other

.228781.3SA

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

1 equipment necessary for operating the business. A municipality  
2 may acquire land, erect buildings and equip the buildings with  
3 all the necessary machinery and facilities for the operation,  
4 maintenance, modification, repair and storage of the cars,  
5 trucks, motor buses and other equipment needed. A municipality  
6 may do all things necessary for the acquisition and the conduct  
7 of the business of public transportation.

8 C. For the purposes of this section:

9 (1) "computed distribution amount" means the  
10 distribution amount calculated for a municipality for a month  
11 pursuant to Paragraph (2) of Subsection D of this section prior  
12 to any adjustments to the amount due to the provisions of  
13 Subsections E and F of this section;

14 (2) "floor amount" means four hundred  
15 seventeen dollars (\$417);

16 (3) "floor municipality" means a municipality  
17 whose computed distribution amount is less than the floor  
18 amount; and

19 (4) "full distribution municipality" means a  
20 municipality whose population at the last federal decennial  
21 census was at least two hundred thousand.

22 D. Subject to the provisions of Subsections E and F  
23 of this section, each municipality shall be distributed a  
24 portion of the aggregate amount distributable under this  
25 section in an amount equal to the greater of:

.228781.3SA

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

- 1 (1) the floor amount; or  
2 (2) eighty-five percent of the aggregate  
3 amount distributable under this section times a fraction, the  
4 numerator of which is the municipality's reported taxable  
5 gallons of gasoline for the immediately preceding state fiscal  
6 year and the denominator of which is the reported total taxable  
7 gallons for all municipalities for the same period.

8 E. Fifteen percent of the aggregate amount  
9 distributable under this section shall be referred to as the  
10 "redistribution amount". Beginning in August 1990, and each  
11 month thereafter, from the redistribution amount there shall be  
12 taken an amount sufficient to increase the computed  
13 distribution amount of every floor municipality to the floor  
14 amount. In the event that the redistribution amount is  
15 insufficient for this purpose, the computed distribution amount  
16 for each floor municipality shall be increased by an amount  
17 equal to the redistribution amount times a fraction, the  
18 numerator of which is the difference between the floor amount  
19 and the municipality's computed distribution amount and the  
20 denominator of which is the difference between the product of  
21 the floor amount multiplied by the number of floor  
22 municipalities and the total of the computed distribution  
23 amounts for all floor municipalities.

24 F. If a balance remains after the redistribution  
25 amount has been reduced pursuant to Subsection E of this

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 section, there shall be added to the computed distribution  
2 amount of each municipality that is neither a full distribution  
3 municipality nor a floor municipality an amount that equals the  
4 balance of the redistribution amount times a fraction, the  
5 numerator of which is the computed distribution amount of the  
6 municipality and the denominator of which is the sum of the  
7 computed distribution amounts of all municipalities that are  
8 neither full distribution municipalities nor floor  
9 municipalities."

10 SECTION 19. Section 7-1-6.30 NMSA 1978 (being Laws 1990,  
11 Chapter 6, Section 20, as amended) is amended to read:

12 "7-1-6.30. DISTRIBUTION--RETIREE HEALTH CARE FUND.--

13 ~~[A. Beginning January 1, 2017 and prior to July 1,~~  
14 ~~2019, a distribution pursuant to Section 7-1-6.1 NMSA 1978~~  
15 ~~shall be made to the retiree health care fund in an amount~~  
16 ~~equal to one-twelfth of the total amount distributed to the~~  
17 ~~retiree health care fund beginning July 1, 2015 and prior to~~  
18 ~~July 1, 2016.~~

19 ~~B. Beginning July 1, 2019]~~ A distribution pursuant  
20 to Section 7-1-6.1 NMSA 1978 shall be made to the retiree  
21 health care fund in an amount equal to one-twelfth of one  
22 hundred twelve percent of the total amount distributed to the  
23 retiree health care fund in the previous fiscal year."

24 SECTION 20. Section 7-1-6.46 NMSA 1978 (being Laws 2004,  
25 Chapter 116, Section 1, as amended) is amended to read:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR  
2 FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES  
3 DEDUCTION.--

4 A. For a municipality that did not have in effect  
5 on June 30, 2019 a municipal hold harmless gross receipts tax  
6 through an ordinance and that has a population of less than ten  
7 thousand according to the most recent federal decennial census,  
8 a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be  
9 made to the municipality in an amount, subject to any increase  
10 or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal  
11 to the applicable maximum distribution for the municipality.

12 B. For a municipality that did not have in effect  
13 on June 30, 2019 a municipal hold harmless gross receipts tax  
14 through an ordinance and has a population of at least ten  
15 thousand according to the most recent federal decennial census,  
16 a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be  
17 made to the municipality in an amount, subject to any increase  
18 or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal  
19 to the following percentages of the applicable maximum  
20 distribution for the municipality:

21 (1) for a municipality that has a municipal  
22 poverty level two percentage points or more above the state  
23 poverty level, eighty percent;

24 (2) for a municipality that has a poverty  
25 level of less than two percentage points above or below the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 state poverty level, fifty percent; and

2 (3) for a municipality that has a poverty  
3 level two percentage points or more below the state poverty  
4 level,

5 [~~(a) on or after July 1, 2022 and prior~~  
6 ~~to July 1, 2023, forty-nine percent;~~

7 ~~(b) on or after July 1, 2023 and prior~~  
8 ~~to July 1, 2024, forty-two percent;~~

9 ~~(c) on or after July 1, 2024 and prior~~  
10 ~~to July 1, 2025, thirty-five percent; and~~

11 ~~(d) on or after July 1, 2025]~~ thirty  
12 percent.

13 C. For a municipality not described in Subsection A  
14 or B of this section, a distribution pursuant to Section  
15 7-1-6.1 NMSA 1978 shall be made to the municipality in an  
16 amount, subject to any increase or decrease made pursuant to  
17 Section 7-1-6.15 NMSA 1978, equal to the applicable maximum  
18 distribution for the municipality multiplied by the following  
19 percentages:

20 [~~(1) on or after July 1, 2022 and prior to~~  
21 ~~July 1, 2023, forty-nine percent;~~

22 ~~(2) on or after July 1, 2023 and prior to July~~  
23 ~~1, 2024, forty-two percent;~~

24 ~~(3) on or after July 1, 2024 and prior to July~~  
25 ~~1, 2025, thirty-five percent;~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   ~~(4)~~ (1) on or after July 1, 2025 and prior to  
2 July 1, 2026, twenty-eight percent;

3                   ~~(5)~~ (2) on or after July 1, 2026 and prior  
4 to July 1, 2027, twenty-one percent;

5                   ~~(6)~~ (3) on or after July 1, 2027 and prior  
6 to July 1, 2028, fourteen percent;

7                   ~~(7)~~ (4) on or after July 1, 2028 and prior  
8 to July 1, 2029, seven percent; and

9                   ~~(8)~~ (5) on and after July 1, 2029, zero  
10 percent.

11                   D. A distribution pursuant to this section is in  
12 lieu of revenue that would have been received by the  
13 municipality but for the deductions provided by Sections 7-9-92  
14 and 7-9-93 NMSA 1978. The distribution shall be considered  
15 gross receipts tax revenue and shall be used by the  
16 municipality in the same manner as gross receipts tax revenue,  
17 including payment of gross receipts tax revenue bonds.

18                   E. If the changes made by [~~this 2022 act~~] Laws  
19 2022, Chapter 47 to the distributions made pursuant to this  
20 section impair the ability of a municipality to meet its  
21 principal or interest payment obligations for revenue bonds  
22 that are outstanding prior to July 1, 2022 and that are secured  
23 by the pledge of all or part of the municipality's revenue from  
24 the distribution made pursuant to this section, then the amount  
25 distributed pursuant to this section to that municipality shall

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 be increased by an amount sufficient to meet the required  
2 payment; provided that the total amount distributed to that  
3 municipality pursuant to this section does not exceed the  
4 amount that would have been due that municipality pursuant to  
5 this section as it was in effect on June 30, 2022.

6 F. For the purposes of this section:

7 (1) "business locations attributable to the  
8 municipality" means business locations:

9 (a) ~~[within the municipality]~~ sourced to  
10 the municipality pursuant to Section 7-1-14 NMSA 1978; and

11 (b) ~~[on]~~ sourced to land owned by the  
12 state, commonly known as the "state fairgrounds", within the  
13 exterior boundaries of the municipality;

14 ~~[(c) outside the boundaries of the~~  
15 ~~municipality on land owned by the municipality; and~~

16 ~~(d) on an Indian reservation or pueblo~~  
17 ~~grant in an area that is contiguous to the municipality and in~~  
18 ~~which the municipality performs services pursuant to a contract~~  
19 ~~between the municipality and the Indian tribe or Indian pueblo~~  
20 ~~if: 1) the contract describes an area in which the~~  
21 ~~municipality is required to perform services and requires the~~  
22 ~~municipality to perform services that are substantially the~~  
23 ~~same as the services the municipality performs for itself; and~~  
24 ~~2) the governing body of the municipality has submitted a copy~~  
25 ~~of the contract to the secretary;]~~

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 (2) "maximum distribution" means:

2 (a) for a municipality that did not have  
3 in effect on June 30, 2019 a municipal hold harmless gross  
4 receipts tax, the total deductions claimed pursuant to Sections  
5 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from  
6 business locations attributable to the municipality multiplied  
7 by the sum of the combined rate of all municipal local option  
8 gross receipts taxes in effect in the municipality for the  
9 month plus one and two hundred twenty-five thousandths percent;  
10 and

11 (b) for a municipality not described in  
12 Subparagraph (a) of this paragraph, the total deductions  
13 claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for  
14 the month by taxpayers from business locations [~~attributable~~  
15 sourced to the municipality multiplied by the sum of the  
16 combined rate of all municipal local option gross receipts  
17 taxes in effect in the municipality on January 1, 2007 plus one  
18 and two hundred twenty-five thousandths percent; and

19 (3) "poverty level" means the percentage of  
20 persons in poverty, according to the most recent five-year  
21 American community survey, as published by the United States  
22 census bureau. For the purposes of determining the poverty  
23 level of a municipality, "poverty level" means the percentage  
24 of persons in poverty in a municipality, according to the most  
25 recent five-year American community survey, as published by the

.228781.3SA

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

1 United States census bureau, that includes adequate data to  
2 make a determination as to the poverty level of the  
3 municipality.

4 G. A distribution pursuant to this section may be  
5 adjusted for a distribution made to a tax increment development  
6 district with respect to a portion of a gross receipts tax  
7 increment dedicated by a municipality pursuant to the Tax  
8 Increment for Development Act."

9 SECTION 21. Section 7-1-6.47 NMSA 1978 (being Laws 2004,  
10 Chapter 116, Section 2, as amended) is amended to read:

11 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD  
12 DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

13 A. For a county that did not have in effect on June  
14 30, 2019 a county hold harmless gross receipts tax through an  
15 ordinance and that has a population of less than forty-eight  
16 thousand according to the most recent federal decennial census,  
17 a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be  
18 made to the county in an amount, subject to any increase or  
19 decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to  
20 the applicable maximum distribution for the county.

21 B. For a county not described in Subsection A of  
22 this section, a distribution pursuant to Section 7-1-6.1 NMSA  
23 1978 shall be made to the county in an amount, subject to any  
24 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
25 1978, equal to the applicable maximum distribution multiplied  
26 .228781.3SA

underscored material = new  
[bracketed material] = delete

1 by the following percentages:

2 ~~[(1) on or after July 1, 2021 and prior to~~  
3 ~~July 1, 2022, fifty-six percent;~~

4 ~~(2) on or after July 1, 2022 and prior to July~~  
5 ~~1, 2023, forty-nine percent;~~

6 ~~(3) on or after July 1, 2023 and prior to July~~  
7 ~~1, 2024, forty-two percent;~~

8 ~~(4) on or after July 1, 2024 and prior to July~~  
9 ~~1, 2025, thirty-five percent;~~

10 ~~(5)]~~ (1) on or after July 1, 2025 and prior to  
11 July 1, 2026, twenty-eight percent;

12 ~~[(6)]~~ (2) on or after July 1, 2026 and prior  
13 to July 1, 2027, twenty-one percent;

14 ~~[(7)]~~ (3) on or after July 1, 2027 and prior  
15 to July 1, 2028, fourteen percent;

16 ~~[(8)]~~ (4) on or after July 1, 2028 and prior  
17 to July 1, 2029, seven percent; and

18 ~~[(9)]~~ (5) on and after July 1, 2029, zero  
19 percent.

20 C. A distribution pursuant to this section is in  
21 lieu of revenue that would have been received by the county but  
22 for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA  
23 1978. The distribution shall be considered gross receipts tax  
24 revenue and shall be used by the county in the same manner as  
25 gross receipts tax revenue, including payment of gross receipts

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 tax revenue bonds.

2 D. If the changes made by [~~this 2022 act~~] Laws  
3 2022, Chapter 47 to the distributions made pursuant to this  
4 section impair the ability of a county to meet its principal or  
5 interest payment obligations for revenue bonds that are  
6 outstanding prior to July 1, 2022 and that are secured by the  
7 pledge of all or part of the county's revenue from the  
8 distribution made pursuant to this section, then the amount  
9 distributed pursuant to this section to that county shall be  
10 increased by an amount sufficient to meet the required payment;  
11 provided that the total amount distributed to that county  
12 pursuant to this section does not exceed the amount that would  
13 have been due that county pursuant to this section as it was in  
14 effect on June 30, 2022.

15 E. A distribution pursuant to this section may be  
16 adjusted for a distribution made to a tax increment development  
17 district with respect to a portion of a gross receipts tax  
18 increment dedicated by a county pursuant to the Tax Increment  
19 for Development Act.

20 F. For the purposes of this section, "maximum  
21 distribution" means:

22 (1) for a county that did not have in effect  
23 on June 30, 2019 a county hold harmless gross receipts tax and  
24 that has a population of less than forty-eight thousand  
25 according to the most recent federal decennial census, the sum

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 of:

2 (a) the total deductions claimed  
3 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month  
4 by taxpayers from business locations [~~within~~] sourced to a  
5 municipality in the county pursuant to Section 7-1-14 NMSA 1978  
6 multiplied by the combined rate of all county local option  
7 gross receipts taxes in effect for the month that are imposed  
8 throughout the county; and

9 (b) the total deductions claimed  
10 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month  
11 by taxpayers from business locations [~~in~~] sourced to the county  
12 but not [~~within~~] sourced to a municipality pursuant to Section  
13 7-1-14 NMSA 1978 multiplied by the combined rate of all county  
14 local option gross receipts taxes in effect for the month that  
15 are imposed in the county area not [~~within~~] sourced to a  
16 municipality pursuant to Section 7-1-14 NMSA 1978; and

17 (2) for a county not described in Paragraph  
18 (1) of this subsection, the sum of:

19 (a) the total deductions claimed  
20 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month  
21 by taxpayers from business locations [~~within~~] sourced to a  
22 municipality in the county pursuant to Section 7-1-14 NMSA 1978  
23 multiplied by the combined rate of all county local option  
24 gross receipts taxes in effect on January 1, 2007 that are  
25 imposed throughout the county; and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (b) the total deductions claimed  
2 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month  
3 by taxpayers from business locations [~~in~~] sourced to the county  
4 but not [~~within~~] sourced to a municipality pursuant to Section  
5 7-1-14 NMSA 1978 multiplied by the combined rate of all county  
6 local option gross receipts taxes in effect on January 1, 2007  
7 that are imposed in the county area not [~~within~~] sourced to a  
8 municipality pursuant to Section 7-1-14 NMSA 1978."

9 SECTION 22. Section 7-1-6.58 NMSA 1978 (being Laws 2007  
10 (1st S.S.), Chapter 2, Section 8) is amended to read:

11 "7-1-6.58. DISTRIBUTION--PUBLIC ELECTION FUND.--A  
12 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be  
13 made to the public election fund from the amount deposited  
14 pursuant to the provisions of Section 7-8A-13 NMSA 1978 in the  
15 amount of one hundred thousand dollars (\$100,000) per month  
16 [~~during fiscal year 2008 and subsequent fiscal years~~]."

17 SECTION 23. Section 7-1-6.68 NMSA 1978 (being Laws 2021  
18 (1st S.S.), Chapter 4, Section 50, as amended) is amended to  
19 read:

20 "7-1-6.68. DISTRIBUTION--CANNABIS EXCISE TAX--  
21 MUNICIPALITIES AND COUNTIES.--

22 A. A distribution pursuant to Section 7-1-6.1 NMSA  
23 1978 shall be made to each municipality, subject to any  
24 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
25 1978, in an amount equal to thirty-three and thirty-three

.228781.3SA

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

1 hundredths percent of the net receipts attributable to the  
2 cannabis excise tax from business locations [~~within~~] sourced to  
3 the municipality as reported pursuant to Section 7-42-4 NMSA  
4 1978.

5 B. A distribution pursuant to Section 7-1-6.1 NMSA  
6 1978 shall be made to each county in an amount equal to thirty-  
7 three and thirty-three hundredths percent of the net receipts  
8 attributable to the cannabis excise tax from business locations  
9 [~~within~~] sourced to the county area of the county as reported  
10 pursuant to Section 7-42-4 NMSA 1978.

11 C. The department may deduct an amount not to  
12 exceed three percent of the distributions made pursuant to this  
13 section for the reasonable costs for administering the  
14 distributions.

15 D. As used in this section, "county area" means  
16 that portion of a county located outside the boundaries of any  
17 municipality."

18 **SECTION 24.** Section 7-1-8.8 NMSA 1978 (being Laws 2019,  
19 Chapter 87, Section 2, as amended) is amended to read:

20 "7-1-8.8. INFORMATION THAT MAY BE REVEALED TO OTHER STATE  
21 AND LEGISLATIVE AGENCIES.--An employee of the department may  
22 reveal confidential return information to the following  
23 agencies; provided that a person who receives the information  
24 on behalf of the agency shall be subject to the penalties in  
25 Section 7-1-76 NMSA 1978 if the person fails to maintain the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 confidentiality required:

2 A. a committee of the legislature for a valid  
3 legislative purpose, return information concerning any tax or  
4 fee imposed pursuant to the Cigarette Tax Act;

5 B. the attorney general, return information  
6 acquired pursuant to the Cigarette Tax Act for purposes of  
7 Section 6-4-13 NMSA 1978 and the master settlement agreement  
8 defined in Section 6-4-12 NMSA 1978;

9 C. the commissioner of public lands, return  
10 information for use in auditing that pertains to rentals,  
11 royalties, fees and other payments due the state under land  
12 sale, land lease or other land use contracts;

13 D. the secretary of [~~human services~~] health care  
14 authority or the secretary's delegate under a written agreement  
15 with the department:

16 (1) the last known address with date of all  
17 names certified to the department as being absent parents of  
18 children receiving public financial assistance, but only for  
19 the purpose of enforcing the support liability of the absent  
20 parents by the child support enforcement division or any  
21 successor organizational unit;

22 (2) return information needed for reports  
23 required to be made to the federal government concerning the  
24 use of federal funds for low-income working families;

25 (3) return information of low-income taxpayers

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 for the limited purpose of outreach to those taxpayers;  
2 provided that the [~~human services department~~] health care  
3 authority shall pay the department for expenses incurred by the  
4 department to derive the information requested by the [~~human~~  
5 ~~services department~~] health care authority if the information  
6 requested is not readily available in reports for which the  
7 department's information systems are programmed;

8 (4) return information required to administer  
9 the Health Care Quality Surcharge Act; [~~and~~]

10 (5) return information in accordance with the  
11 provisions of the Easy Enrollment Act; and

12 (6) return information in accordance with the  
13 Health Care Delivery and Access Act; provided that the  
14 contingency pursuant to Laws 2024, Chapter 41, Section 14 is  
15 met;

16 E. the department of information technology, by  
17 electronic media, a database updated quarterly that contains  
18 the names, addresses, county of address and taxpayer  
19 identification numbers of New Mexico personal income tax  
20 filers, but only for the purpose of producing the random jury  
21 list for the selection of petit or grand jurors for the state  
22 courts pursuant to Section 38-5-3 NMSA 1978;

23 F. the state courts, the random jury lists produced  
24 by the department of information technology under Subsection E  
25 of this section;

.228781.3SA

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

1           G. the director of the New Mexico department of  
2 agriculture or the director's authorized representative, upon  
3 request of the director or representative, the names and  
4 addresses of all gasoline or special fuel distributors,  
5 wholesalers and retailers;

6           H. the public regulation commission, return  
7 information with respect to the Corporate Income and Franchise  
8 Tax Act required to enable the commission to carry out its  
9 duties;

10          I. the state racing commission, return information  
11 with respect to the state, municipal and county gross receipts  
12 taxes paid by racetracks;

13          J. the gaming control board, tax returns of license  
14 applicants and their affiliates as provided in Subsection E of  
15 Section 60-2E-14 NMSA 1978;

16          K. the director of the workers' compensation  
17 administration or to the director's representatives authorized  
18 for this purpose, return information to facilitate the  
19 identification of taxpayers that are delinquent or noncompliant  
20 in payment of fees required by Section 52-1-9.1 or 52-5-19 NMSA  
21 1978;

22          L. the secretary of workforce solutions or the  
23 secretary's delegate, return information for use in enforcement  
24 of unemployment insurance collections pursuant to the terms of  
25 a written reciprocal agreement entered into by the department

.228781.3SA

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

1 with the secretary of workforce solutions for exchange of  
2 information;

3 M. the New Mexico finance authority, information  
4 with respect to the amount of municipal and county gross  
5 receipts taxes collected by municipalities and counties  
6 pursuant to any local option municipal or county gross receipts  
7 taxes imposed, and information with respect to the amount of  
8 governmental gross receipts taxes paid by every agency,  
9 institution, instrumentality or political subdivision of the  
10 state pursuant to Section 7-9-4.3 NMSA 1978;

11 N. the superintendent of insurance, return  
12 information with respect to the premium tax and the health  
13 insurance premium surtax;

14 O. the secretary of finance and administration or  
15 the secretary's designee, return information concerning a  
16 credit pursuant to the Film Production Tax Credit Act;

17 P. the secretary of economic development or the  
18 secretary's designee, return information concerning a credit  
19 pursuant to the Film Production Tax Credit Act;

20 Q. the secretary of public safety or the  
21 secretary's designee, return information concerning the Weight  
22 Distance Tax Act;

23 R. the secretary of transportation or the  
24 secretary's designee, return information concerning the Weight  
25 Distance Tax Act;

.228781.3SA

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

1           S. the secretary of energy, minerals and natural  
2 resources or the secretary's designee, return information  
3 concerning tax credits or deductions for which eligibility is  
4 certified or otherwise determined by the secretary or the  
5 secretary's designee;

6           T. the secretary of environment or the secretary's  
7 designee, return information concerning tax credits for which  
8 eligibility is certified or otherwise determined by the  
9 secretary or the secretary's designee; and

10           U. the secretary of state or the secretary's  
11 designee, taxpayer information required to maintain voter  
12 registration records and as otherwise provided in the Election  
13 Code."

14           SECTION 25. Section 7-1-8.9 NMSA 1978 (being Laws 2009,  
15 Chapter 243, Section 11, as amended by Laws 2015, Chapter 89,  
16 Section 2 and by Laws 2015, Chapter 100, Section 2) is amended  
17 to read:

18           "7-1-8.9. INFORMATION THAT MAY BE REVEALED TO LOCAL  
19 GOVERNMENTS AND THEIR AGENCIES.--

20           A. An employee of the department may reveal to:

21                   (1) the officials or employees of a  
22 municipality of this state authorized in a written request by  
23 the municipality for a period specified in the request within  
24 the twelve months preceding the request; provided that the  
25 municipality receiving the information has entered into a

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 written agreement with the department that the information  
2 shall be used for tax purposes only and specifying that the  
3 municipality is subject to the confidentiality provisions of  
4 Section 7-1-8 NMSA 1978 and the penalty provisions of Section  
5 7-1-76 NMSA 1978:

6 (a) the names, last four digits of the  
7 taxpayer identification numbers and addresses of registered  
8 gross receipts taxpayers reporting gross receipts for that  
9 municipality under the Gross Receipts and Compensating Tax Act  
10 or a local option gross receipts tax imposed by that  
11 municipality. The department may also reveal the information  
12 described in this subparagraph quarterly or upon such other  
13 periodic basis as the secretary and the municipality may agree  
14 in writing;

15 (b) a range of taxable gross receipts of  
16 registered gross receipts paid by taxpayers from business  
17 locations [~~attributable~~] sourced pursuant to Section 7-1-14  
18 NMSA 1978 to that municipality [~~under the Gross Receipts and~~  
19 ~~Compensating Tax Act or a local option gross receipts tax~~  
20 ~~imposed by that municipality~~]; provided that authorization from  
21 the federal internal revenue service to reveal such information  
22 has been received. The department may also reveal the  
23 information described in this subparagraph quarterly or upon  
24 such other periodic basis as the secretary and the municipality  
25 may agree in writing; and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (c) information indicating whether  
2 persons shown on a list of businesses [~~located within~~] sourced  
3 pursuant to Section 7-1-14 NMSA 1978 to that municipality  
4 furnished by the municipality have reported gross receipts to  
5 the department but have not reported gross receipts for that  
6 municipality under the Gross Receipts and Compensating Tax Act  
7 or a local option gross receipts tax imposed by that  
8 municipality;

9 (2) the officials or employees of a county of  
10 this state authorized in a written request by the county for a  
11 period specified in the request within the twelve months  
12 preceding the request; provided that the county receiving the  
13 information has entered into a written agreement with the  
14 department that the information shall be used for tax purposes  
15 only and specifying that the county is subject to the  
16 confidentiality provisions of Section 7-1-8 NMSA 1978 and the  
17 penalty provisions of Section 7-1-76 NMSA 1978:

18 (a) the names, last four digits of the  
19 taxpayer identification numbers and addresses of registered  
20 gross receipts taxpayers reporting gross receipts either for  
21 that county in the case of a local option gross receipts tax  
22 imposed on a countywide basis or only for the areas of that  
23 county outside of any incorporated municipalities within that  
24 county in the case of a county local option gross receipts tax  
25 imposed only in areas of the county outside of any incorporated

.228781.3SA

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

1 municipalities. The department may also reveal the information  
2 described in this subparagraph quarterly or upon such other  
3 periodic basis as the secretary and the county may agree in  
4 writing;

5 (b) a range of taxable gross receipts of  
6 registered gross receipts paid by taxpayers from business  
7 locations [~~attributable~~] sourced pursuant to Section 7-1-14  
8 NMSA 1978 either to that county in the case of a local option  
9 gross receipts tax imposed on a countywide basis or only to the  
10 areas of that county outside of any incorporated municipalities  
11 within that county in the case of a county local option gross  
12 receipts tax imposed only in areas of the county outside of any  
13 incorporated municipalities; provided that authorization from  
14 the federal internal revenue service to reveal such information  
15 has been received. The department may also reveal the  
16 information described in this subparagraph quarterly or upon  
17 such other periodic basis as the secretary and the county may  
18 agree in writing;

19 (c) in the case of a local option gross  
20 receipts tax imposed by a county on a countywide basis,  
21 information indicating whether persons shown on a list of  
22 businesses located within the county furnished by the county  
23 have reported gross receipts to the department but have not  
24 reported gross receipts for that county under the Gross  
25 Receipts and Compensating Tax Act or a local option gross

.228781.3SA

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

1 receipts tax imposed by that county on a countywide basis; and

2 (d) in the case of a local option gross  
3 receipts tax imposed by a county only on persons engaging in  
4 business ~~[in]~~ sourced pursuant to Section 7-1-14 NMSA 1978 to  
5 that area of the county outside of incorporated municipalities,  
6 information indicating whether persons on a list of businesses  
7 located in that county outside of the incorporated  
8 municipalities but within that county furnished by the county  
9 have reported gross receipts to the department but have not  
10 reported gross receipts for that county outside of the  
11 incorporated municipalities within that county under the Gross  
12 Receipts and Compensating Tax Act or a local option gross  
13 receipts tax imposed by the county only on persons engaging in  
14 business ~~[in]~~ sourced to that county outside of the  
15 incorporated municipalities; and

16 (3) officials or employees of a municipality  
17 or county of this state, authorized in a written request of the  
18 municipality or county, for purposes of inspection, the records  
19 of the department pertaining to an increase or decrease to a  
20 distribution or transfer made pursuant to Section 7-1-6.15 NMSA  
21 1978 for the purpose of reviewing the basis for the increase or  
22 decrease; provided that the municipality or county receiving  
23 the information has entered into a written agreement with the  
24 department that the information shall be used for tax purposes  
25 only and specifying that the municipality or county is subject

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 to the confidentiality provisions of Section 7-1-8 NMSA 1978  
2 and the penalty provisions of Section 7-1-76 NMSA 1978. The  
3 authorized officials or employees may only reveal the  
4 information provided in this paragraph to another authorized  
5 official or employee, to an employee of the department, or a  
6 district court, an appellate court or a federal court in a  
7 proceeding relating to a disputed distribution and in which  
8 both the state and the municipality or county are parties.

9 B. The department [~~may~~] shall require that a  
10 municipal or county official or employee satisfactorily  
11 complete appropriate training on protecting confidential  
12 information prior to receiving the information pursuant to  
13 Subsection A of this section."

14 SECTION 26. Section 7-1-13.1 NMSA 1978 (being Laws 1988,  
15 Chapter 99, Section 3, as amended) is amended to read:

16 "7-1-13.1. METHOD OF PAYMENT OF CERTAIN TAXES DUE.--

17 A. Payment of the taxes, including any applicable  
18 penalties and interest, described in Paragraph (1), (2), (3) or  
19 (4) of this subsection shall be made on or before the date due  
20 in accordance with Subsection B of this section if the  
21 taxpayer's average tax payment for the group of taxes during  
22 the preceding calendar year equaled or exceeded twenty-five  
23 thousand dollars (\$25,000):

24 (1) Group 1: all taxes due under the  
25 Withholding Tax Act, the Gross Receipts and Compensating Tax

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Act, local option gross receipts tax acts, the Interstate  
2 Telecommunications Gross Receipts Tax Act and the Leased  
3 Vehicle Gross Receipts Tax Act;

4 (2) Group 2: all taxes due under the Oil and  
5 Gas Severance Tax Act, the Oil and Gas Conservation Tax Act,  
6 the Oil and Gas Emergency School Tax Act and the Oil and Gas Ad  
7 Valorem Production Tax Act;

8 (3) Group 3: the tax due under the Natural  
9 Gas Processors Tax Act; or

10 (4) Group 4: all taxes and fees due under the  
11 Gasoline Tax Act, the Special Fuels Supplier Tax Act and the  
12 Petroleum Products Loading Fee Act.

13 ~~[For taxpayers who have more than one identification~~  
14 ~~number issued by the department, the average tax payment shall~~  
15 ~~be computed by combining the amounts paid under the several~~  
16 ~~identification numbers.]~~

17 B. Taxpayers who are required to make payment in  
18 accordance with the provisions of this section shall make  
19 payment by ~~[one or more of the following means on or before the~~  
20 ~~due date so that funds are immediately available to the state~~  
21 ~~on or before the due date:~~

22 ~~(1)]~~ electronic payment; provided that a  
23 result of the payment is that funds are immediately available  
24 to the state of New Mexico on or before the due date

25 ~~[(2) currency of the United States;~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   ~~(3) check drawn on and payable at any New~~  
2 ~~Mexico financial institution provided that the check is~~  
3 ~~received by the department at the place and time required by~~  
4 ~~the department at least one banking day prior to the due date;~~  
5 ~~or~~

6                   ~~(4) check drawn on and payable at any domestic~~  
7 ~~non-New Mexico financial institution provided that the check is~~  
8 ~~received by the department at the time and place required by~~  
9 ~~the department at least two banking days prior to the due~~  
10 ~~date].~~

11                   C. If the taxes required to be paid under this  
12 section are not paid in accordance with Subsection B of this  
13 section, the payment is not timely and is subject to the  
14 provisions of Sections 7-1-67 and 7-1-69 NMSA 1978.

15                   D. For the purposes of this section, "average tax  
16 payment" means the total amount of taxes paid with respect to a  
17 group of taxes listed under Subsection A of this section during  
18 a calendar year divided by the number of months in that  
19 calendar year containing a due date on which the taxpayer was  
20 required to pay one or more taxes in the group."

21                   SECTION 27. Section 7-1-15 NMSA 1978 (being Laws 1969,  
22 Chapter 31, Section 1, as amended) is amended to read:

23                   "7-1-15. SECRETARY MAY SET TAX REPORTING AND PAYMENT  
24 INTERVALS.--The secretary may, pursuant to regulation, allow  
25 taxpayers with an anticipated tax liability of less than [~~two~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~hundred dollars (\$200)]~~ five hundred dollars (\$500) a month to  
2 report and pay taxes at intervals which the secretary may  
3 specify. However, unless specifically permitted by law, an  
4 interval shall not exceed six months. [~~The secretary may also~~  
5 ~~allow direct marketers who have entered into an agreement with~~  
6 ~~the department to collect and remit compensating tax to report~~  
7 ~~and pay on a quarterly or semi-annual basis.]"~~

8 SECTION 28. Section 7-1-20 NMSA 1978 (being Laws 1965,  
9 Chapter 248, Section 22, as amended) is amended to read:

10 "7-1-20. COMPROMISE OF TAXES--CLOSING AGREEMENTS.--

11 A. At any time after the assessment of any tax or  
12 the denial of a refund or credit, if the secretary in good  
13 faith is in doubt of the correctness of the denial or liability  
14 for the payment [~~thereof~~] of an assessment, the secretary may  
15 [~~with the written approval of the attorney general~~] compromise  
16 the asserted liability for taxes or the denial by entering with  
17 the taxpayer into a written agreement that adequately protects  
18 the interests of the state.

19 B. The agreement provided for in this section is to  
20 be known as a "closing agreement". If entered into after any  
21 court acquires jurisdiction of the matter, the agreement shall  
22 be part of a stipulated order or judgment disposing of the  
23 case.

24 C. As a condition for entering into a closing  
25 agreement, the secretary may require the taxpayer to furnish

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 security for payment of any taxes due according to the terms of  
2 the agreement.

3 D. A closing agreement is conclusive as to  
4 liability or nonliability for payment of assessed taxes or the  
5 denial of a refund or credit relating to the periods referred  
6 to in the agreement, and except upon a showing of fraud or  
7 malfeasance, or misrepresentation or concealment of a material  
8 fact:

9 (1) the agreement shall not be modified by any  
10 officer, employee or agent of the state; and

11 (2) in any suit, action or proceeding, the  
12 agreement or any determination, assessment, collection,  
13 payment, abatement, refund or credit made in accordance  
14 therewith shall not be annulled, modified, set aside or  
15 disregarded."

16 SECTION 29. Section 7-1-26 NMSA 1978 (being Laws 1965,  
17 Chapter 248, Section 28, as amended) is amended to read:

18 "7-1-26. DISPUTING LIABILITIES--CLAIM FOR ~~[CREDIT]~~ REBATE  
19 OR REFUND.--

20 A. A person who believes that an amount of tax has  
21 been paid by or withheld from that person in excess of that for  
22 which the person was liable, who has been denied a ~~[credit or]~~  
23 rebate claimed or who claims a prior right to property in the  
24 possession of the department pursuant to a levy made pursuant  
25 to the authority of Sections 7-1-31 through 7-1-34 NMSA 1978

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 may claim a refund by directing to the secretary, within the  
2 time limitations provided by Subsections F and G of this  
3 section, a written claim for refund that, except as provided in  
4 Subsection K of this section, includes:

5 (1) the taxpayer's name, address and  
6 identification number;

7 (2) the type of tax for which a refund is  
8 being claimed, the ~~[credit or]~~ rebate denied or the property  
9 levied upon;

10 (3) the sum of money or other property being  
11 claimed;

12 (4) with respect to a refund, the period for  
13 which overpayment was made;

14 (5) a brief statement of the facts and the law  
15 on which the claim is based, which may be referred to as the  
16 "basis for the refund", which may include documentation that  
17 substantiates the written claim and supports the taxpayer's  
18 basis for the refund; and

19 (6) if applicable, a copy of an amended return  
20 for each tax period for which the refund is claimed.

21 B. A claim for refund that meets the requirements  
22 of Subsection A of this section and that is filed within the  
23 time limitations provided by Subsections F and G of this  
24 section is deemed to be properly before the department for  
25 consideration, regardless of whether the department requests

.228781.3SA

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

1 additional documentation after receipt of the claim for refund.

2 C. If the department requests additional relevant  
3 documentation from a taxpayer who has submitted a claim for  
4 refund, the claim for refund shall not be considered incomplete  
5 provided the taxpayer submits sufficient information for the  
6 department to make a determination.

7 D. The secretary or the secretary's delegate may  
8 allow the claim in whole or in part or may deny the claim. If  
9 the:

10 (1) claim is denied in whole or in part in  
11 writing, the person shall not refile the denied claim, but the  
12 person, within ninety days after either the mailing or delivery  
13 of the denial of all or any part of the claim, may elect to  
14 pursue only one of the remedies provided in Subsection E of  
15 this section; and

16 (2) department has neither granted nor denied  
17 any portion of a complete claim for refund within one hundred  
18 eighty days after the claim was mailed or otherwise delivered  
19 to the department, the person may elect to treat the claim as  
20 denied and elect to pursue only one of the remedies provided in  
21 Subsection E of this section.

22 E. A person may elect to pursue only one of the  
23 remedies provided in this subsection. A person who timely  
24 pursues more than one remedy is deemed to have elected the  
25 first. The person may:

.228781.3SA

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

1 (1) direct to the secretary, pursuant to the  
2 provisions of Section 7-1-24 NMSA 1978, a written protest that  
3 sets forth:

4 (a) the circumstances of: 1) an alleged  
5 overpayment; 2) ~~[a denied credit; 3)]~~ a denied rebate; or ~~[4)]~~  
6 3) a denial of a prior right to property levied upon by the  
7 department;

8 (b) an allegation that, because of that  
9 overpayment or denial, the state is indebted to the taxpayer  
10 for a specified amount, including any allowed interest, or for  
11 the property;

12 (c) a demand for the refund to the  
13 taxpayer of that amount or that property; and

14 (d) a recitation of the facts of the  
15 claim for refund; or

16 (2) commence a civil action in the district  
17 court for Santa Fe county by filing a complaint setting forth  
18 the circumstance of the claimed overpayment, denied ~~[credit or]~~  
19 rebate or denial of a prior right to property levied upon by  
20 the department alleging that on account thereof the state is  
21 indebted to the plaintiff in the amount or property stated,  
22 together with any interest allowable, demanding the refund to  
23 the plaintiff of that amount or property and reciting the facts  
24 of the claim for refund. The plaintiff or the secretary may  
25 appeal from any final decision or order of the district court

.228781.3SA



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

1 to the court of appeals.

2 F. Except as otherwise provided in Subsection G of  
3 this section, a ~~[credit or]~~ refund of any amount of overpaid  
4 tax, penalty or interest may be allowed or made to a person if  
5 a claim is properly filed:

6 (1) only within three years after the end of  
7 the calendar year in which the applicable event occurs:

8 (a) in the case of tax paid with an  
9 original or amended state return, the date the related tax was  
10 originally due;

11 (b) in the case of tax paid in response  
12 to an assessment by the department pursuant to Section 7-1-17  
13 NMSA 1978, the date the tax was paid;

14 (c) in the case of tax with respect to  
15 which a net-negative federal adjustment, as that term is used  
16 in Section 7-1-13 NMSA 1978, relates, the final determination  
17 date of that federal adjustment, as provided in Section 7-1-13  
18 NMSA 1978;

19 (d) the final determination of value  
20 occurs with respect to any overpayment that resulted from a  
21 disapproval by any agency of the United States or the state of  
22 New Mexico or any court of increase in value of a product  
23 subject to taxation pursuant to the Oil and Gas Severance Tax  
24 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas  
25 Emergency School Tax Act, the Oil and Gas Ad Valorem Production

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 Tax Act or the Natural Gas Processors Tax Act; or

2 (e) in the case of a claim related to  
3 property taken by levy, the date the property was levied upon  
4 as provided in the Tax Administration Act;

5 [~~(2)~~ in the case of a denial of a claim for  
6 credit pursuant to the Investment Credit Act, Laboratory  
7 Partnership with Small Business Tax Credit Act or Technology  
8 Jobs and Research and Development Tax Credit Act or for the  
9 rural job tax credit provided by Section 7-2E-1.1 NMSA 1978 or  
10 similar credit, only within one year after the date of the  
11 denial;

12 ~~(3)~~ (2) in the case of a taxpayer under audit  
13 by the department who has signed a waiver of the limitation on  
14 assessments [~~on or after July 1, 1993~~] pursuant to Subsection F  
15 of Section 7-1-18 NMSA 1978, only for a refund of the same tax  
16 paid for the same period for which the waiver was given, and  
17 only until a date one year after the later of the date of the  
18 mailing of an assessment issued pursuant to the audit, the date  
19 of the mailing of final audit findings to the taxpayer or the  
20 date a proceeding is begun in court by the department with  
21 respect to the same tax and the same period;

22 [~~(4)~~ (3) in the case of a payment of an  
23 amount of tax not made within three years of the end of the  
24 calendar year in which the original due date of the tax or date  
25 of the assessment of the department occurred, only for a claim

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 for refund of that amount of tax and only within one year of  
2 the date on which the tax was paid; or

3 [~~(5)~~] (4) in the case of a taxpayer who has  
4 been assessed a tax [~~on or after July 1, 1993~~] pursuant to  
5 Subsection B, C or D of Section 7-1-18 NMSA 1978 and an  
6 assessment that applies to a period ending at least three years  
7 prior to the beginning of the year in which the assessment was  
8 made, only for a refund for the same tax for the period of the  
9 assessment or for any period following that period within one  
10 year of the date of the assessment unless a longer period for  
11 claiming a refund is provided in this section.

12 G. No [~~credit or~~] refund shall be allowed or made  
13 to a person claiming a refund of gasoline tax pursuant to  
14 Section 7-13-11 NMSA 1978 unless notice of the destruction of  
15 the gasoline was given to the department within thirty days of  
16 the actual destruction and the claim for refund is made within  
17 six months of the date of destruction. No [~~credit or~~] refund  
18 shall be allowed or made to a person claiming a refund of  
19 gasoline tax pursuant to Section 7-13-17 NMSA 1978 unless the  
20 refund is claimed within six months of the date of purchase of  
21 the gasoline and the gasoline has been used at the time the  
22 claim for refund is made.

23 H. If, as a result of an audit by the department or  
24 a managed audit covering multiple periods, an overpayment of  
25 tax is found in any period under the audit and if the taxpayer

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 files a claim for refund for the overpayments identified in the  
2 audit, that overpayment may be credited against an underpayment  
3 of the same tax found in another period under audit pursuant to  
4 Section 7-1-29 NMSA 1978.

5 I. A refund of tax paid under any tax or tax act  
6 administered pursuant to Subsection B of Section 7-1-2 NMSA  
7 1978 may be made, at the discretion of the department, in the  
8 form of credit against future tax payments if future tax  
9 liabilities in an amount at least equal to the credit amount  
10 reasonably may be expected to become due.

11 J. For the purposes of this section, "oil and gas  
12 tax return" means a return reporting tax due with respect to  
13 oil, natural gas, liquid hydrocarbons, carbon dioxide, helium  
14 or nonhydrocarbon gas pursuant to the Oil and Gas Severance Tax  
15 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas  
16 Emergency School Tax Act, the Oil and Gas Ad Valorem Production  
17 Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas  
18 Production Equipment Ad Valorem Tax Act.

19 K. The filing of a fully completed original income  
20 tax return, corporate income tax return, corporate income and  
21 franchise tax return, estate tax return [~~special fuel excise~~  
22 ~~tax return~~] or annual insurance premium tax return that shows a  
23 balance due the taxpayer or a fully completed amended income  
24 tax return, an amended corporate income tax return, an amended  
25 corporate income and franchise tax return, an amended estate

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 tax return, [~~an amended special fuel excise tax return~~] an  
2 amended oil and gas tax return or an amended insurance premium  
3 tax return that shows a lesser tax liability than the original  
4 return constitutes the filing of a claim for refund for the  
5 difference in tax due shown on the original and amended  
6 returns.

7 L. The department may allow a completed return and  
8 an amended return to constitute the filing of a claim for  
9 refund.

10 [~~L.~~] M. In no case may a [~~credit or~~] refund be  
11 claimed if the related federal adjustment is taken into account  
12 by a partnership in the partnership's tax return for the  
13 adjustment year and allocated to the partners in a manner  
14 similar to other partnership tax items."

15 SECTION 30. Section 7-1-28 NMSA 1978 (being Laws 1965,  
16 Chapter 248, Section 30, as amended) is amended to read:

17 "7-1-28. AUTHORITY FOR ABATEMENTS OF ASSESSMENTS OF  
18 TAX.--

19 A. [~~In response to~~] The secretary or the  
20 secretary's delegate may abate any or part of an assessment  
21 determined by the secretary or the secretary's delegate if:

22 (1) a written protest is filed against an  
23 assessment, submitted in accordance with the provisions of  
24 Section 7-1-24 NMSA 1978, but before any court acquires  
25 jurisdiction of the matter; [~~or when~~]

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   (2) a "notice of assessment of taxes" is  
2 incorrect [~~the secretary or the secretary's delegate may abate~~  
3 ~~any part of an assessment determined by the secretary or the~~  
4 ~~secretary's delegate to have been incorrectly, erroneously or~~  
5 ~~illegally made. An abatement in the amount of twenty thousand~~  
6 ~~dollars (\$20,000) or more shall be made with the prior approval~~  
7 ~~of the attorney general; except that the secretary or the~~  
8 ~~secretary's delegate may make abatements with respect to the~~  
9 ~~Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax~~  
10 ~~Act, the Oil and Gas Emergency School Tax Act, the Oil and Gas~~  
11 ~~Ad Valorem Production Tax Act, the Natural Gas Processors Tax~~  
12 ~~Act or the Oil and Gas Production Equipment Ad Valorem Tax Act,~~  
13 ~~abatements of gasoline tax made under Section 7-13-17 NMSA 1978~~  
14 ~~and abatements of cigarette tax made under the Cigarette Tax~~  
15 ~~Act without the prior approval of the attorney general~~  
16 ~~regardless of the amount] or erroneously made; or~~

17                   (3) a written protest is filed solely against  
18 an assessment of penalty and interest totaling not more than  
19 fifty dollars (\$50).

20                   B. Pursuant to the final order of the district  
21 court, the court of appeals, the supreme court of New Mexico or  
22 any federal court, from which order, appeal or review is not  
23 successfully taken by the department, adjudging that any person  
24 is not required to pay any portion of tax assessed to that  
25 person, the secretary or the secretary's delegate shall cause

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 that amount of the assessment to be abated.

2 C. Pursuant to a compromise of taxes agreed to by  
3 the secretary and according to the terms of the closing  
4 agreement formalizing the compromise pursuant to Section 7-1-20  
5 NMSA 1978, the secretary or the secretary's delegate shall  
6 cause the abatement of the appropriate amount of any assessment  
7 of tax.

8 D. The secretary or the secretary's delegate shall  
9 cause the abatement of the amount of an assessment of tax that  
10 is equal to the amount of fee paid to or retained by an out-of-  
11 state attorney or collection agency from a judgment or the  
12 amount collected by the attorney or collection agency pursuant  
13 to Section 7-1-58 NMSA 1978.

14 E. Records of abatements made in excess of [~~ten~~  
15 ~~thousand dollars (\$10,000)~~] twenty thousand dollars (\$20,000)  
16 shall be available for inspection by the public. The  
17 department shall keep such records for a minimum of three years  
18 from the date of the abatement.

19 F. In response to a timely protest pursuant to  
20 Section 7-1-24 NMSA 1978 of an assessment by the department and  
21 notwithstanding any other provision of the Tax Administration  
22 Act, the secretary or the secretary's delegate may abate that  
23 portion of an assessment of tax, including applicable penalties  
24 and interest, representing the amount of tax previously paid by  
25 another person on behalf of the taxpayer on the same

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 transaction; provided that the requirements of equitable  
2 recoupment are met. For purposes of this subsection, the  
3 protest pursuant to Section 7-1-24 NMSA 1978 of the  
4 department's assessment may be made by the taxpayer to whom the  
5 assessment was issued or by the other person who claims to have  
6 previously paid the tax on behalf of the taxpayer."

7 SECTION 31. Section 7-1-29 NMSA 1978 (being Laws 1965,  
8 Chapter 248, Section 31, as amended) is amended to read:

9 "7-1-29. AUTHORITY TO MAKE REFUNDS, [OR] CREDITS OR  
10 REBATES.--

11 A. In response to a claim for refund, credit or  
12 rebate made as provided in Section 7-1-26 NMSA 1978, but before  
13 a court acquires jurisdiction of the matter, the secretary or  
14 the secretary's delegate may authorize payment to a person in  
15 the amount of the credit or rebate claimed or refund an  
16 overpayment of tax determined by the secretary or the  
17 secretary's delegate to have been erroneously made by the  
18 person, together with allowable interest. [~~A payment of a~~  
19 ~~credit rebate claimed or a refund of tax and interest~~  
20 ~~erroneously paid amounting to twenty thousand dollars (\$20,000)~~  
21 ~~or more shall be made with the prior approval of the attorney~~  
22 ~~general, except that the secretary or the secretary's delegate~~  
23 ~~may make refunds with respect to the Oil and Gas Severance Tax~~  
24 ~~Act, the Oil and Gas Conservation Tax Act, the Oil and Gas~~  
25 ~~Emergency School Tax Act, the Oil and Gas Ad Valorem Production~~

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 ~~Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas~~  
2 ~~Production Equipment Ad Valorem Tax Act, Section 7-13-17 NMSA~~  
3 ~~1978 and the Cigarette Tax Act without the prior approval of~~  
4 ~~the attorney general regardless of the amount.]~~

5 B. Pursuant to the final order of the district  
6 court, the court of appeals, the supreme court of New Mexico or  
7 a federal court, from which order, appeal or review is not  
8 successfully taken, adjudging that a person has properly  
9 claimed a credit, rebate or a refund of overpaid tax, the  
10 secretary shall authorize the payment to the person of the  
11 amount thereof. After a court acquires jurisdiction but before  
12 it issues a final order, the secretary may authorize payment of  
13 a credit, rebate or refund pursuant to a closing agreement  
14 pursuant to Section 7-1-20 NMSA 1978.

15 C. In the discretion of the secretary, any amount  
16 of credit or rebate to be paid or tax to be refunded may be  
17 offset against any amount of tax for which the person due to  
18 receive the credit, rebate payment or refund is liable. The  
19 secretary or the secretary's delegate shall give notice to the  
20 taxpayer that the credit, rebate payment or refund will be made  
21 in this manner, and the taxpayer shall be entitled to interest  
22 pursuant to Section 7-1-68 NMSA 1978 until the tax liability is  
23 credited with the credit, rebate or refund amount.

24 D. In an audit by the department or a managed audit  
25 covering multiple reporting periods in which both underpayments

.228781.3SA

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

1 and overpayments of a tax have been made in different reporting  
2 periods, the department shall credit the tax overpayments  
3 against the underpayments; provided that the taxpayer files a  
4 claim for refund of the overpayments. An overpayment shall be  
5 applied as a credit first to the earliest underpayment and then  
6 to succeeding underpayments. An underpayment of tax to which  
7 an overpayment is credited pursuant to this section shall be  
8 deemed paid in the period in which the overpayment was made or  
9 the period to which the overpayment was credited against an  
10 underpayment, whichever is later. If the overpayments credited  
11 pursuant to this section exceed the underpayments of a tax, the  
12 amount of the net overpayment for the periods covered in the  
13 audit shall be refunded to the taxpayer.

14 E. When a taxpayer makes a payment identified to a  
15 particular return or assessment, and the department determines  
16 that the payment exceeds the amount due pursuant to that return  
17 or assessment, the secretary may apply the excess to the  
18 taxpayer's other liabilities pursuant to the tax acts to which  
19 the return or assessment applies, without requiring the  
20 taxpayer to file a claim for a refund. The liability to which  
21 an overpayment is applied pursuant to this section shall be  
22 deemed paid in the period in which the overpayment was made or  
23 the period to which the overpayment was applied, whichever is  
24 later.

25 F. If the department determines, upon review of an

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 original or amended income tax return, corporate income and  
2 franchise tax return, estate tax return, special fuels excise  
3 tax return or oil and gas tax return, that there has been an  
4 overpayment of tax for the taxable period to which the return  
5 or amended return relates in excess of the amount due to be  
6 refunded to the taxpayer pursuant to the provisions of  
7 Subsection K of Section 7-1-26 NMSA 1978, the department may  
8 refund that excess amount to the taxpayer without requiring the  
9 taxpayer to file a refund claim.

10 G. Records of refunds and credits made in excess of  
11 [~~ten thousand dollars (\$10,000)~~] twenty thousand dollars  
12 (\$20,000) shall be available for inspection by the public. The  
13 department shall keep such records for a minimum of three years  
14 from the date of the refund or credit.

15 H. In response to a timely refund claim pursuant to  
16 Section 7-1-26 NMSA 1978 and notwithstanding any other  
17 provision of the Tax Administration Act, the secretary or the  
18 secretary's delegate may refund or credit a portion of an  
19 assessment of tax paid, including applicable penalties and  
20 interest representing the amount of tax previously paid by  
21 another person on behalf of the taxpayer on the same  
22 transaction; provided that the requirements of equitable  
23 recoupment are met. For purposes of this subsection, the  
24 refund claim may be filed by the taxpayer to whom the  
25 assessment was issued or by another person who claims to have

.228781.3SA

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

1 previously paid the tax on behalf of the taxpayer. Prior to  
2 granting the refund or credit, the secretary may require a  
3 waiver of all rights to claim a refund or credit of the tax  
4 previously paid by another person paying a tax on behalf of the  
5 taxpayer.

6 I. If, as a result of an audit by the department or  
7 a managed audit, a person is determined to owe gross receipts  
8 tax on receipts from the sale of property or services, the  
9 department may credit against the amount owed an amount of  
10 compensating tax paid by the purchaser if the person can  
11 demonstrate that the purchaser timely paid the compensating tax  
12 on the same property or services. The credit provided by this  
13 subsection shall not be denied solely because the purchaser  
14 cannot timely file for a refund of the compensating tax paid  
15 and, if the credit is to be granted, the department shall  
16 require, for the purpose of granting the credit, that the  
17 purchaser give up any right to claim a refund of that tax."

18 SECTION 32. Section 7-1-37 NMSA 1978 (being Laws 1965,  
19 Chapter 248, Section 39, as amended) is amended to read:

20 "7-1-37. ASSESSMENT AS LIEN.--

21 A. If any person liable for any tax neglects or  
22 refuses to pay the tax after assessment and demand for payment  
23 as provided in Section 7-1-17 NMSA 1978 or if any person liable  
24 for tax pursuant to Section 7-1-63 NMSA 1978 neglects or  
25 refuses to pay after demand has been made, unless and only so

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 long as such a person is entitled to the protection afforded by  
2 a valid order of a United States court entered pursuant to  
3 Section 362 or 1301 of Title 11 of the United States Code, as  
4 amended or renumbered, the amount of the tax shall be a lien in  
5 favor of the state of New Mexico upon all property and rights  
6 to property of the person.

7 B. The lien imposed by Subsection A of this section  
8 shall arise at the time both assessment and demand, as provided  
9 in Section 7-1-17 NMSA 1978, have been made or at the time  
10 demand has been made pursuant to Section 7-1-63 NMSA 1978 and  
11 shall continue until the liability for payment of the amount  
12 demanded is satisfied, [~~or~~] extinguished or released.

13 C. As against any mortgagee, pledgee, purchaser,  
14 judgment creditor, person claiming a lien under Sections 48-2-1  
15 through 48-11-9 NMSA 1978, lienor for value or other  
16 encumbrancer for value, the lien imposed by Subsection A of  
17 this section shall not be considered to have arisen or have any  
18 effect whatever until notice of the lien has been filed as  
19 provided in Section 7-1-38 NMSA 1978."

20 SECTION 33. Section 7-1-38 NMSA 1978 (being Laws 1965,  
21 Chapter 248, Section 40, as amended) is amended to read:

22 "7-1-38. NOTICE OF LIEN.--A notice of the lien provided  
23 for in Section 7-1-37 NMSA 1978 may be recorded in any county  
24 in the state in the tax lien index established by Sections  
25 48-1-1 through 48-1-7 NMSA 1978 or with the office of the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 secretary of state and a copy thereof shall be sent to the  
2 affected taxpayer. [~~affected. Any~~] The office of the secretary  
3 of state or a county clerk to whom the notices are presented  
4 shall record them as requested without charge. The notice of  
5 lien shall identify the taxpayer whose liability for taxes is  
6 sought to be enforced and the date or approximate date on which  
7 the tax became due and shall state that New Mexico claims a  
8 lien for the entire amount of tax asserted to be due, including  
9 applicable interest and penalties. Recording of the notice of  
10 lien shall be effective as to all property and rights to  
11 property of the taxpayer. Liens may be recorded  
12 electronically."

13 SECTION 34. Section 7-1-39 NMSA 1978 (being Laws 1965,  
14 Chapter 248, Section 41, as amended) is amended to read:

15 "7-1-39. RELEASE OR EXTINGUISHMENT OF LIEN--LIMITATION ON  
16 ACTIONS TO ENFORCE LIEN.--

17 A. When any substantial part of the amount of tax  
18 due from a taxpayer is paid, the department shall immediately  
19 file, in the same [~~county~~] manner in which a notice of lien was  
20 filed, and in the same records, a document completely or  
21 partially releasing the lien. The [~~county clerk~~] official to  
22 whom such a document is presented shall record [~~it~~] the release  
23 of the lien without charge.

24 B. The department may file, in the same [~~county~~]  
25 manner as the notice of lien was filed, a document releasing or

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 partially releasing any lien filed in accordance with Section  
2 7-1-38 NMSA 1978 when the filing of the lien was premature or  
3 did not follow requirements of law or when release or partial  
4 release would facilitate collection of taxes due. The [~~county~~  
5 ~~clerk~~] official to whom the document is presented shall record  
6 [~~it~~] the release of the lien without charge.

7 C. In all cases when a notice of lien for taxes,  
8 penalties and interest has been filed under Section 7-1-38 NMSA  
9 1978 and a period of ten years has passed from the date the  
10 lien was filed, as shown on the notice of lien, the taxes,  
11 penalties and interest for which the lien is claimed shall be  
12 conclusively presumed to have been paid and the lien is thereby  
13 extinguished, with no further action by the department. No  
14 action shall be brought to enforce any lien extinguished in  
15 accordance with this subsection."

16 SECTION 35. Section 7-1-67 NMSA 1978 (being Laws 1965,  
17 Chapter 248, Section 68, as amended) is amended to read:

18 "7-1-67. INTEREST ON DEFICIENCIES.--

19 A. [~~If~~] In the case of failure due to negligence or  
20 disregard of department rules, a tax imposed is not paid on or  
21 before the day on which it becomes due, interest shall be paid  
22 to the state on that amount from the first day following the  
23 day on which the tax becomes due, without regard to any  
24 extension of time or installment agreement, until it is paid,  
25 except that:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (1) for income tax imposed on a member of the  
2 armed services of the United States serving in a combat zone  
3 under orders of the president of the United States, interest  
4 shall accrue only for the period beginning the day after any  
5 applicable extended due date if the tax is not paid;

6 (2) if the amount of interest due at the time  
7 payment is made is less than [~~one dollar (\$1.00)~~] ten dollars  
8 (\$10.00), then no interest shall be due;

9 (3) if demand is made for payment of a tax,  
10 including accrued interest, and if the tax is paid within ten  
11 days after the date of the demand, no interest on the amount  
12 paid shall be imposed for the period after the date of the  
13 demand;

14 (4) if a managed audit is completed by the  
15 taxpayer on or before the date required, as provided in the  
16 agreement for the managed audit, and payment of any tax found  
17 to be due is made in full within one hundred eighty days of the  
18 date the secretary has mailed or delivered an assessment for  
19 the tax to the taxpayer, no interest shall be due on the  
20 assessed tax;

21 (5) when, as the result of an audit or a  
22 managed audit, an overpayment of a tax is credited against an  
23 underpayment of tax pursuant to Section 7-1-29 NMSA 1978,  
24 interest shall accrue from the date the tax was due until the  
25 tax is deemed paid;

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 (6) if the department does not issue an  
2 assessment for the tax program and period within the time  
3 provided in Subsection D of Section 7-1-11.2 NMSA 1978,  
4 interest shall be paid from the first day following the day on  
5 which the tax becomes due until the tax is paid, excluding the  
6 period between either:

7 (a) the one hundred eightieth day after  
8 giving a notice of outstanding records or books of account and  
9 the date of the assessment of the tax; or

10 (b) the ninetieth day after the  
11 expiration of the additional time requested by the taxpayer to  
12 comply pursuant to Section 7-1-11.2 NMSA 1978, if such request  
13 was granted, and the date of the assessment of the tax; and

14 (7) if the taxpayer was not provided with  
15 proper notices as required in Section 7-1-11.2 NMSA 1978,  
16 interest shall be paid from the first day following the day on  
17 which the tax becomes due until the tax is paid, excluding the  
18 period between one hundred eighty days prior to the date of  
19 assessment and the date of assessment.

20 B. No interest shall be assessed against a taxpayer  
21 if the failure to pay an amount of tax when due results from a  
22 mistake of law made in good faith and on reasonable grounds.

23 [~~B.~~] C. Interest due to the state under Subsection  
24 A or [~~D.~~] E of this section shall be at the underpayment rate  
25 established for individuals pursuant to Section 6621 of the  
.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Internal Revenue Code computed on a daily basis; provided that  
2 if a different rate is specified by a compact or other  
3 interstate agreement to which New Mexico is a party, that rate  
4 shall be applied to amounts due under the compact or other  
5 agreement.

6 ~~[G.]~~ D. Nothing in this section shall be construed  
7 to impose interest on interest or interest on the amount of any  
8 penalty.

9 ~~[D.]~~ E. If any tax required to be paid in  
10 accordance with Section 7-1-13.1 NMSA 1978 is not paid in the  
11 manner required by that section, interest shall be paid to the  
12 state on the amount required to be paid in accordance with  
13 Section 7-1-13.1 NMSA 1978. If interest is due under this  
14 subsection and is also due under Subsection A of this section,  
15 interest shall be due and collected only pursuant to Subsection  
16 A of this section."

17 **SECTION 36.** Section 7-1-79 NMSA 1978 (being Laws 1965,  
18 Chapter 248, Section 82, as amended) is amended to read:

19 "7-1-79. ENFORCEMENT OFFICIALS.--Every individual to whom  
20 the ~~[director]~~ secretary delegates the function of enforcing  
21 any of the provisions of the Tax Administration Act:

22 A. shall be furnished with credentials identifying  
23 ~~[him]~~ the secretary's delegate; and

24 B. may request the assistance of any sheriff or  
25 deputy sheriff or of the state police in order to perform ~~[his]~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 the delegate's duties, which assistance shall be afforded in  
2 appropriate circumstances."

3 SECTION 37. Section 7-2-12 NMSA 1978 (being Laws 1965,  
4 Chapter 202, Section 10, as amended) is amended to read:

5 "7-2-12. TAXPAYER RETURNS--PAYMENT OF TAX.--~~[A.]~~ Every  
6 resident of this state and every individual deriving income  
7 from any business transaction, property or employment within  
8 this state and not exempt from tax under the Income Tax Act who  
9 is required by the laws of the United States to file a federal  
10 income tax return shall file a complete tax return with the  
11 department in form and content as prescribed by the secretary.  
12 ~~[Except as provided in Subsection B of this section]~~ A resident  
13 or any individual who is required by the provisions of the  
14 Income Tax Act to file a return or pay a tax shall, on or  
15 before the due date of the resident's or individual's federal  
16 income tax return for the taxable year, file the return and pay  
17 the tax imposed for that year.

18 ~~[B. When the department approves electronic media~~  
19 ~~for use by a taxpayer whose taxable year is a calendar year,~~  
20 ~~the taxpayer who uses electronic media for both filing and~~  
21 ~~payment must submit the required return and the tax imposed on~~  
22 ~~residents and individuals under the Income Tax Act on or before~~  
23 ~~the last day of the month in which the resident's or~~  
24 ~~individual's federal income tax return is originally due for~~  
25 ~~the taxable year. The due date provided in this subsection~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~does not apply to residents or individuals who have received a~~  
2 ~~filing extension from New Mexico or an automatic extension from~~  
3 ~~the federal internal revenue service for the same taxable~~  
4 ~~year.]"~~

5 SECTION 38. Section 7-2-12.1 NMSA 1978 (being Laws 1990,  
6 Chapter 23, Section 1) is amended to read:

7 "7-2-12.1. LIMITATION ON CLAIMING OF CREDITS AND TAX  
8 REBATES.--

9 A. Except as provided otherwise in this section, a  
10 credit or tax rebate provided in the Income Tax Act that is  
11 claimed shall be disallowed if the claim for the credit or tax  
12 rebate was first made after the end of the third calendar year  
13 following the calendar year in which the return upon which the  
14 credit or tax rebate was first claimable was initially due.

15 B. Subsection A of this section does not apply to  
16 [~~(1)~~] the credit authorized by Section 7-2-13 NMSA 1978 for  
17 income taxes paid another state [~~or~~

18 ~~(2) the credit authorized by Section 7-2-19~~  
19 ~~NMSA 1978 for income taxes paid another state]."~~

20 SECTION 39. Section 7-2-18.16 NMSA 1978 (being Laws 2007,  
21 Chapter 45, Section 10, as amended) is amended to read:

22 "7-2-18.16. CREDIT--SPECIAL NEEDS ADOPTED CHILD TAX  
23 CREDIT--CREATED--QUALIFICATIONS--DURATION OF CREDIT.--

24 A. A taxpayer who files an individual New Mexico  
25 income tax return, who is not a dependent of another

.228781.3SA

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

1 ~~[individual]~~ taxpayer and who adopts ~~[a special needs child on~~  
2 ~~or after January 1, 2007]~~ or has adopted a special needs child  
3 ~~[prior to January 1, 2007]~~ may claim a credit against the  
4 taxpayer's tax liability imposed pursuant to the Income Tax  
5 Act. The credit authorized pursuant to this section may be  
6 referred to as the "special needs adopted child tax credit".

7 B. A taxpayer may claim and the department may  
8 allow a special needs adopted child tax credit in the amount of  
9 one thousand five hundred dollars (\$1,500) to be claimed  
10 against the taxpayer's tax liability for the taxable year  
11 imposed pursuant to the Income Tax Act.

12 C. A taxpayer may claim a special needs adopted  
13 child tax credit for each year that the child may be claimed as  
14 a dependent for federal taxation purposes by the taxpayer.

15 D. If the amount of the special needs adopted child  
16 tax credit due to the taxpayer exceeds the taxpayer's  
17 individual income tax liability, the excess shall be refunded.

18 E. Married individuals who file separate returns  
19 for a taxable year in which they could have filed a joint  
20 return may each claim only one-half of the special needs  
21 adopted child tax credit provided in this section that would  
22 have been allowed on a joint return.

23 F. A taxpayer allowed a tax credit pursuant to this  
24 section shall ~~[report the amount of the credit to the~~  
25 ~~department]~~ claim the credit on forms and in a manner required

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 by the department.

2 ~~[G. The department shall compile an annual report~~  
3 ~~on the credit provided by this section that shall include the~~  
4 ~~number of taxpayers approved by the department to receive the~~  
5 ~~credit, the aggregate amount of credits approved and any other~~  
6 ~~information necessary to evaluate the credit. The department~~  
7 ~~shall present the report to the revenue stabilization and tax~~  
8 ~~policy committee and the legislative finance committee with an~~  
9 ~~analysis of the cost of the tax credit.~~

10 H.] G. As used in this section, "special needs  
11 adopted child" means an individual who may be over eighteen  
12 years of age and who is certified by the children, youth and  
13 families department or a licensed child placement agency as  
14 meeting the definition of a "difficult to place child" pursuant  
15 to the Adoption Act; provided, however, if the classification  
16 as a "difficult to place child" is based on a physical or  
17 mental impairment or an emotional disturbance the physical or  
18 mental impairment or emotional disturbance shall be at least  
19 moderately disabling."

20 SECTION 40. Section 7-2-18.17 NMSA 1978 (being Laws 2007,  
21 Chapter 172, Section 1, as amended) is amended to read:

22 "7-2-18.17. ANGEL INVESTMENT CREDIT.--

23 A. A taxpayer who files a New Mexico income tax  
24 return, is not a dependent of another taxpayer, is an  
25 accredited investor and makes a qualified investment may apply

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 for, and the department may allow, a claim for a credit in an  
2 amount not to exceed twenty-five percent of the qualified  
3 investment; provided that a credit for each qualified  
4 investment shall not exceed sixty-two thousand five hundred  
5 dollars (\$62,500). The tax credit provided in this section  
6 shall be known as the "angel investment credit".

7 B. A taxpayer may claim the angel investment  
8 credit:

9 (1) for not more than one qualified investment  
10 per investment round;

11 (2) for qualified investments in no more than  
12 five qualified businesses per taxable year; and

13 (3) for a qualified investment made on or  
14 before December 31, 2030.

15 C. A taxpayer may ~~[apply for]~~ claim an angel  
16 investment credit by submitting a completed application to the  
17 department on forms and in a manner required by the department  
18 no later than one year following the end of the calendar year  
19 in which the qualified investment is made. A taxpayer shall  
20 not ~~[apply for]~~ claim more than one credit for the same  
21 qualified investment in the same investment round.

22 D. Except as provided in Subsection ~~[F]~~ I of this  
23 section, a taxpayer shall claim the angel investment credit no  
24 later than one year following the date the completed  
25 application for the credit is approved by the department.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           E. Applications and all subsequent materials  
2 submitted to the department related to the application shall  
3 also be submitted to the economic development department.

4           F. The department shall allow a maximum annual  
5 aggregate of two million dollars (\$2,000,000) in angel  
6 investment credits per calendar year. Completed applications  
7 shall be considered in the order received. Applications for  
8 credits that would have been allowed but for the limit imposed  
9 by this subsection shall be allowed in subsequent calendar  
10 years.

11           ~~[G. The department shall report annually to the~~  
12 ~~revenue stabilization and tax policy committee and the~~  
13 ~~legislative finance committee on the utilization and~~  
14 ~~effectiveness of the angel investment credit. The report shall~~  
15 ~~include, at a minimum: the number of accredited investors~~  
16 ~~determined to be eligible for the credit in the previous year;~~  
17 ~~the names of those investors; the amount of credit for which~~  
18 ~~each investor was determined to be eligible; and the number and~~  
19 ~~names of the businesses determined to be qualified businesses~~  
20 ~~for purposes of an investment by an accredited investor.~~

21           H.] G. A taxpayer who otherwise qualifies for and  
22 claims a credit pursuant to this section for a qualified  
23 investment made by a partnership or other business association  
24 of which the taxpayer is a member may claim a credit only in  
25 proportion to the taxpayer's interest in the partnership or

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 business association.

2 [~~F.~~] H. Married individuals who file separate  
3 returns for a taxable year in which they could have filed a  
4 joint return may each claim one-half of the credit that would  
5 have been allowed on a joint return.

6 [~~J.~~] I. The angel investment credit may only be  
7 deducted from the taxpayer's income tax liability. Any portion  
8 of the tax credit provided by this section that remains unused  
9 at the end of the taxpayer's taxable year may be carried  
10 forward for five consecutive years.

11 [~~K.~~] J. As used in this section:

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

16 (2) "business" means a corporation, general  
17 partnership, limited partnership, limited liability company or  
18 other similar entity, but excludes an entity that is a  
19 government or a nonprofit organization designated as such by  
20 the federal government or any state;

21 (3) "equity" means common or preferred stock  
22 of a corporation, a partnership interest in a limited  
23 partnership or a membership interest in a limited liability  
24 company, including debt subject to an option in favor of the  
25 creditor to convert the debt into common or preferred stock, a

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

1 partnership interest or a membership interest;

2 (4) "investment round" means an offer and sale  
3 of securities and all other offers and sales of securities that  
4 would be integrated with such offer and sale of securities  
5 under Regulation D issued by the federal securities and  
6 exchange commission pursuant to the federal Securities Act of  
7 1933, as amended;

8 (5) "manufacturing" means combining or  
9 processing components or materials to increase their value for  
10 sale in the ordinary course of business, but does not include:

- 11 (a) construction;
- 12 (b) farming;
- 13 (c) processing natural resources,  
14 including hydrocarbons; or
- 15 (d) preparing meals for immediate  
16 consumption, on- or off-premises;

17 (6) "qualified business" means a business  
18 that:

19 (a) maintains its principal place of  
20 business and employs a majority of its full-time employees, if  
21 any, in New Mexico and a majority of its tangible assets, if  
22 any, are located in New Mexico;

23 (b) engages in qualified research or  
24 manufacturing activities in New Mexico;

25 (c) is not primarily engaged in or is

.228781.3SA

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

1 not primarily organized as any of the following types of  
2 businesses: credit or finance services, including banks,  
3 savings and loan associations, credit unions, small loan  
4 companies or title loan companies; financial brokering or  
5 investment; professional services, including accounting, legal  
6 services, engineering and any other service the practice of  
7 which requires a license; insurance; real estate; construction  
8 or construction contracting; consulting or brokering; mining;  
9 wholesale or retail trade; providing utility service, including  
10 water, sewerage, electricity, natural gas, propane or butane;  
11 publishing, including publishing newspapers or other  
12 periodicals; broadcasting; or providing internet operating  
13 services;

14 (d) has not issued securities registered  
15 pursuant to Section 6 of the federal Securities Act of 1933, as  
16 amended; has not issued securities traded on a national  
17 securities exchange; is not subject to reporting requirements  
18 of the federal Securities Exchange Act of 1934, as amended; and  
19 is not registered pursuant to the federal Investment Company  
20 Act of 1940, as amended, at the time of the investment;

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

24 (f) has not had gross revenues in excess  
25 of five million dollars (\$5,000,000) in any fiscal year ending

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 on or before the date of the investment;

2 (7) "qualified investment" means a cash  
3 investment in a qualified business for equity, but does not  
4 include an investment by a taxpayer if the taxpayer, a member  
5 of the taxpayer's immediate family or an entity affiliated with  
6 the taxpayer receives compensation from the qualified business  
7 in exchange for services provided to the qualified business  
8 within one year of investment in the qualified business; and

9 (8) "qualified research" means "qualified  
10 research" as defined by Section 41 of the Internal Revenue  
11 Code."

12 SECTION 41. Section 7-2-18.22 NMSA 1978 (being Laws 2007,  
13 Chapter 361, Section 2, as amended) is amended to read:

14 "7-2-18.22. RURAL HEALTH CARE PRACTITIONER TAX CREDIT.--

15 A. A taxpayer who files an individual New Mexico  
16 tax return, who is not a dependent of another individual, who  
17 is an eligible health care practitioner and who has provided  
18 health care services in New Mexico in a rural health care  
19 underserved area in a taxable year may claim a credit against  
20 the tax liability imposed by the Income Tax Act. The credit  
21 provided in this section may be referred to as the "rural  
22 health care practitioner tax credit".

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

25 (1) five thousand dollars (\$5,000) for all

.228781.3SA

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

1 physicians, osteopathic physicians, dentists, psychologists,  
2 podiatric physicians and optometrists who qualify pursuant to  
3 the provisions of this section and have provided health care  
4 during a taxable year for at least one thousand five hundred  
5 eighty-four hours at a practice site located in an approved  
6 rural health care underserved area. Eligible health care  
7 practitioners listed in this paragraph who provided health care  
8 services for at least seven hundred ninety-two hours but less  
9 than one thousand five hundred eighty-four hours at a practice  
10 site located in an approved rural health care underserved area  
11 during a taxable year are eligible for one-half of the tax  
12 credit amount; and

13 (2) three thousand dollars (\$3,000) for all  
14 pharmacists, dental hygienists, physician assistants, certified  
15 registered nurse anesthetists, certified nurse practitioners,  
16 clinical nurse specialists, registered nurses, midwives,  
17 licensed clinical social workers, licensed independent social  
18 workers, professional mental health counselors, professional  
19 clinical mental health counselors, marriage and family  
20 therapists, professional art therapists, alcohol and drug abuse  
21 counselors and physical therapists who qualify pursuant to the  
22 provisions of this section and have provided health care during  
23 a taxable year for at least one thousand five hundred eighty-  
24 four hours at a practice site located in an approved rural  
25 health care underserved area. Eligible health care

.228781.3SA

underscoring material = new  
[bracketed material] = delete

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

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

22 D. A taxpayer claiming the credit provided by this  
23 section shall submit a copy of the certificate issued by the  
24 department of health with the taxpayer's New Mexico income tax  
25 return for the taxable year. If the amount of the credit

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 claimed exceeds a taxpayer's tax liability for the taxable year  
2 in which the credit is being claimed, the excess may be carried  
3 forward for three consecutive taxable years.

4 E. A taxpayer allowed a tax credit pursuant to this  
5 section shall ~~[report the amount of the credit to the~~  
6 ~~department]~~ claim the credit on forms and in a manner required  
7 by the department.

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

17 ~~G.]~~ F. As used in this section:

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

19 (a) a dentist or dental hygienist

20 licensed pursuant to the Dental Health Care Act;

21 (b) a midwife that is a: 1) certified  
22 nurse-midwife licensed by the board of nursing as a registered  
23 nurse and licensed by the public health division of the  
24 department of health to practice nurse-midwifery as a certified  
25 nurse-midwife; or 2) licensed midwife licensed by the public

.228781.3SA

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

1 health division of the department of health to practice  
2 licensed midwifery;

3 (c) an optometrist licensed pursuant to  
4 the provisions of the Optometry Act;

5 (d) an osteopathic physician licensed  
6 pursuant to the provisions of the Medical Practice Act;

7 (e) a physician licensed pursuant to the  
8 provisions of the Medical Practice Act or a physician assistant  
9 licensed pursuant to the provisions of the Physician Assistant  
10 Act;

11 (f) a podiatric physician licensed  
12 pursuant to the provisions of the Podiatry Act;

13 (g) a psychologist licensed pursuant to  
14 the provisions of the Professional Psychologist Act;

15 (h) a registered nurse licensed pursuant  
16 to the provisions of the Nursing Practice Act;

17 (i) a pharmacist licensed pursuant to  
18 the provisions of the Pharmacy Act;

19 (j) a licensed clinical social worker or  
20 a licensed independent social worker licensed pursuant to the  
21 provisions of the Social Work Practice Act;

22 (k) a professional mental health  
23 counselor, a professional clinical mental health counselor, a  
24 marriage and family therapist, an alcohol and drug abuse  
25 counselor or a professional art therapist licensed pursuant to

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 the provisions of the Counseling and Therapy Practice Act; and

2 (1) a physical therapist licensed  
3 pursuant to the provisions of the Physical Therapy Act;

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

9 (3) "practice site" means a private practice,  
10 public health clinic, hospital, public or private nonprofit  
11 primary care clinic or other health care service location in a  
12 health care underserved area; and

13 (4) "rural" means a rural county or an  
14 unincorporated area of a partially rural county, as designated  
15 by the health resources and services administration of the  
16 United States department of health and human services."

17 SECTION 42. Section 7-2-18.24 NMSA 1978 (being Laws 2009,  
18 Chapter 271, Section 1, as amended) is amended to read:

19 "7-2-18.24. GEOTHERMAL GROUND-COUPLED HEAT PUMP INCOME  
20 TAX CREDIT.--

21 A. A taxpayer who files an individual New Mexico  
22 income tax return for a taxable year beginning on or after  
23 January 1, 2024 and who purchases and installs after [~~the~~  
24 ~~effective date of this section~~] May 15, 2024 but before  
25 December 31, 2034 a geothermal ground-coupled heat pump in a

.228781.3SA

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

1 residence, business or agricultural enterprise in New Mexico  
2 owned by that taxpayer may apply for, and the department may  
3 allow, a tax credit of up to thirty percent of the purchase and  
4 installation costs of the system. The credit provided in this  
5 section may be referred to as the "geothermal ground-coupled  
6 heat pump income tax credit". The total geothermal ground-  
7 coupled heat pump income tax credit allowed to a taxpayer shall  
8 not exceed nine thousand dollars (\$9,000). The department  
9 shall allow a geothermal ground-coupled heat pump income tax  
10 credit only for geothermal ground-coupled heat pumps that are  
11 certified pursuant to Subsection C of this section and  
12 installed by a nationally accredited ground source heat pump  
13 installer [~~certified by the energy, minerals and natural~~  
14 ~~resources department~~].

15 B. That portion of a geothermal ground-coupled heat  
16 pump income tax credit that exceeds a taxpayer's tax liability  
17 in the taxable year in which the credit is claimed shall be  
18 refunded to the taxpayer.

19 C. The energy, minerals and natural resources  
20 department shall adopt rules establishing procedures to provide  
21 certification of geothermal ground-coupled heat pumps for  
22 purposes of obtaining a geothermal ground-coupled heat pump  
23 income tax credit. The rules shall address technical  
24 specifications and requirements relating to safety, building  
25 code and standards compliance, minimum system sizes, system

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 applications and lists of eligible components. The energy,  
2 minerals and natural resources department may modify the  
3 specifications and requirements as necessary to maintain a high  
4 level of system quality and performance.

5 D. The maximum annual aggregate of credits that may  
6 be certified in a calendar year by the energy, minerals and  
7 natural resources department is four million dollars  
8 (\$4,000,000). That department shall not certify a tax credit  
9 for which a taxpayer claims a 2021 sustainable building tax  
10 credit using a geothermal ground-coupled heat pump as a  
11 component of qualification for the rating system certification  
12 level used in determining eligibility for that credit.  
13 Completed applications for the credit shall be considered in  
14 the order received [~~by the department~~]. The energy, minerals  
15 and natural resources department shall provide the department  
16 appropriate information for all certificates of eligibility in  
17 a secure manner on regular intervals agreed upon by both  
18 departments.

19 E. A taxpayer who otherwise qualifies and claims a  
20 geothermal ground-coupled heat pump income tax credit with  
21 respect to property owned by a partnership or other business  
22 association of which the taxpayer is a member may claim a  
23 credit only in proportion to that taxpayer's interest in the  
24 partnership or association. The total credit claimed in the  
25 aggregate by all members of the partnership or association with

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 respect to the property shall not exceed the amount of the  
2 credit that could have been claimed by a sole owner of the  
3 property.

4 F. Married individuals who file separate returns  
5 for a taxable year in which they could have filed a joint  
6 return may each claim only one-half of the credit that would  
7 have been allowed on a joint return.

8 G. A taxpayer allowed a tax credit pursuant to this  
9 section shall ~~[report the amount of the credit to the~~  
10 ~~department]~~ claim the credit on forms and in a manner required  
11 by the department.

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

21 ~~F.]~~ H. As used in this section, "geothermal ground-  
22 coupled heat pump" means a heating and refrigerating system  
23 that directly or indirectly utilizes available heat below the  
24 surface of the earth for distribution of heating and cooling or  
25 domestic hot water and that has either a minimum coefficient of

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 performance of three and four-tenths or an efficiency ratio of  
2 sixteen or greater."

3 SECTION 43. Section 7-2-18.26 NMSA 1978 (being Laws 2010,  
4 Chapter 84, Section 1, as amended) is amended to read:

5 "7-2-18.26. AGRICULTURAL BIOMASS INCOME TAX CREDIT.--

6 A. A taxpayer who owns a dairy or feedlot and who  
7 files an individual New Mexico income tax return for a taxable  
8 year [~~beginning on or after January 1, 2011 and~~] ending prior  
9 to January 1, 2030, may [~~apply for~~] claim, and the department  
10 may allow, a tax credit equal to five dollars (\$5.00) per wet  
11 ton of agricultural biomass transported from the taxpayer's  
12 dairy or feedlot to a facility that uses agricultural biomass  
13 to generate electricity or make biocrude or other liquid or  
14 gaseous fuel for commercial use. The tax credit created in  
15 this section may be referred to as the "agricultural biomass  
16 income tax credit".

17 [~~B. If the requirements of this section have been~~  
18 ~~complied with, the department shall issue to the taxpayer a~~  
19 ~~document granting an agricultural biomass income tax credit.~~  
20 ~~The document shall be numbered for identification and declare~~  
21 ~~its date of issuance and the amount of the tax credit allowed~~  
22 ~~pursuant to this section. The document may be submitted by the~~  
23 ~~taxpayer with that taxpayer's income tax return or may be sold,~~  
24 ~~exchanged or otherwise transferred to another taxpayer. The~~  
25 ~~parties to such a transaction shall notify the department of~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~the sale, exchange or transfer within ten days of the sale,~~  
2 ~~exchange or transfer.]~~

3 B. Subject to the limitations pursuant to  
4 Subsection D of this section, a taxpayer shall apply for  
5 certification of eligibility for the agricultural biomass  
6 income tax credit from the energy, minerals and natural  
7 resources department on forms and in the manner prescribed by  
8 that department. Completed applications shall be considered in  
9 the order received. A dated certificate of eligibility shall  
10 be issued to the taxpayer providing the amount of credit for  
11 which the taxpayer is eligible and the taxable year in which  
12 the credit may be claimed.

13 C. The energy, minerals and natural resources  
14 department shall:

15 (1) adopt rules establishing procedures to  
16 provide certification of transportation of agricultural biomass  
17 to a qualified facility that uses agricultural biomass to  
18 generate electricity or make biocrude or other liquid or  
19 gaseous fuel for commercial use for purposes of obtaining an  
20 agricultural biomass income tax credit; and

21 (2) provide the department appropriate  
22 information for all certificates of eligibility in a secure  
23 manner on regular intervals agreed upon by both departments.

24 D. The aggregate amount of agricultural biomass  
25 income tax credits and agricultural biomass corporate income

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 tax credits that may be certified is five million dollars  
2 (\$5,000,000) per calendar year. Applications for certification  
3 received after this limitation shall not be approved. Any  
4 remaining amount of credit that remains unused in a taxable  
5 year may be available for certification for a maximum of four  
6 consecutive taxable years until the credit is fully utilized.

7 ~~[G.]~~ E. Any portion of the agricultural biomass  
8 income tax credit that ~~[remains unused in a taxable year may be~~  
9 ~~carried forward for a maximum of four consecutive taxable years~~  
10 ~~following the taxable year in which the credit originates until~~  
11 ~~fully expended]~~ exceeds a taxpayer's income tax liability in  
12 the taxable year in which the credit is being claimed may be  
13 carried forward for up to three consecutive taxable years. A  
14 certificate of eligibility for an agricultural biomass income  
15 tax credit may be sold, exchanged or otherwise transferred to  
16 another taxpayer for the full value of the credit. The parties  
17 to such a transaction shall notify the department of the sale,  
18 exchange or transfer within ten days of the sale, exchange or  
19 transfer.

20 ~~[D.]~~ F. A taxpayer who otherwise qualifies and  
21 claims an agricultural biomass income tax credit with respect  
22 to a dairy or feedlot owned by a partnership or other business  
23 association of which the taxpayer is a member may claim the  
24 credit only in proportion to that taxpayer's interest in the  
25 partnership or business association. The total agricultural

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 biomass income tax credits claimed in the aggregate with  
2 respect to the same dairy or feedlot by all members of the  
3 partnership or business association shall not exceed the amount  
4 of the credit that could have been claimed by a single owner of  
5 the dairy or feedlot.

6 ~~[E.]~~ G. Married individuals who file separate  
7 returns for a taxable year in which they could have filed a  
8 joint return may each claim only one-half of the credit that  
9 would have been allowed on a joint return.

10 ~~[F. The energy, minerals and natural resources~~  
11 ~~department shall adopt rules establishing procedures to provide~~  
12 ~~certification of transportation of agricultural biomass to a~~  
13 ~~qualified facility that uses agricultural biomass to generate~~  
14 ~~electricity or make biocrude or other liquid or gaseous fuel~~  
15 ~~for commercial use for purposes of obtaining an agricultural~~  
16 ~~biomass income tax credit. The rules may be modified as~~  
17 ~~determined necessary by the energy, minerals and natural~~  
18 ~~resources department to determine accurate recording of the~~  
19 ~~quantity of agricultural biomass transported and used for the~~  
20 ~~purpose allowable in this section.~~

21 ~~G.]~~ H. A taxpayer who claims an agricultural  
22 biomass income tax credit shall not also claim an agricultural  
23 biomass corporate income tax credit for transportation of the  
24 same agricultural biomass on which the claim for that  
25 agricultural biomass income tax credit is based.

.228781.3SA



underscored material = new  
[bracketed material] = delete

1           ~~[H. The department shall limit the annual combined~~  
2 ~~total of all agricultural biomass income tax credits and all~~  
3 ~~agricultural biomass corporate income tax credits allowed to a~~  
4 ~~maximum of five million dollars (\$5,000,000). Applications for~~  
5 ~~the credit shall be considered in the order received by the~~  
6 ~~department.]~~

7           I. A taxpayer allowed a tax credit pursuant to this  
8 section shall ~~[report the amount of the credit to the~~  
9 ~~department]~~ claim the credit on forms and in a manner required  
10 by the department.

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

20           ~~K.]~~ J. As used in this section:

21                   (1) "agricultural biomass" means wet manure  
22 meeting specifications established by the energy, minerals and  
23 natural resources department from either a dairy or feedlot  
24 commercial operation;

25                   (2) "biocrude" means a nonfossil form of

underscored material = new  
[bracketed material] = delete

1 energy that can be transported and refined using existing  
2 petroleum refining facilities and that is made from  
3 biologically derived feedstocks and other agricultural biomass;

4 (3) "feedlot" means an operation that fattens  
5 livestock for market; and

6 (4) "dairy" means a facility that raises  
7 livestock for milk production."

8 SECTION 44. Section 7-2-18.29 NMSA 1978 (being Laws 2015,  
9 Chapter 130, Section 1, as amended) is amended to read:

10 "7-2-18.29. 2015 SUSTAINABLE BUILDING INCOME TAX  
11 CREDIT.--

12 A. The tax credit provided by this section may be  
13 referred to as the "2015 sustainable building income tax  
14 credit". The 2015 sustainable building income tax credit shall  
15 be available for the construction in New Mexico of a  
16 sustainable building, the renovation of an existing building in  
17 New Mexico into a sustainable building or the permanent  
18 installation of manufactured housing, regardless of where the  
19 housing is manufactured, that is a sustainable building;  
20 provided that the construction, renovation or installation  
21 project is completed prior to April 1, 2023. The tax credit  
22 provided in this section may not be claimed with respect to the  
23 same sustainable building for which the 2015 sustainable  
24 building corporate income tax credit, [~~provided in the~~  
25 ~~Corporate Income and Franchise Tax Act or~~] the 2021 sustainable

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 building income tax credit [~~pursuant to the Income Tax Act~~] or  
2 the [~~Corporate Income and Franchise Tax Act~~] 2021 sustainable  
3 building corporate income tax credit has been claimed.

4 B. The purpose of the 2015 sustainable building  
5 income tax credit is to encourage the construction of  
6 sustainable buildings and the renovation of existing buildings  
7 into sustainable buildings.

8 C. A taxpayer who files an income tax return [~~is~~  
9 ~~eligible to be granted~~] may claim a 2015 sustainable building  
10 income tax credit [~~by the department if the taxpayer submits a~~  
11 ~~document issued pursuant to Subsection K of this section with~~  
12 ~~the taxpayer's income tax return~~] if the requirements of this  
13 section are met.

14 D. For taxable years ending on or before December  
15 31, 2024, the 2015 sustainable building income tax credit may  
16 be claimed with respect to a sustainable commercial building.  
17 The credit shall be calculated based on the certification level  
18 the building has achieved in the LEED green building rating  
19 system and the amount of qualified occupied square footage in  
20 the building, as indicated on the following chart:

LEED Rating Level	Qualified Occupied Square Footage	Tax Credit per Square Foot
LEED-NC Silver	First 10,000	\$3.50
	Next 40,000	\$1.75

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

1		Over 50,000	
2		up to 500,000	\$ .70
3	LEED-NC Gold	First 10,000	\$4.75
4		Next 40,000	\$2.00
5		Over 50,000	
6		up to 500,000	\$1.00
7	LEED-NC Platinum	First 10,000	\$6.25
8		Next 40,000	\$3.25
9		Over 50,000	
10		up to 500,000	\$2.00
11	LEED-EB or CS Silver	First 10,000	\$2.50
12		Next 40,000	\$1.25
13		Over 50,000	
14		up to 500,000	\$ .50
15	LEED-EB or CS Gold	First 10,000	\$3.35
16		Next 40,000	\$1.40
17		Over 50,000	
18		up to 500,000	\$ .70
19	LEED-EB or CS Platinum	First 10,000	\$4.40
20		Next 40,000	\$2.30
21		Over 50,000	
22		up to 500,000	\$1.40
23	LEED-CI Silver	First 10,000	\$1.40
24		Next 40,000	\$ .70
25		Over 50,000	

.228781.3SA

underscored material = new  
[bracketed material] = delete

1		up to 500,000	\$ .30
2	LEED-CI Gold	First 10,000	\$1.90
3		Next 40,000	\$ .80
4		Over 50,000	
5		up to 500,000	\$ .40
6	LEED-CI Platinum	First 10,000	\$2.50
7		Next 40,000	\$1.30
8		Over 50,000	
9		up to 500,000	\$ .80.

10 E. For taxable years ending on or before December 31,  
11 2024, the 2015 sustainable building income tax credit may be  
12 claimed with respect to a sustainable residential building.  
13 The credit shall be calculated based on the amount of qualified  
14 occupied square footage, as indicated on the following chart:

15	Rating System/Level	Qualified	Tax Credit
16		Occupied	per Square
17		Square Footage	Foot
18	LEED-H Silver or Build	Up to 2,000	\$3.00
19	Green NM Silver		
20	LEED-H Gold or Build	Up to 2,000	\$4.50
21	Green NM Gold		
22	LEED-H Platinum or Build	Up to 2,000	\$6.50
23	Green NM Emerald		
24	Manufactured Housing	Up to 2,000	\$3.00.

25 F. A person that is a building owner may apply for a

.228781.3SA

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

1 certificate of eligibility for the 2015 sustainable building  
2 income tax credit from the energy, minerals and natural  
3 resources department on forms and in a manner prescribed by  
4 that department after the construction, installation or  
5 renovation of the sustainable building is complete. Completed  
6 applications shall be considered in the order received. If the  
7 energy, minerals and natural resources department determines  
8 that the building owner meets the requirements of this  
9 subsection and that the building with respect to which the tax  
10 credit application is made meets the requirements of this  
11 section as a sustainable residential building or a sustainable  
12 commercial building, the energy, minerals and natural resources  
13 department may issue a dated certificate of eligibility to the  
14 building owner providing the amount of credit for which the  
15 building owner is eligible and the taxable year in which the  
16 credit may be claimed, subject to the limitations in Subsection  
17 G of this section. The certificate shall include the rating  
18 system certification level awarded to the building, the amount  
19 of qualified occupied square footage in the building and a  
20 calculation of the maximum amount of 2015 sustainable building  
21 income tax credit for which the building owner ~~[would be]~~ is  
22 eligible. The energy, minerals and natural resources  
23 department may issue rules governing the procedure for  
24 administering the provisions of this subsection. ~~[If the~~  
25 ~~certification level for the sustainable residential building is~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~awarded on or after January 1, 2017 but prior to April 1, 2023,~~  
2 ~~the energy, minerals and natural resources department may issue~~  
3 ~~a certificate of eligibility to a building owner who is:~~

4 ~~(1) the owner of the sustainable residential~~  
5 ~~building at the time the certification level for the building~~  
6 ~~is awarded; or~~

7 ~~(2) the subsequent purchaser of a sustainable~~  
8 ~~residential building with respect to which no tax credit has~~  
9 ~~been previously claimed.]~~

10 G. Except as provided in Subsection H of this  
11 section, the energy, minerals and natural resources department  
12 may issue a certificate of eligibility only if the ~~[total]~~  
13 aggregate amount of 2015 sustainable building income tax  
14 credits represented by certificates of eligibility issued by  
15 the energy, minerals and natural resources department pursuant  
16 to this section and ~~[pursuant to the Corporate Income and~~  
17 ~~Franchise Tax Act]~~ Section 7-2A-28 NMSA 1978 shall not exceed  
18 in any calendar year an aggregate amount of:

19 (1) one million two hundred fifty thousand  
20 dollars (\$1,250,000) with respect to sustainable commercial  
21 buildings;

22 (2) three million three hundred seventy-five  
23 thousand dollars (\$3,375,000) with respect to sustainable  
24 residential buildings that are not manufactured housing; and

25 (3) three hundred seventy-five thousand

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 dollars (\$375,000) with respect to sustainable residential  
2 buildings that are manufactured housing.

3 H. For any taxable year that the energy, minerals  
4 and natural resources department determines that applications  
5 for sustainable building tax credits for any type of  
6 sustainable building pursuant to Paragraph (1), (2) or (3) of  
7 Subsection G of this section are less than the aggregate limit  
8 for that type of sustainable building for that taxable year,  
9 the energy, minerals and natural resources department shall  
10 allow the difference between the aggregate limit and the  
11 applications to be added to the aggregate limit of another type  
12 of sustainable building for which applications exceeded the  
13 aggregate limit for that taxable year. Any excess not used in  
14 a taxable year shall not be carried forward to subsequent  
15 taxable years. The energy, minerals and natural resources  
16 department shall provide the department appropriate information  
17 for all certificates of eligibility in a secure manner on  
18 regular intervals agreed upon by both departments.

19 I. Installation of a solar thermal system or a  
20 photovoltaic system eligible for the solar market development  
21 tax credit pursuant to Section 7-2-18.14 or 7-2-18.31 NMSA 1978  
22 may not be used as a component of qualification for the rating  
23 system certification level used in determining eligibility for  
24 the 2015 sustainable building income tax credit, unless a solar  
25 market development tax credit pursuant to Section 7-2-18.14 or  
.228781.3SA



underscored material = new  
[bracketed material] = delete

1 7-2-18.31 NMSA 1978 has not been claimed with respect to that  
2 system and the building owner and the taxpayer claiming the  
3 2015 sustainable building income tax credit certify that such a  
4 tax credit will not be claimed with respect to that system.

5 J. To ~~[be eligible for]~~ claim the 2015 sustainable  
6 building income tax credit, the building owner shall provide to  
7 the ~~[taxation and revenue]~~ department a certificate of  
8 eligibility issued by the energy, minerals and natural  
9 resources department pursuant to the requirements of Subsection  
10 F of this section and any other information the ~~[taxation and~~  
11 ~~revenue]~~ department may require to determine the amount of the  
12 tax credit for which the building owner is eligible.

13 ~~[K. If the requirements of this section have been~~  
14 ~~complied with, the department shall issue to the building owner~~  
15 ~~a document granting a 2015 sustainable building tax credit.~~  
16 ~~The document shall be numbered for identification and declare~~  
17 ~~its date of issuance and the amount of the tax credit allowed~~  
18 ~~pursuant to this section. The document may be submitted by the~~  
19 ~~building owner with that taxpayer's income tax return, if~~  
20 ~~applicable, or may be sold, exchanged or otherwise transferred~~  
21 ~~to another taxpayer. The parties to such a transaction shall~~  
22 ~~notify the department of the sale, exchange or transfer within~~  
23 ~~ten days of the sale, exchange or transfer.~~

24 ~~L. If the approved amount of a 2015 sustainable~~  
25 ~~building tax credit for a taxpayer in a taxable year~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~represented by a document issued pursuant to Subsection K of~~  
2 ~~this section is:~~

3 ~~(1) less than one hundred thousand dollars~~  
4 ~~(\$100,000), a maximum of twenty-five thousand dollars (\$25,000)~~  
5 ~~shall be applied against the taxpayer's income tax liability~~  
6 ~~for the taxable year for which the credit is approved and the~~  
7 ~~next three subsequent taxable years as needed depending on the~~  
8 ~~amount of credit; or~~

9 ~~(2) one hundred thousand dollars (\$100,000) or~~  
10 ~~more, increments of twenty-five percent of the total credit~~  
11 ~~amount in each of the four taxable years, including the taxable~~  
12 ~~year for which the credit is approved and the three subsequent~~  
13 ~~taxable years, shall be applied against the taxpayer's income~~  
14 ~~tax liability.~~

15 ~~M. If the sum of all] K. Any portion of a 2015~~  
16 ~~sustainable building income tax [credits that can be applied to~~  
17 ~~a taxable year for a taxpayer, calculated according to~~  
18 ~~Paragraph (1) or (2) of Subsection L of this section] credit~~  
19 ~~that exceeds the taxpayer's income tax liability [for that] in~~  
20 ~~the taxable year [the excess] for which the credit is claimed~~  
21 ~~may be carried forward for [a period of] up to seven~~  
22 ~~consecutive taxable years.~~

23 ~~[N.] L.~~ A taxpayer who otherwise qualifies and  
24 claims a 2015 sustainable building income tax credit with  
25 respect to a sustainable building owned by a partnership or

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 other business association of which the taxpayer is a member  
2 may claim a credit only in proportion to that taxpayer's  
3 interest in the partnership or association. The total credit  
4 claimed in the aggregate by all members of the partnership or  
5 association with respect to the sustainable building shall not  
6 exceed the amount of the credit that could have been claimed by  
7 a sole owner of the property.

8 [Ø.] M. Married individuals who file separate  
9 returns for a taxable year in which they could have filed a  
10 joint return may each claim only one-half of the 2015  
11 sustainable building income tax credit that would have been  
12 allowed on a joint return.

13 ~~[P. The department shall compile an annual report~~  
14 ~~on the 2015 sustainable building tax credit created pursuant to~~  
15 ~~this section that shall include the number of taxpayers~~  
16 ~~approved by the department to receive the tax credit, the~~  
17 ~~aggregate amount of tax credits approved and any other~~  
18 ~~information necessary to evaluate the effectiveness of the tax~~  
19 ~~credit. Beginning in 2019 and every three years thereafter~~  
20 ~~that the credit is in effect, the department shall compile and~~  
21 ~~present the annual reports to the revenue stabilization and tax~~  
22 ~~policy committee and the legislative finance committee with an~~  
23 ~~analysis of the effectiveness and cost of the tax credit and~~  
24 ~~whether the tax credit is performing the purpose for which it~~  
25 ~~was created.~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   Q.] N. For the purposes of this section:

2                   (1) "build green New Mexico rating system"  
3 means the certification standards adopted by build green New  
4 Mexico in November 2014, which include water conservation  
5 standards;

6                   (2) "LEED-CI" means the LEED rating system for  
7 commercial interiors;

8                   (3) "LEED-CS" means the LEED rating system for  
9 the core and shell of buildings;

10                  (4) "LEED-EB" means the LEED rating system for  
11 existing buildings;

12                  (5) "LEED gold" means the rating in compliance  
13 with, or exceeding, the second-highest rating awarded by the  
14 LEED certification process;

15                  (6) "LEED" means the most current leadership  
16 in energy and environmental design green building rating system  
17 guidelines developed and adopted by the United States green  
18 building council;

19                  (7) "LEED-H" means the LEED rating system for  
20 homes;

21                  (8) "LEED-NC" means the LEED rating system for  
22 new buildings and major renovations;

23                  (9) "LEED platinum" means the rating in  
24 compliance with, or exceeding, the highest rating awarded by  
25 the LEED certification process;

.228781.3SA

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

1 (10) "LEED silver" means the rating in  
2 compliance with, or exceeding, the third-highest rating awarded  
3 by the LEED certification process;

4 (11) "manufactured housing" means a  
5 multisectioned home that is:

6 (a) a manufactured home or modular home;

7 (b) a single-family dwelling with a  
8 heated area of at least thirty-six feet by twenty-four feet and  
9 a total area of at least eight hundred sixty-four square feet;

10 (c) constructed in a factory to the  
11 standards of the United States department of housing and urban  
12 development, the National Manufactured Housing Construction and  
13 Safety Standards Act of 1974 and the Housing and Urban  
14 Development Zone Code 2 or New Mexico construction codes up to  
15 the date of the unit's construction; and

16 (d) installed consistent with the  
17 Manufactured Housing Act and rules adopted pursuant to that act  
18 relating to permanent foundations;

19 (12) "qualified occupied square footage" means  
20 the occupied spaces of the building as determined by:

21 (a) the United States green building  
22 council for those buildings obtaining LEED certification;

23 (b) the administrators of the build  
24 green New Mexico rating system for those homes obtaining build  
25 green New Mexico certification; and

.228781.3SA

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

1 (c) the United States environmental  
2 protection agency for ENERGY STAR-certified manufactured homes;

3 (13) "person" does not include state, local  
4 government, public school district or tribal agencies;

5 (14) "sustainable building" means either a  
6 sustainable commercial building or a sustainable residential  
7 building;

8 (15) "sustainable commercial building" means a  
9 multifamily dwelling unit, as registered and certified under  
10 the LEED-H or build green New Mexico rating system, that is  
11 certified by the United States green building council as LEED-H  
12 silver or higher or by build green New Mexico as silver or  
13 higher and has achieved a home energy rating system index of  
14 sixty or lower as developed by the residential energy services  
15 network or a building that has been registered and certified  
16 under the LEED-NC, LEED-EB, LEED-CS or LEED-CI rating system  
17 and that:

18 (a) is certified by the United States  
19 green building council at LEED silver or higher;

20 (b) achieves any prerequisite for and at  
21 least one point related to commissioning under LEED "energy and  
22 atmosphere", if included in the applicable rating system; and

23 (c) has reduced energy consumption  
24 beginning January 1, 2012, by sixty percent based on the  
25 national average for that building type as published by the

.228781.3SA

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

1 United States department of energy as substantiated by the  
2 United States environmental protection agency target finder  
3 energy performance results form, dated no sooner than the  
4 schematic design phase of development;

5 (16) "sustainable residential building" means:

6 (a) a building used as a single-family  
7 residence as registered and certified under the build green New  
8 Mexico or LEED-H rating system that: 1) is certified by the  
9 United States green building council as LEED-H silver or higher  
10 or by build green New Mexico as silver or higher; 2) has  
11 achieved a home energy rating system index of sixty or lower as  
12 developed by the residential energy services network; 3) has  
13 indoor plumbing fixtures and water-using appliances that, on  
14 average, have flow rates equal to or lower than the flow rates  
15 required for certification by WaterSense; 4) if landscape area  
16 is available at the front of the property, has at least one  
17 water line outside the building below the frost line that may  
18 be connected to a drip irrigation system; and 5) if landscape  
19 area is available at the rear of the property, has at least one  
20 water line outside the building below the frost line that may  
21 be connected to a drip irrigation system; or

22 (b) manufactured housing that is ENERGY  
23 STAR-qualified by the United States environmental protection  
24 agency;

25 (17) "tribal" means of, belonging to or

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 created by a federally recognized Indian nation, tribe or  
2 pueblo; and

3 (18) "WaterSense" means a program created by  
4 the federal environmental protection agency that certifies  
5 water-using products that meet the environmental protection  
6 agency's criteria for efficiency and performance."

7 SECTION 45. Section 7-2-18.31 NMSA 1978 (being Laws 2020,  
8 Chapter 13, Section 1, as amended) is amended to read:

9 "7-2-18.31. NEW SOLAR MARKET DEVELOPMENT INCOME TAX  
10 CREDIT.--

11 A. For taxable years ending prior to January 1,  
12 2032, a taxpayer who is not a dependent of another individual  
13 and who, on or after March 1, 2020, purchases and installs a  
14 solar thermal system or a photovoltaic system in a residence,  
15 business or agricultural enterprise in New Mexico owned by that  
16 taxpayer or by a federally recognized Indian nation, tribe or  
17 pueblo and held in leasehold by that taxpayer may [~~apply for~~  
18 claim], and the department may allow, a credit against the  
19 taxpayer's tax liability imposed pursuant to the Income Tax Act  
20 in an amount provided in Subsection C of this section. The tax  
21 credit provided by this section may be referred to as the "new  
22 solar market development income tax credit".

23 B. The purpose of the new solar market development  
24 income tax credit is to encourage the installation of solar  
25 thermal and photovoltaic systems in residences, businesses and

.228781.3SA



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

1 agricultural enterprises.

2 C. The department may allow a new solar market  
3 development income tax credit of ten percent of the purchase  
4 and installation costs of a solar thermal or photovoltaic  
5 system.

6 D. The new solar market development income tax  
7 credit shall not exceed six thousand dollars (\$6,000) per  
8 taxpayer per taxable year. The department shall allow a tax  
9 credit only for solar thermal and photovoltaic systems  
10 certified pursuant to Subsection E of this section.

11 E. Subject to the limitation provided in Subsection  
12 F of this section, a taxpayer shall apply for certification of  
13 eligibility for the new solar market development income tax  
14 credit from the energy, minerals and natural resources  
15 department on forms and in the manner prescribed by that  
16 department. Completed applications shall be considered in the  
17 order received. The application shall include proof of  
18 purchase and installation of a solar thermal or photovoltaic  
19 system, that the system meets technical specifications and  
20 requirements relating to safety, code and standards compliance,  
21 solar collector orientation and sun exposure, minimum system  
22 sizes, system applications and lists of eligible components and  
23 any additional information that the energy, minerals and  
24 natural resources department may require to determine  
25 eligibility for the credit. A dated certificate of eligibility

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 shall be issued to the taxpayer providing the amount of the new  
2 solar market development income tax credit for which the  
3 taxpayer is eligible and the taxable year in which the credit  
4 may be claimed. A certificate of eligibility for a new solar  
5 market development income tax credit may be sold, exchanged or  
6 otherwise transferred to another taxpayer for the full value of  
7 the credit. The parties to such a transaction shall notify the  
8 department of the sale, exchange or transfer within ten days of  
9 the sale, exchange or transfer. The energy, minerals and  
10 natural resources department shall provide the department  
11 appropriate information for all certificates of eligibility in  
12 a secure manner on regular intervals agreed upon by both  
13 departments.

14 F. The aggregate amount of credits that may be  
15 certified pursuant to Subsection E of this section is as  
16 follows, and applications for certification received after  
17 these limitations have been met shall not be approved:

18 (1) for calendar years 2020 through 2023,  
19 twelve million dollars (\$12,000,000) for each calendar year;  
20 provided that if this limitation has been met for any of those  
21 calendar years, an additional total of twenty million dollars  
22 (\$20,000,000) in credits may be certified for all of those  
23 calendar years; and provided further that credits certified  
24 pursuant to this paragraph shall be claimed only for taxable  
25 year 2023; and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (2) for calendar years 2024 and thereafter,  
2 thirty million dollars (\$30,000,000) for each calendar year.

3 G. A taxpayer may claim a new solar market  
4 development income tax credit for the taxable year in which the  
5 taxpayer purchases and installs a solar thermal or photovoltaic  
6 system. To receive a new solar market development income tax  
7 credit, a taxpayer shall [~~apply to the department~~] claim the  
8 credit on forms and in the manner prescribed by the department  
9 within twelve months following the calendar year in which the  
10 system was installed; provided that, for a taxpayer who  
11 receives a certificate of eligibility pursuant to Paragraph (1)  
12 of Subsection F of this section, the taxpayer shall apply to  
13 the department within twelve months following the calendar year  
14 in which the certification is made. The [~~application~~] claim  
15 shall include a certification made pursuant to Subsection E of  
16 this section.

17 H. That portion of a new solar market development  
18 income tax credit that exceeds a taxpayer's tax liability in  
19 the taxable year in which the credit is claimed shall be  
20 refunded to the taxpayer.

21 I. Married individuals filing separate returns for  
22 a taxable year for which they could have filed a joint return  
23 may each claim only one-half of the new solar market  
24 development income tax credit that would have been claimed on a  
25 joint return.

.228781.3SA

underscored material = new  
[bracketed material] = delete

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

10 K. A taxpayer allowed a tax credit pursuant to this  
11 section shall ~~[report the amount of]~~ claim the credit ~~[to the~~  
12 ~~taxation and revenue department]~~ on forms and in a manner  
13 required by ~~[that]~~ the department.

14 ~~[L. The taxation and revenue department shall~~  
15 ~~compile an annual report on the new solar market development~~  
16 ~~income tax credit that shall include the number of taxpayers~~  
17 ~~approved by the department to receive the credit, the aggregate~~  
18 ~~amount of credits approved and any other information necessary~~  
19 ~~to evaluate the credit. The department shall present the~~  
20 ~~report to the revenue stabilization and tax policy committee~~  
21 ~~and the legislative finance committee with an analysis of the~~  
22 ~~cost of the tax credit.~~

23 M.] L. As used in this section:

24 (1) "photovoltaic system" means an energy  
25 system that collects or absorbs sunlight for conversion into

underscored material = new  
[bracketed material] = delete

1 electricity; and

2 (2) "solar thermal system" means an energy  
3 system that collects or absorbs solar energy for conversion  
4 into heat for the purposes of space heating, space cooling or  
5 water heating."

6 SECTION 46. Section 7-2-18.32 NMSA 1978 (being Laws 2021,  
7 Chapter 84, Section 2, as amended) is amended to read:

8 "7-2-18.32. 2021 SUSTAINABLE BUILDING INCOME TAX  
9 CREDIT.--

10 A. The tax credit provided by this section may be  
11 referred to as the "2021 sustainable building income tax  
12 credit". For taxable years ending prior to January 1, 2028, a  
13 taxpayer who is a building owner and files an income tax return  
14 [~~is eligible to be granted~~] may claim a 2021 sustainable  
15 building income tax credit [~~by the department~~] if the  
16 requirements of this section are met. The 2021 sustainable  
17 building income tax credit shall be available for the  
18 construction in New Mexico of a sustainable building, the  
19 renovation of an existing building in New Mexico, the permanent  
20 installation of manufactured housing, regardless of where the  
21 housing is manufactured, that is a sustainable building or the  
22 installation of energy-conserving products to existing  
23 buildings in New Mexico, as provided in this section. The tax  
24 credit provided in this section may not be claimed with respect  
25 to the same sustainable building for which the 2021 sustainable

.228781.3SA

1 building corporate income tax credit, [~~provided in the~~  
2 ~~Corporate Income and Franchise Tax Act or~~] the 2015 sustainable  
3 building income tax credit [~~pursuant to the Income Tax Act~~] or  
4 the [~~Corporate Income and Franchise Tax Act~~] 2015 sustainable  
5 building corporate income tax credit has been claimed.

6 B. The amount of a 2021 sustainable building income  
7 tax credit shall be determined as follows:

8 (1) for the construction of a new sustainable  
9 commercial building that is broadband ready and electric  
10 vehicle ready and is completed on or after January 1, 2022, the  
11 amount of credit shall be calculated:

12 (a) based on the certification level the  
13 building has achieved in the rating level and the amount of  
14 qualified occupied square footage in the building, as indicated  
15 on the following chart:

16	Rating Level	Qualified 17 Occupied 18 Square Footage	Tax Credit per Square Foot
19	LEED-NC Platinum	First 10,000	\$5.25
20		Next 40,000	\$2.25
21		Over 50,000	
22		Up to 200,000	\$1.00
23	LEED-EB or CS Platinum	First 10,000	\$3.40
24		Next 40,000	\$1.30
25		Over 50,000	

.228781.3SA

underscored material = new  
[bracketed material] = delete

1		Up to 200,000	\$0.35
2	LEED-CI Platinum	First 10,000	\$1.50
3		Next 40,000	\$0.40
4		Over 50,000	
5		Up to 200,000	\$0.30
6	LEED-NC Gold	First 10,000	\$3.00
7		Next 40,000	\$1.00
8		Over 50,000	
9		Up to 200,000	\$0.25
10	LEED-EB or -CS Gold	First 10,000	\$2.00
11		Next 40,000	\$1.00
12		Over 50,000	
13		Up to 200,000	\$0.25
14	LEED-CI Gold	First 10,000	\$0.90
15		Next 40,000	\$0.40
16		Over 50,000	
17		Up to 200,000	\$0.10; and

18 (b) with additional amounts based on the  
19 additional criteria and the amount of qualified occupied square  
20 footage, as indicated in the following chart:

21 Additional Criteria	22 Qualified Occupied Square Footage	23 Tax Credit per Square Foot
24 Fully Electric Building	25 First 50,000	\$1.00
	Over 50,000	

.228781.3SA

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

1 Up to 200,000 \$0.50  
2 Zero Carbon, Energy,  
3 Waste or Water Certified First 50,000 \$0.25  
4 Over 50,000  
5 Up to 200,000 \$0.10;

6 (2) for the renovation of a commercial  
7 building that was built at least ten years prior to the date of  
8 the renovation, has twenty thousand square feet or more of  
9 space in which temperature is controlled and is broadband ready  
10 and electric vehicle ready, the amount of credit shall be  
11 calculated by multiplying two dollars twenty-five cents (\$2.25)  
12 by the amount of qualified occupied square footage in the  
13 building, up to a maximum of one hundred fifty thousand dollars  
14 (\$150,000) per renovation; provided that the renovation reduces  
15 total energy and power costs by fifty percent when compared to  
16 the most current energy standard for buildings except low-rise  
17 residential buildings, as developed by the American society of  
18 heating, refrigerating and air-conditioning engineers;

19 (3) for the installation of the following  
20 energy-conserving products to an existing commercial building  
21 with less than twenty thousand square feet of space in which  
22 temperature is controlled that is broadband ready, the amount  
23 of credit shall be based on the cost of the product installed,  
24 which shall include installation costs, and if the building is  
25 affordable housing, per product installed:

.228781.3SA



underscored material = new  
[bracketed material] = delete

1	Product	Amount of Credit	
2		Affordable	Non-Affordable
3		Housing	Housing
4	Energy Star Air		
5	Source Heat Pump	\$2,000	\$1,000
6	Energy Star Ground		
7	Source Heat Pump	\$2,000	\$1,000
8	Energy Star		
9	Windows and Doors	100% of product	50% of product
10		cost up to	cost up to
11		\$1,000	\$500
12	Insulation Improvements That		
13	Meet Rules of the		
14	Energy, Minerals and Natural		
15	Resources Department	100% of product	50% of product
16		cost up to	cost up to
17		\$2,000	\$1,000
18	Energy Star Heat Pump Water		
19	Heater	\$700	\$350
20	Electric Vehicle Ready	100% of product	50% of product
21		cost up to	cost up to
22		\$3,000	\$1,500;

23 (4) for the construction of a new sustainable  
24 residential building that is broadband ready and electric  
25 vehicle ready and is completed on or after January 1, 2022, the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 amount of credit shall be calculated:

2 (a) based on the certification level the  
3 building has achieved in the rating level and the amount of  
4 qualified occupied square footage in the building, as indicated  
5 on the following chart:

6 Rating Level	7 Qualified Occupied	8 Tax Credit Per Square Foot
9 LEED-H Platinum	Up to 2,000	\$5.50
10 LEED-H Gold	Up to 2,000	\$3.80
11 Build Green Emerald	Up to 2,000	\$5.50
12 Build Green Gold	Up to 2,000	\$3.80
13 Manufactured Housing	Up to 2,000	\$2.00; and

14 (b) with additional amounts based on the  
15 additional criteria and the amount of qualified occupied square  
16 footage, as indicated in the following chart:

17 Additional Criteria	18 Qualified Occupied	19 Tax Credit Per Square Foot
20 Fully Electric Building	Up to 2,000	\$1.00
21 Zero Carbon, Energy, 22 Waste or Water Certified	Up to 2,000	\$0.25; and

23 (5) for the installation of the following  
24 energy-conserving products to an existing residential building,  
25 the amount of credit shall be based on the cost of the product

underscored material = new  
[bracketed material] = delete

1 installed, which shall include installation costs, and if the  
2 building is affordable housing or the taxpayer is a low-income  
3 taxpayer, per product installed:

Product	Amount of Credit	
	Affordable Housing and Low-Income	Non-Affordable Housing and Non-Low Income
Energy Star Air Source Heat Pump	\$2,000	\$1,000
Energy Star Ground Source Heat Pump	\$2,000	\$1,000
Energy Star Windows and Doors	100% of product cost up to \$1,000	50% of product cost up to \$500
Insulation Improvements That Meet Rules of the Energy, Minerals and Natural Resources Department	100% of product cost up to \$2,000	50% of product cost up to \$1,000
Energy Star Heat Pump Water Heater	\$700	\$350
Electric Vehicle Ready	\$1,000	\$500.

25 C. A person who is a building owner may apply for a

.228781.3SA

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

1 certificate of eligibility for the 2021 sustainable building  
2 income tax credit from the energy, minerals and natural  
3 resources department on forms and in a manner prescribed by  
4 that department after the construction, installation or  
5 renovation of the sustainable building or installation of  
6 energy-conserving products in an existing building is complete.  
7 Completed applications shall be considered in the order  
8 received. If the energy, minerals and natural resources  
9 department determines that the building owner meets the  
10 requirements of this subsection and that the building with  
11 respect to which the application is made meets the requirements  
12 of this section for a 2021 sustainable building income tax  
13 credit, the energy, minerals and natural resources department  
14 may issue a dated certificate of eligibility to the building  
15 owner, subject to the limitations in Subsection D of this  
16 section. The certificate shall include the rating system  
17 certification level awarded to the building, the amount of  
18 qualified occupied square footage in the building, a  
19 calculation of the ~~[maximum]~~ amount of 2021 sustainable  
20 building income tax credit for which the building owner ~~[would~~  
21 ~~be]~~ is eligible, the identification number, date of issuance  
22 and the first taxable year that the credit shall be claimed.  
23 The energy, minerals and natural resources department may issue  
24 rules governing the procedure for administering the provisions  
25 of this subsection. ~~[If the certification level for the~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~sustainable residential building is awarded on or after January~~  
2 ~~1, 2022]~~ The energy, minerals and natural resources department  
3 may issue a certificate of eligibility to a building owner who  
4 is:

5 (1) the owner of the sustainable residential  
6 building at the time the certification level for the building  
7 is awarded; or

8 (2) the subsequent purchaser of a sustainable  
9 residential building with respect to which no tax credit has  
10 been previously claimed.

11 D. Except as provided in Subsection E of this  
12 section, the energy, minerals and natural resources department  
13 may issue a certificate of eligibility only if the ~~[total]~~  
14 aggregate amount of 2021 sustainable building income tax  
15 credits represented by certificates of eligibility issued by  
16 the energy, minerals and natural resources department pursuant  
17 to this section and pursuant to ~~[the Corporate Income and~~  
18 ~~Franchise Tax Act]~~ Section 7-2A-28.1 NMSA 1978 shall not exceed  
19 in any calendar year an aggregate amount of:

20 (1) one million dollars (\$1,000,000) with  
21 respect to the construction of new sustainable commercial  
22 buildings;

23 (2) two million dollars (\$2,000,000) with  
24 respect to the construction of new sustainable residential  
25 buildings that are not manufactured housing;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (3) two hundred fifty thousand dollars  
2 (\$250,000) with respect to the construction of new sustainable  
3 residential buildings that are manufactured housing;

4 (4) one million dollars (\$1,000,000) with  
5 respect to the renovation of large commercial buildings; and

6 (5) two million nine hundred thousand dollars  
7 (\$2,900,000) with respect to the installation of energy-  
8 conserving products in existing commercial buildings pursuant  
9 to Paragraph (3) of Subsection B of this section and existing  
10 residential buildings pursuant to Paragraph (5) of Subsection B  
11 of this section.

12 E. For any taxable year that the energy, minerals  
13 and natural resources department determines that applications  
14 for sustainable building tax credits for any type of  
15 sustainable building pursuant to Subsection D of this section  
16 are less than the aggregate limit for that type of sustainable  
17 building for that taxable year, the energy, minerals and  
18 natural resources department shall allow the difference between  
19 the aggregate limit and the applications to be added to the  
20 aggregate limit of another type of sustainable building for  
21 which applications exceeded the aggregate limit for that  
22 taxable year. Any excess not used in a taxable year shall not  
23 be carried forward to subsequent taxable years. The energy,  
24 minerals and natural resources department shall provide the  
25 department appropriate information for all certificates of

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 eligibility in a secure manner on regular intervals agreed upon  
2 by both departments.

3 F. Installation of a solar thermal system or a  
4 photovoltaic system eligible for the new solar market  
5 development tax credit [~~pursuant to Section 7-2-18.31 NMSA~~  
6 ~~1978~~] shall not be used as a component of qualification for the  
7 rating system certification level used in determining  
8 eligibility for the 2021 sustainable building income tax  
9 credit, unless a new solar market development tax credit  
10 [~~pursuant to Section 7-2-18.31 NMSA 1978~~] has not been claimed  
11 with respect to that system and the building owner and the  
12 taxpayer claiming the 2021 sustainable building income tax  
13 credit certify that such a tax credit will not be claimed with  
14 respect to that system.

15 [~~G. To claim the 2021 sustainable building tax~~  
16 ~~credit, the building owner shall provide to the taxation and~~  
17 ~~revenue department a certificate of eligibility issued by the~~  
18 ~~energy, minerals and natural resources department pursuant to~~  
19 ~~the requirements of Subsection C of this section and any other~~  
20 ~~information the taxation and revenue department may require.~~

21 H. ~~If the approved amount of a 2021 sustainable~~  
22 ~~building tax credit for a taxpayer in a taxable year~~  
23 ~~represented by a document issued pursuant to Subsection C of~~  
24 ~~this section is:~~

25 ~~(1) less than one hundred thousand dollars~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~(\$100,000), a maximum of twenty-five thousand dollars (\$25,000)~~  
2 ~~shall be applied against the taxpayer's income tax liability~~  
3 ~~for the taxable year for which the credit is approved and the~~  
4 ~~next three subsequent taxable years as needed depending on the~~  
5 ~~amount of credit; or~~

6 ~~(2) one hundred thousand dollars (\$100,000) or~~  
7 ~~more, increments of twenty-five percent of the total credit~~  
8 ~~amount in each of the four taxable years, including the taxable~~  
9 ~~year for which the credit is approved and the three subsequent~~  
10 ~~taxable years, shall be applied against the taxpayer's income~~  
11 ~~tax liability.~~

12 ~~I. If the sum of all 2021 sustainable building tax~~  
13 ~~credits that can be applied to a taxable year for a taxpayer,~~  
14 ~~calculated according to Paragraph (1) or (2) of Subsection H of~~  
15 ~~this section.]~~

16 G. A taxpayer allowed a tax credit pursuant to this  
17 section shall claim the credit on forms and in a manner  
18 required by the department.

19 H. That portion of a 2021 sustainable building  
20 income tax credit approved by the department that exceeds the  
21 taxpayer's income tax liability for [that] the taxable year  
22 [the excess] in which the credit is claimed may be carried  
23 forward for [a period of] up to seven consecutive taxable  
24 years; provided that if the taxpayer is a low-income taxpayer,  
25 the excess shall be refunded to the taxpayer. A certificate of

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 eligibility for a 2021 sustainable building income tax credit  
2 may be sold, exchanged or otherwise transferred to another  
3 taxpayer for the full value of the credit. The parties to such  
4 a transaction shall notify the department of the sale, exchange  
5 or transfer within ten days of the sale, exchange or transfer.

6 [J.] I. A taxpayer who otherwise qualifies and  
7 claims a 2021 sustainable building income tax credit with  
8 respect to a sustainable building owned by a partnership or  
9 other business association of which the taxpayer is a member  
10 may claim a credit only in proportion to that taxpayer's  
11 interest in the partnership or association. The total credit  
12 claimed in the aggregate by all members of the partnership or  
13 association with respect to the sustainable building shall not  
14 exceed the amount of the credit that could have been claimed by  
15 a sole owner of the property.

16 [K.] J. Married individuals who file separate  
17 returns for a taxable year in which they could have filed a  
18 joint return may each claim only one-half of the 2021  
19 sustainable building income tax credit that would have been  
20 allowed on a joint return.

21 [~~L.~~ ~~If the requirements of this section have been~~  
22 ~~complied with, the department shall issue to the building owner~~  
23 ~~a document granting a 2021 sustainable building tax credit.~~  
24 ~~The document shall be numbered for identification and declare~~  
25 ~~its date of issuance and the amount of the tax credit allowed~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~pursuant to this section. The document may be submitted by the~~  
2 ~~building owner with that taxpayer's income tax return, if~~  
3 ~~applicable, or may be sold, exchanged or otherwise transferred~~  
4 ~~to another taxpayer. The parties to such a transaction shall~~  
5 ~~notify the department of the sale, exchange or transfer within~~  
6 ~~ten days of the sale, exchange or transfer.~~

7 ~~M. The department and the energy, minerals and~~  
8 ~~natural resources department shall compile an annual report on~~  
9 ~~the 2021 sustainable building tax credit created pursuant to~~  
10 ~~this section that shall include the number of taxpayers~~  
11 ~~approved to receive the tax credit, the aggregate amount of tax~~  
12 ~~credits approved and any other information necessary to~~  
13 ~~evaluate the effectiveness of the tax credit. The department~~  
14 ~~shall present the report to the revenue stabilization and tax~~  
15 ~~policy committee and the legislative finance committee with an~~  
16 ~~analysis of the effectiveness and cost of the tax credit.~~

17 ~~N.]~~ K. For the purposes of this section:

18 (1) "broadband ready" means a building with an  
19 internet connection capable of connecting to a broadband  
20 provider;

21 (2) "build green emerald" means the emerald  
22 level certification standard adopted by build green New Mexico,  
23 which includes water conservation standards and uses forty  
24 percent less energy than is required by the prescriptive path  
25 of the most current residential energy conservation code

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 promulgated by the construction industries division of the  
2 regulation and licensing department;

3 (3) "build green gold" means the gold level  
4 certification standard adopted by build green New Mexico, which  
5 includes water conservation standards and uses thirty percent  
6 less energy than is required by the prescriptive path of the  
7 most current residential energy conservation code promulgated  
8 by the construction industries division of the regulation and  
9 licensing department;

10 (4) "building owner" means a person who holds  
11 fee simple interest in a property or a person who holds a  
12 leasehold interest in land owned by a federally recognized  
13 Indian nation, tribe or pueblo;

14 [~~4~~] (5) "electric vehicle ready" means a  
15 property that for commercial buildings provides at least ten  
16 percent of parking spaces and for residential buildings at  
17 least one parking space with one forty-ampere, two-hundred-  
18 eight-volt or two-hundred-forty-volt dedicated branch circuit  
19 for servicing electric vehicles that terminates in a suitable  
20 termination point, such as a receptacle or junction box, and is  
21 located in reasonably close proximity to the proposed location  
22 of the parking spaces;

23 [~~5~~] (6) "energy rating system index" means a  
24 numerical score given to a building where one hundred is  
25 equivalent to the 2006 international energy conservation code

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 and zero is equivalent to a net-zero home. As used in this  
2 paragraph, "net-zero home" means an energy-efficient home  
3 where, on a source energy basis, the actual annual delivered  
4 energy is less than or equal to the on-site renewable exported  
5 energy;

6 [~~(6)~~] (7) "Energy Star" means products and  
7 devices certified under the energy star program administered by  
8 the United States environmental protection agency and United  
9 States department of energy that meet the specified performance  
10 requirements at the installed locations;

11 [~~(7)~~] (8) "fully electric building" means a  
12 building that uses a permanent supply of electricity as the  
13 source of energy for all space heating, water heating,  
14 including pools and spas, cooking appliances and clothes drying  
15 appliances and, in the case of a new building, has no natural  
16 gas or propane plumbing installed in the building or, in the  
17 case of an existing building, has no connected natural gas or  
18 propane plumbing;

19 [~~(8)~~] (9) "LEED" means the most current  
20 leadership in energy and environmental design green building  
21 rating system guidelines developed and adopted by the United  
22 States green building council;

23 [~~(9)~~] (10) "LEED-CI" means the LEED rating  
24 system for commercial interiors;

25 [~~(10)~~] (11) "LEED-CS" means the LEED rating

underscored material = new  
[bracketed material] = delete

1 system for the core and shell of buildings;

2 [~~(11)~~] (12) "LEED-EB" means the LEED rating  
3 system for existing buildings;

4 [~~(12)~~] (13) "LEED gold" means the rating in  
5 compliance with, or exceeding, the second-highest rating  
6 awarded by the LEED certification process;

7 [~~(13)~~] (14) "LEED-H" means the LEED rating  
8 system for homes;

9 [~~(14)~~] (15) "LEED-NC" means the LEED rating  
10 system for new buildings and major renovations;

11 [~~(15)~~] (16) "LEED platinum" means the rating  
12 in compliance with, or exceeding, the highest rating awarded by  
13 the LEED certification process;

14 [~~(16)~~] (17) "low-income taxpayer" means a  
15 taxpayer with an annual household adjusted gross income equal  
16 to or less than two hundred percent of the federal poverty  
17 level guidelines published by the United States department of  
18 health and human services;

19 [~~(17)~~] (18) "manufactured housing" means a  
20 multisectioned home that is:

21 (a) a manufactured home or modular home;

22 (b) a single-family dwelling with a  
23 heated area of at least thirty-six feet by twenty-four feet and  
24 a total area of at least eight hundred sixty-four square feet;

25 (c) constructed in a factory to the

underscored material = new  
[bracketed material] = delete

1 standards of the United States department of housing and urban  
2 development, the National Manufactured Housing Construction and  
3 Safety Standards Act of 1974 and the Housing and Urban  
4 Development Zone Code 2 or New Mexico construction codes up to  
5 the date of the unit's construction; and

6 (d) installed consistent with the  
7 Manufactured Housing Act and rules adopted pursuant to that act  
8 relating to permanent foundations;

9 [~~(18)~~] (19) "qualified occupied square  
10 footage" means the occupied spaces of the building as  
11 determined by:

12 (a) the United States green building  
13 council for those buildings obtaining LEED certification;

14 (b) the administrators of the build  
15 green New Mexico rating system for those homes obtaining build  
16 green New Mexico certification; and

17 (c) the United States environmental  
18 protection agency for Energy Star-certified manufactured homes;

19 [~~(19)~~] (20) "person" does not include state,  
20 local government, public school district or tribal agencies;

21 [~~(20)~~] (21) "sustainable building" means  
22 either a sustainable commercial building or a sustainable  
23 residential building;

24 [~~(21)~~] (22) "sustainable commercial building"  
25 means:

.228781.3SA

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

1 (a) a commercial building that is  
2 certified as any LEED platinum or gold for commercial  
3 buildings;

4 (b) a multifamily dwelling unit that is  
5 certified as LEED-H platinum or gold or build green emerald or  
6 gold and uses at least thirty percent less energy than is  
7 required by the prescriptive path of the most current  
8 applicable energy conservation code promulgated by the  
9 construction industries division of the regulation and  
10 licensing department for build green gold or LEED-H, or uses at  
11 least forty percent less energy than is required by the  
12 prescriptive path of the most current residential energy  
13 conservation code promulgated by the construction industries  
14 division of the regulation and licensing department for build  
15 green emerald or LEED platinum; or

16 (c) a building that: 1) is certified at  
17 LEED-NC, LEED-EB, LEED-CS or LEED-CI platinum or gold levels;  
18 2) achieves any prerequisite for and at least one point related  
19 to commissioning under the LEED energy and atmosphere category,  
20 if included in the applicable rating system; and 3) has reduced  
21 energy consumption beginning January 1, 2012 by forty percent  
22 based on the national average for that building type as  
23 published by the United States department of energy as  
24 substantiated by the United States environmental protection  
25 agency target finder energy performance results form, dated no

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 sooner than the schematic design phase of development;

2 [~~(22)~~] (23) "sustainable residential building"

3 means:

4 (a) a building used as a single-family  
5 residence that: 1) is certified as LEED-H platinum or gold or  
6 build green emerald or gold; 2) uses at least thirty percent  
7 less energy than is required by the prescriptive path of the  
8 most current residential energy conservation code promulgated  
9 by the construction industries division of the regulation and  
10 licensing department for build green gold or LEED-H, or uses at  
11 least forty percent less energy than is required by the  
12 prescriptive path of the most current residential energy  
13 conservation code promulgated by the construction industries  
14 division of the regulation and licensing department for build  
15 green emerald or LEED platinum; 3) has indoor plumbing fixtures  
16 and water-using appliances that, on average, have flow rates  
17 equal to or lower than the flow rates required for  
18 certification by WaterSense; 4) if landscape area is available  
19 at the front of the property, has at least one water line  
20 outside the building below the frost line that may be connected  
21 to a drip irrigation system; and 5) if landscape area is  
22 available at the rear of the property, has at least one water  
23 line outside the building below the frost line that may be  
24 connected to a drip irrigation system; or

25 (b) manufactured housing that is Energy

.228781.3SA



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

1 Star-qualified;

2 ~~[(23)]~~ (24) "tribal" means of, belonging to or  
3 created by a federally recognized Indian nation, tribe or  
4 pueblo;

5 ~~[(24)]~~ (25) "WaterSense" means a program  
6 created by the federal environmental protection agency that  
7 certifies water-using products that meet the environmental  
8 protection agency's criteria for efficiency and performance;

9 ~~[(25)]~~ (26) "zero carbon certified" means a  
10 building that is certified as LEED zero carbon by achieving a  
11 carbon-dioxide-equivalent balance of zero for the building;

12 ~~[(26)]~~ (27) "zero energy certified" means a  
13 building that is certified as LEED zero energy by achieving a  
14 source energy use balance of zero for the building;

15 ~~[(27)]~~ (28) "zero waste certified" means a  
16 building that is certified as LEED zero waste by achieving  
17 green building certification incorporated's true zero waste  
18 certification at the platinum level; and

19 ~~[(28)]~~ (29) "zero water certified" means a  
20 building that is certified as LEED zero water by achieving a  
21 potable water use balance of zero for the building."

22 **SECTION 47.** Section 7-2-18.35 NMSA 1978 (being Laws 2024,  
23 Chapter 67, Section 9) is amended to read:

24 "7-2-18.35. HOME FIRE RECOVERY INCOME TAX CREDIT.--

25 A. A taxpayer who is not a dependent of another

.228781.3SA

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

1 individual and who, beginning on [~~the effective date of this~~  
2 ~~section~~] May 15, 2024 and prior to January 1, 2030, incurs  
3 qualified home expenditures for a home in New Mexico to replace  
4 a prior home of the taxpayer that was destroyed by a wildfire  
5 in calendar years 2021 through 2023 may claim a tax credit  
6 against the taxpayer's tax liability imposed pursuant to the  
7 Income Tax Act in an amount equal to the qualified home  
8 expenditures incurred by the taxpayer not to exceed fifty  
9 thousand dollars (\$50,000) per home. The tax credit provided  
10 by this section may be referred to as the "home fire recovery  
11 income tax credit".

12 B. A taxpayer who seeks to claim the tax credit  
13 shall apply for certification of eligibility from the  
14 construction industries division of the regulation and  
15 licensing department on forms and in a manner prescribed by  
16 that division. The aggregate amount of credits that may be  
17 certified as eligible in any calendar year is five million  
18 dollars (\$5,000,000). An application for certification shall  
19 be made no later than twelve months after the calendar year in  
20 which construction of the home is completed. Completed  
21 applications shall be considered in the order received. If a  
22 taxpayer submits an application for the tax credit and the  
23 aggregate amount of certifications has been met for the  
24 calendar year, the application shall be placed at the front of  
25 a queue for certification in a subsequent calendar year.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Except as otherwise provided in Subsections [~~F and~~] G and H of  
2 this section, only one tax credit shall be certified per  
3 taxpayer.

4 C. An application for certification of eligibility  
5 shall include:

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

9 (2) proof that the taxpayer incurred  
10 expenditures for the construction of a home on the same  
11 property of the taxpayer's prior, wildfire-destroyed home,  
12 including a contract with a builder or manufacturer;

13 (3) a sworn statement by the taxpayer and the  
14 builder or manufacturer of the home that the construction of  
15 the home has been completed and stating the date of its  
16 completion; and

17 (4) any additional information the  
18 construction industries division of the regulation and  
19 licensing department may require to determine eligibility for  
20 the tax credit.

21 D. If the construction industries division of the  
22 regulation and licensing department determines that the  
23 taxpayer meets the requirements of this section, the division  
24 shall issue a dated certificate of eligibility to the taxpayer  
25 providing the amount of tax credit for which the taxpayer is

.228781.3SA

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

1 eligible and the taxable year in which the credit may be  
2 claimed. The construction industries division shall provide  
3 the department with the certificates of eligibility issued  
4 pursuant to this subsection in ~~[an]~~ a secure electronic format  
5 at regularly agreed-upon intervals.

6 E. A taxpayer issued a certificate of eligibility  
7 shall claim the tax credit on forms and in a manner required by  
8 the department within twelve months of being issued the  
9 certificate of eligibility.

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

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

18 H. A taxpayer may be allocated the right to claim  
19 the tax credit in proportion to the taxpayer's ownership  
20 interest if the taxpayer owns an interest in a business entity  
21 that is taxed for federal income tax purposes as a partnership  
22 or limited liability company and that business entity has met  
23 all of the requirements to be eligible for the credit. The  
24 total credit claimed by all members of the partnership or  
25 limited liability company shall not exceed the allowable credit

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 pursuant to this section.

2 ~~[I. The department shall compile an annual report~~  
3 ~~on the tax credit that shall include the number of taxpayers~~  
4 ~~approved by the department to receive the credit, the aggregate~~  
5 ~~amount of credits approved and any other information necessary~~  
6 ~~to evaluate the credit. The department shall present the~~  
7 ~~report to the revenue stabilization and tax policy committee~~  
8 ~~and the legislative finance committee with an analysis of the~~  
9 ~~cost of the tax credit.~~

10 ~~J.]~~ I. As used in this section:

11 (1) "home" means a dwelling designed for long-  
12 term habitation in which the taxpayer resides for a majority of  
13 the year and is:

14 (a) constructed permanently on a  
15 taxpayer's property with a foundation and that cannot be moved;  
16 or

17 (b) a manufactured home or modular home  
18 that is a single-family dwelling with a heated area of at least  
19 thirty-six by twenty-four feet and at least eight hundred  
20 sixty-four square feet and constructed in a factory to the  
21 standards of the United States department of housing and urban  
22 development, the National Manufactured Housing Construction and  
23 Safety Standards Act of 1974 and the Housing and Urban  
24 Development Zone Code 2 or the Uniform Building Code, as  
25 amended to the date of the unit's construction, and installed

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 consistent with the Manufactured Housing Act and with the rules  
2 made pursuant thereto relating to permanent foundations; and

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

11 SECTION 48. Section 7-2-18.38 NMSA 1978 (being Laws 2024,  
12 Chapter 67, Section 33) is amended to read:

13 "7-2-18.38. GEOTHERMAL ELECTRICITY GENERATION INCOME TAX  
14 CREDIT.--

15 A. For taxable years ending prior to January 1,  
16 2032, a taxpayer who is not a dependent of another individual  
17 and who holds an interest in a geothermal electricity  
18 generation facility may apply for, and the department may  
19 allow, a credit against the taxpayer's tax liability imposed  
20 pursuant to the Income Tax Act. The tax credit provided by  
21 this section may be referred to as the "geothermal electricity  
22 generation income tax credit".

23 B. The amount of a tax credit allowed pursuant to  
24 this section shall be an amount equal to one and one-half cents  
25 (\$0.015) per kilowatt-hour of electricity generated in New

.228781.3SA

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

1 Mexico in a taxable year by the geothermal electricity  
2 generation facility in which the taxpayer holds an interest.

3 C. A taxpayer shall apply for certification of  
4 eligibility for the credit provided by this section from the  
5 energy, minerals and natural resources department on forms and  
6 in the manner prescribed by that department. The total annual  
7 aggregate amount of credits that may be certified for  
8 geothermal electricity generation income tax credits and  
9 geothermal electricity generation corporate income tax credits  
10 in any calendar year is five million dollars (\$5,000,000).  
11 Completed applications shall be considered in the order  
12 received. Applications for certification received after this  
13 limitation has been met in a calendar year shall not be  
14 approved for that calendar year, but shall be considered for  
15 certification in the following calendar year. The application  
16 shall include proof that the taxpayer is eligible for  
17 certification, including that the geothermal electricity  
18 generation facility that produced the energy for which the  
19 taxpayer is claiming credit, the geothermal resources used by  
20 the geothermal electricity generation facility and the  
21 taxpayer's interest in the geothermal electricity generation  
22 facility are in accordance with the definitions set forth in  
23 this section. For taxpayers approved to receive the credit,  
24 the energy, minerals and natural resources department shall  
25 issue a certificate of eligibility stating the amount of credit

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 to which the taxpayer is entitled and the taxable year in which  
2 the credit may be claimed. The certificate of eligibility  
3 shall be numbered for identification and declare the date of  
4 issuance and the amount of the tax credit allowed.

5 D. A taxpayer may claim a geothermal electricity  
6 generation income tax credit for the taxable year in which  
7 electricity was generated in New Mexico by a geothermal  
8 electricity generation facility in which the taxpayer holds an  
9 interest. To receive the credit provided by this section, a  
10 taxpayer shall apply to the department on forms and in the  
11 manner prescribed by the department. The application shall  
12 include a [~~certification made~~] certificate of eligibility  
13 issued pursuant to Subsection C of this section.

14 E. That portion of a credit that exceeds a  
15 taxpayer's tax liability in the taxable year in which the  
16 credit is claimed may be carried forward for up to three  
17 consecutive years.

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

22 G. A taxpayer may be allocated the right to claim a  
23 credit provided by this section in proportion to the taxpayer's  
24 ownership interest if the taxpayer owns an interest in a  
25 business entity that is taxed for federal income tax purposes

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 as a partnership or limited liability company and that business  
2 entity has met all of the requirements to be eligible for the  
3 credit. The total credit claimed by all members of the  
4 partnership or limited liability company shall not exceed the  
5 maximum amount of the credit allowed pursuant to this section.

6 ~~[H. A taxpayer allowed a tax credit pursuant to~~  
7 ~~this section shall report the amount of the credit to the~~  
8 ~~department in a manner required by the department.~~

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

17 ~~J.]~~ H. As used in this section:

18 (1) "geothermal electricity generation  
19 facility" means a facility located in New Mexico that generates  
20 electricity from geothermal resources and:

21 (a) for new facilities, begins  
22 construction on or after January 1, 2025; or

23 (b) for existing facilities, on or after  
24 January 1, 2025, increases the amount of electricity generated  
25 from geothermal resources the facility generated prior to that

.228781.3SA

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

1 date by at least one hundred percent;

2 (2) "geothermal resources" means the natural  
3 heat of the earth in excess of two hundred fifty degrees  
4 Fahrenheit or the energy, in whatever form, below the surface  
5 of the earth present in, resulting from, created by or that may  
6 be extracted from this natural heat in excess of two hundred  
7 fifty degrees Fahrenheit and all minerals in solution or other  
8 products obtained from naturally heated fluids, brines,  
9 associated gases and steam, in whatever form, found below the  
10 surface of the earth, but excluding oil, hydrocarbon gas and  
11 other hydrocarbon substances and excluding the heating and  
12 cooling capacity of the earth not resulting from the natural  
13 heat of the earth in excess of two hundred fifty degrees  
14 Fahrenheit as may be used for the heating and cooling of  
15 buildings through an on-site geexchange heat pump or similar  
16 on-site system; and

17 (3) "interest in a geothermal electricity  
18 generation facility" means title to a geothermal electricity  
19 generation facility; a leasehold interest in such facility; an  
20 ownership interest in a business or entity that is taxed for  
21 federal income tax purposes as a partnership that holds title  
22 to or a leasehold interest in such facility; or an ownership  
23 interest, through one or more intermediate entities that are  
24 each taxed for federal income tax purposes as a partnership, in  
25 a business that holds title to or a leasehold interest in such

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 facility."

2 SECTION 49. Section 7-2-24 NMSA 1978 (being Laws 1981,  
3 Chapter 343, Section 2, as amended) is amended to read:

4 "7-2-24. OPTIONAL DESIGNATION OF TAX REFUND  
5 [~~CONTRIBUTION~~] CONTRIBUTIONS.--

6 A. Except as [~~otherwise~~] provided in Subsection C  
7 of this section, [~~any~~] an individual whose state income tax  
8 liability after application of allowable credits and tax  
9 rebates in any year is lower than the amount of money held by  
10 the department to the credit of such individual for that tax  
11 year may designate any portion of the income tax refund due  
12 [~~him~~] to the individual to be paid [~~into the game protection~~  
13 ~~fund~~] to the entities or funds as provided in Subsection B of  
14 this section. In the case of a joint return, both individuals  
15 must make such designation.

16 B. The department shall [~~revise~~] provide for the  
17 state income tax form to allow the designation of such  
18 contributions [~~in substantially the following form:~~

19 "~~New Mexico Game Protection Fund--Check~~   
20 ~~if you wish to contribute a part or all~~  
21 ~~of your tax refund to the Game Protection~~  
22 ~~Fund. Enter here \$ \_\_\_\_\_ the amount~~  
23 ~~of your contribution.~~" ] as follows:

- 24 (1) to the game protection fund;
- 25 (2) to the energy, minerals and natural

underscored material = new  
[bracketed material] = delete

1 resources department for the conservation planting revolving  
2 fund for the planting of trees in New Mexico;

3 (3) to the board of regents of New Mexico  
4 state university for the New Mexico department of agriculture's  
5 healthy soil program;

6 (4) to the veterans' services department for  
7 the veterans' state cemetery fund;

8 (5) to the public education department for  
9 the substance abuse education fund to provide substance abuse  
10 educational programs in New Mexico schools;

11 (6) to the board of regents of the University  
12 of New Mexico for the amyotrophic lateral sclerosis research  
13 fund for amyotrophic lateral sclerosis (Lou Gehrig's disease)  
14 research;

15 (7) to the state parks division of the  
16 energy, minerals and natural resources department for the kids  
17 in parks education program;

18 (8) to the department of military affairs for  
19 assistance to members of the New Mexico national guard and to  
20 their families;

21 (9) to the veterans' services department for  
22 the operation, maintenance and improvement of the Vietnam  
23 veterans memorial near Angel Fire, New Mexico;

24 (10) to the veterans' services department for  
25 the veterans' enterprise fund to carry out the programs, duties

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 or services of the veterans' services department;

2 (11) to the higher education department for  
3 the lottery tuition fund to provide tuition assistance for New  
4 Mexico resident undergraduates;

5 (12) to the New Mexico livestock board for  
6 the equine shelter rescue fund;

7 (13) to the aging and long-term services  
8 department to enhance or expand senior services through  
9 statewide area agencies on aging grant programs including  
10 senior services provided through the north central New Mexico  
11 economic development district as the non-metro area agency on  
12 aging, the city of Albuquerque/Bernalillo county area agency on  
13 aging, the Indian area agency on aging and the Navajo area  
14 agency on aging;

15 (14) to the board of veterinary medicine for  
16 the animal care and facility fund to carry out the statewide  
17 dog and cat spay and neuter program;

18 (15) to the New Mexico mortgage finance  
19 authority for the New Mexico housing trust fund for affordable  
20 housing programs; and

21 (16) two dollars (\$2.00) to a state political  
22 party of the individual's choosing that on January 1 of the  
23 taxable year for which the return is filed meets the  
24 requirements of Subsection A of Section 1-7-2 NMSA 1978.

25 C. The provisions of this section do not apply to

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 income tax refunds subject to interception under the provisions  
2 of the Tax Refund Intercept Program Act and any designation  
3 made under the provisions of this section to such refunds is  
4 void.

5 D. The department shall disregard a direction on a  
6 return to make an optional refund contribution if the amount of  
7 refund due on the return is determined by the department to be  
8 less than the sum of the amounts directed to be contributed.

9 E. Notwithstanding the provisions of Section 7-1-26  
10 NMSA 1978, a taxpayer shall not claim and the department shall  
11 not allow a refund with respect to any optional refund  
12 contribution that was made by the department at the direction  
13 of the taxpayer."

14 SECTION 50. Section 7-2-28.1 NMSA 1978 (being Laws 2011,  
15 Chapter 42, Section 1, as amended) is amended to read:

16 "7-2-28.1. VETERANS' STATE CEMETERY FUND--CREATED.--The  
17 "veterans' state cemetery fund" is created as a nonreverting  
18 fund in the state treasury. The fund consists of  
19 appropriations, gifts, grants, donations and amounts designated  
20 pursuant to Section [~~7-2-28~~] 7-2-24 NMSA 1978. Money in the  
21 fund at the end of a fiscal year shall not revert to any other  
22 fund. The veterans' services department shall administer the  
23 fund, and money in the fund is appropriated to the veterans'  
24 services department."

25 SECTION 51. Section 7-2-31.1 NMSA 1978 (being Laws 1999,  
.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 47, Section 5) is amended to read:

2 "7-2-31.1. OPTIONAL REFUND CONTRIBUTION PROVISIONS--  
3 CONDITIONAL REPEAL.--

4 A. By ~~[August 31, 2000, and by]~~ August 31 of ~~[every~~  
5 ~~succeeding]~~ each year, the secretary shall determine the total  
6 amount contributed through the preceding July 31 on returns  
7 filed for taxable years ending in the preceding calendar year  
8 pursuant to each ~~[provision of the Income Tax Act that allows a~~  
9 ~~taxpayer the option of directing the department to contribute~~  
10 ~~all or any part of an income tax refund due the taxpayer to a~~  
11 ~~specified account, fund or entity]~~ purpose stated in Section  
12 7-2-24 NMSA 1978.

13 B. If the secretary's determination pursuant to  
14 Subsection A of this section regarding an optional refund  
15 contribution provision is that the ~~[total]~~ amount contributed  
16 is less than ~~[five thousand dollars (\$5,000), exclusive of~~  
17 ~~directions for contributions disregarded under Subsection C of~~  
18 ~~this section]~~ ten thousand dollars (\$10,000), the secretary  
19 shall certify that fact to the secretary of state. Any  
20 optional refund contribution ~~[provision]~~ purpose for which a  
21 certification is made for three consecutive years is repealed  
22 and shall no longer be included on the state income tax form,  
23 effective on the January 1 following the third certification.

24 ~~[G. The department shall disregard a direction on a~~  
25 ~~return to make an optional refund contribution if the amount of~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~refund due on the return is determined by the department to be~~  
2 ~~less than the sum of the amounts directed to be contributed.~~

3 ~~D. Notwithstanding the provisions of Section~~  
4 ~~7-1-26 NMSA 1978, a taxpayer may not claim and the department~~  
5 ~~may not allow a refund with respect to any optional refund~~  
6 ~~contribution that was made by the department at the direction~~  
7 ~~of the taxpayer.]"~~

8 SECTION 52. Section 7-2-39 NMSA 1978 (being Laws 2019,  
9 Chapter 270, Section 15) is amended to read:

10 "7-2-39. DEDUCTION FROM NET INCOME FOR CERTAIN  
11 DEPENDENTS.--

12 A. As long as the exemption amount pursuant to  
13 Section 151 of the Internal Revenue Code means zero, a taxpayer  
14 who is not a dependent of another individual and files a return  
15 as a head of household or married filing jointly may claim a  
16 deduction from net income in an amount equal to the product of  
17 four thousand dollars (\$4,000) multiplied by the difference  
18 between the number of dependents claimed on the taxpayer's  
19 return and one.

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

23 ~~[G. The department shall compile an annual report~~  
24 ~~on the deduction provided by this section that shall include~~  
25 ~~the number of taxpayers that claimed the deduction, the~~

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 ~~aggregate amount of deductions claimed and any other~~  
2 ~~information necessary to evaluate the effectiveness of the~~  
3 ~~deduction. The department shall present the annual report to~~  
4 ~~the revenue stabilization and tax policy committee and the~~  
5 ~~legislative finance committee with an analysis of the cost of~~  
6 ~~the deduction.~~

7           D.] C. As used in this section, "dependent" means  
8 "dependent" as defined in Section 152 of the Internal Revenue  
9 Code."

10           SECTION 53. Section 7-2-40 NMSA 1978 (being Laws 2021,  
11 Chapter 7, Section 1) is amended to read:

12           "7-2-40. DEDUCTION--INCOME FROM LEASING A LIQUOR  
13 LICENSE.--

14           A. Prior to January 1, 2026, a taxpayer who is a  
15 liquor license lessor and who held the license on June 30, 2021  
16 may claim a deduction from net income in an amount equal to the  
17 gross receipts from sales of alcoholic beverages made by each  
18 liquor license lessee in an amount, if the liquor license is a  
19 dispenser's license and sales of alcoholic beverages for  
20 consumption off premises are less than fifty percent of total  
21 alcoholic beverage sales, not to exceed fifty thousand dollars  
22 (\$50,000) for each of four taxable years.

23           B. Married individuals filing separate returns for  
24 a taxable year for which they could have filed a joint return  
25 may each claim only one-half of a deduction provided by this

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 section that would have been claimed on a joint return.

2 C. A taxpayer may claim the deduction provided by  
3 this section in proportion to the taxpayer's ownership interest  
4 if the taxpayer owns an interest in a business entity that is  
5 taxed for federal income tax purposes as a partnership or  
6 limited liability company and that business entity has met all  
7 of the requirements to be eligible for the deduction. The  
8 total deduction claimed in the aggregate by all members of the  
9 partnership or association with respect to the deduction shall  
10 not exceed the amount of the deduction that could have been  
11 claimed by a sole owner of the business.

12 D. A taxpayer allowed a deduction pursuant to this  
13 section shall report the amount of the deduction to the  
14 department in a manner required by the department.

15 ~~[E. The department shall compile an annual report~~  
16 ~~on the deduction provided by this section that shall include~~  
17 ~~the number of taxpayers that claimed the deduction, the~~  
18 ~~aggregate amount of deductions claimed and any other~~  
19 ~~information necessary to evaluate the cost of the deduction.~~  
20 ~~The department shall provide the report to the revenue~~  
21 ~~stabilization and tax policy committee and the legislative~~  
22 ~~finance committee with an analysis of the cost of the~~  
23 ~~deduction.~~

24 ~~F.]~~ E. As used in this section:

25 (1) "alcoholic beverage" means alcoholic

underscored material = new  
[bracketed material] = delete

1 beverage as defined in the Liquor Control Act;

2 (2) "dispenser's license" means a license  
3 issued pursuant to the provisions of the Liquor Control Act  
4 allowing the licensee to sell, offer for sale or have in the  
5 person's possession with the intent to sell alcoholic beverages  
6 both by the drink for consumption on the licensed premises and  
7 in unbroken packages, including growlers, for consumption and  
8 not for resale off the licensed premises;

9 (3) "growler" means a clean, refillable,  
10 resealable container that has a liquid capacity that does not  
11 exceed one gallon and that is intended and used for the sale of  
12 beer, wine or cider;

13 (4) "liquor license" means a dispenser's  
14 license issued pursuant to Section 60-6A-3 NMSA 1978 or a  
15 dispenser's license issued pursuant to Section 60-6A-12 NMSA  
16 1978 issued prior to July 1, 2021;

17 (5) "liquor license lessee" means a person  
18 that leases a liquor license from a liquor license lessor; and

19 (6) "liquor license lessor" means a person  
20 that leases a liquor license to a third party."

21 **SECTION 54.** Section 7-2-41 NMSA 1978 (being Laws 2024,  
22 Chapter 67, Section 24) is amended to read:

23 "7-2-41. DEDUCTION--SCHOOL SUPPLIES PURCHASED BY A  
24 PUBLIC SCHOOL TEACHER.--

25 A. A taxpayer who is not a dependent of another

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 individual and is a public school teacher may claim a deduction  
2 from net income in an amount equal to the costs of school  
3 supplies purchased by the public school teacher in a taxable  
4 year, not to exceed:

5 (1) for a taxable year beginning on January  
6 1, 2024 and prior to January 1, 2025, five hundred dollars  
7 (\$500); and

8 (2) for a taxable year beginning on January  
9 1, 2025 and prior to January 1, 2029, one thousand dollars  
10 (\$1,000).

11 B. To claim a deduction pursuant to this section, a  
12 taxpayer shall submit to the department information required by  
13 the secretary establishing that the taxpayer is eligible to  
14 claim a deduction pursuant to this section.

15 C. A taxpayer allowed a deduction pursuant to this  
16 section shall report the amount of the deduction to the  
17 department in a manner required by the department.

18 ~~[D. The department shall compile an annual report~~  
19 ~~on the deduction provided by this section that shall include~~  
20 ~~the number of taxpayers approved by the department to receive~~  
21 ~~the deduction, the aggregate amount of deductions approved and~~  
22 ~~any other information necessary to evaluate the deduction. The~~  
23 ~~department shall present the report to the revenue~~  
24 ~~stabilization and tax policy committee and the legislative~~  
25 ~~finance committee with an analysis of the cost of the~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~deduction.~~

2 ~~E.]~~ D. As used in this section:

3 (1) "public school teacher" means a person  
4 who is licensed as a teacher pursuant to the Public School Code  
5 and who teaches at a public school, as that term is defined in  
6 the Public School Code; and

7 (2) "school supplies" means items purchased  
8 by a public school teacher and used by the students of the  
9 teacher in the teacher's classroom for educational purposes,  
10 including notebooks, paper, writing instruments, crayons, art  
11 supplies, rulers, maps and globes, but not including computers  
12 or other similar digital devices, watches, radios, digital  
13 music players, headphones, sporting equipment, portable or  
14 desktop telephones, cellular telephones or other electronic  
15 communication devices, copiers, office equipment, furniture or  
16 fixtures."

17 **SECTION 55.** Section 7-2A-9 NMSA 1978 (being Laws 1981,  
18 Chapter 37, Section 42, as amended) is amended to read:

19 "7-2A-9. TAXPAYER RETURNS--PAYMENT OF TAX.--

20 A. Every corporation deriving income from any  
21 business transaction, property or employment within this state,  
22 that is not exempt from tax under the Corporate Income and  
23 Franchise Tax Act and that is required by the laws of the  
24 United States to file a federal income tax return shall file a  
25 complete tax return with the department in form and content as

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 prescribed by the secretary. [~~Except as provided in Subsection~~  
2 ~~C of this section~~] A corporation that is required by the  
3 provisions of the Corporate Income and Franchise Tax Act to  
4 file a return or pay a tax shall, on or before the due date of  
5 the corporation's federal corporate income tax return for the  
6 taxable year, file the return and pay the tax imposed for that  
7 year.

8 B. Every domestic or foreign corporation that is  
9 not exempt from tax under the Corporate Income and Franchise  
10 Tax Act, that is employed or engaged in the transaction of  
11 business in, into or from this state or that derives any income  
12 from property or employment within this state and every  
13 domestic or foreign corporation, regardless of whether it is  
14 engaged in active business, that has or exercises its corporate  
15 franchise in this state and that is not exempt from tax under  
16 the Corporate Income and Franchise Tax Act shall file a return  
17 in the form and content as prescribed by the secretary and pay  
18 the tax levied pursuant to Subsection B of Section 7-2A-3 NMSA  
19 1978 in the amount for each corporation as specified in Section  
20 7-2A-5.1 NMSA 1978. Returns and payment of tax for corporate  
21 franchise tax for a taxable year shall be filed and paid on the  
22 date specified in Subsection A [~~or C~~] of this section for  
23 payment of corporate income tax for the preceding taxable year.

24 [~~G. A corporation that is required by the~~  
25 ~~provisions of the Corporate Income and Franchise Tax Act to~~

.228781.3SA

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

1 ~~file a return or pay a tax and that is approved by the~~  
2 ~~department to use electronic media for filing and paying taxes~~  
3 ~~shall, if using electronic media for filing and paying taxes,~~  
4 ~~file the return and pay the tax levied for that taxable year on~~  
5 ~~or before the last day of the month in which the corporation's~~  
6 ~~federal corporate income tax return is originally due for the~~  
7 ~~taxable year. The due date provided by this subsection does~~  
8 ~~not apply to corporations that have received a filing extension~~  
9 ~~from New Mexico or an extension from the federal internal~~  
10 ~~revenue service for the same taxable year.]"~~

11 SECTION 56. Section 7-2A-24 NMSA 1978 (being Laws 2009,  
12 Chapter 271, Section 2, as amended) is amended to read:

13 "7-2A-24. GEOTHERMAL GROUND-COUPLED HEAT PUMP CORPORATE  
14 INCOME TAX CREDIT.--

15 A. A taxpayer that files a New Mexico corporate  
16 income tax return for a taxable year beginning on or after  
17 January 1, 2024 and that purchases and installs after ~~[the~~  
18 ~~effective date of this section]~~ May 15, 2024 but before  
19 December 31, 2034 a geothermal ground-coupled heat pump in a  
20 property owned by the taxpayer may claim against the taxpayer's  
21 corporate income tax liability, and the department may allow, a  
22 tax credit of up to thirty percent of the purchase and  
23 installation costs of the system. The credit provided in this  
24 section may be referred to as the "geothermal ground-coupled  
25 heat pump corporate income tax credit". The total geothermal

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ground-coupled heat pump corporate income tax credit allowed to  
2 a taxpayer shall not exceed nine thousand dollars (\$9,000).

3 The department shall allow a geothermal ground-coupled heat  
4 pump corporate income tax credit only for geothermal ground-  
5 coupled heat pumps that are certified pursuant to Subsection C  
6 of this section and installed by a nationally accredited ground  
7 source heat pump installer [~~certified by the energy, minerals~~  
8 ~~and natural resources department~~].

9 B. That portion of a geothermal ground-coupled heat  
10 pump corporate income tax credit that exceeds a taxpayer's tax  
11 liability in the taxable year in which the credit is claimed  
12 shall be refunded to the taxpayer.

13 C. The energy, minerals and natural resources  
14 department shall adopt rules establishing procedures to provide  
15 certification of geothermal ground-coupled heat pumps for  
16 purposes of obtaining a geothermal ground-coupled heat pump  
17 corporate income tax credit. The rules shall address technical  
18 specifications and requirements relating to safety, building  
19 code and standards compliance, minimum system sizes, system  
20 applications and lists of eligible components. The energy,  
21 minerals and natural resources department may modify the  
22 specifications and requirements as necessary to maintain a high  
23 level of system quality and performance.

24 D. The maximum annual aggregate of credits that may  
25 be certified in a calendar year by the energy, minerals and

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 natural resources department is four million dollars  
2 (\$4,000,000). That department shall not certify a tax credit  
3 for which a taxpayer claims a 2021 sustainable building  
4 corporate income tax credit using a geothermal ground-coupled  
5 heat pump as a component of qualification for the rating system  
6 certification level used in determining eligibility for that  
7 credit. Completed applications for the credit shall be  
8 considered in the order received [~~by the department~~]. The  
9 energy, minerals and natural resources department shall provide  
10 the department appropriate information for all certificates of  
11 eligibility in a secure manner on regular intervals agreed upon  
12 by both departments.

13 E. A taxpayer allowed a tax credit pursuant to this  
14 section shall [~~report the amount of~~] claim the credit [~~to the~~  
15 ~~department~~] on forms and in a manner required by the  
16 department.

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

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           G.] F. As used in this section, "geothermal ground-  
2 coupled heat pump" means a heating and refrigerating system  
3 that directly or indirectly utilizes available heat below the  
4 surface of the earth for distribution of heating and cooling or  
5 domestic hot water and that has either a minimum coefficient of  
6 performance of three and four-tenths or an efficiency ratio of  
7 sixteen or greater."

8           SECTION 57. Section 7-2A-24.1 NMSA 1978 (being Laws  
9 2024, Chapter 67, Section 34) is amended to read:

10           "7-2A-24.1. GEOTHERMAL ELECTRICITY GENERATION CORPORATE  
11 INCOME TAX CREDIT.--

12           A. For taxable years ending prior to January 1,  
13 2032, a taxpayer that holds an interest in a geothermal  
14 electricity generation facility may apply for, and the  
15 department may allow, a credit against the taxpayer's tax  
16 liability imposed pursuant to the Corporate Income and  
17 Franchise Tax Act. The tax credit provided by this section may  
18 be referred to as the "geothermal electricity generation  
19 corporate income tax credit".

20           B. The amount of a tax credit allowed pursuant to  
21 this section shall be an amount equal to one and one-half cents  
22 (\$0.015) per kilowatt-hour of electricity generated in New  
23 Mexico in a taxable year by the geothermal electricity  
24 generation facility in which the taxpayer holds an interest.

25           C. A taxpayer shall apply for certification of

.228781.3SA

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

1 eligibility for the credit provided by this section from the  
2 energy, minerals and natural resources department on forms and  
3 in the manner prescribed by that department. The total annual  
4 aggregate amount of geothermal electricity generation corporate  
5 income tax credits and geothermal electricity generation income  
6 tax credits that may be certified in any calendar year is five  
7 million dollars (\$5,000,000). Completed applications shall be  
8 considered in the order received. Applications for  
9 certification received after this limitation has been met in a  
10 calendar year shall not be approved for that calendar year, but  
11 shall be considered for certification in the following calendar  
12 year. The application shall include proof that the taxpayer is  
13 eligible for certification, including that the geothermal  
14 electricity generation facility that produced the energy for  
15 which the taxpayer is claiming credit, the geothermal resources  
16 used by the geothermal electricity generation facility and the  
17 taxpayer's interest in the geothermal electricity generation  
18 facility are in accordance with the definitions set forth in  
19 this section. For taxpayers approved to receive the credit,  
20 the energy, minerals and natural resources department shall  
21 issue a certificate of eligibility stating the amount of credit  
22 to which the taxpayer is entitled and the taxable year in which  
23 the credit may be claimed. The certificate of eligibility  
24 shall be numbered for identification and declare the date of  
25 issuance and the amount of the tax credit allowed.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           D. A taxpayer may claim a geothermal electricity  
2 generation corporate income tax credit for the taxable year in  
3 which electricity was generated in New Mexico by a geothermal  
4 electricity generation facility in which the taxpayer holds an  
5 interest. To receive the credit provided by this section, a  
6 taxpayer shall apply to the department on forms and in the  
7 manner prescribed by the department. The application shall  
8 include a [~~certification made~~] certificate of eligibility  
9 issued pursuant to Subsection C of this section.

10           E. That portion of a credit that exceeds a  
11 taxpayer's tax liability in the taxable year in which the  
12 credit is claimed may be carried forward for up to three  
13 consecutive years.

14           ~~F. A taxpayer allowed a tax credit pursuant to~~  
15 ~~this section shall report the amount of the credit to the~~  
16 ~~department in a manner required by that department.~~

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

25           H.] F. As used in this section:

.228781.3SA

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

1 (1) "geothermal electricity generation  
2 facility" means a facility located in New Mexico that generates  
3 electricity from geothermal resources and:

4 (a) for new facilities, begins  
5 construction on or after January 1, 2025; or

6 (b) for existing facilities, on or after  
7 January 1, 2025, increases the amount of electricity generated  
8 from geothermal resources the facility generated prior to that  
9 date by at least one hundred percent;

10 (2) "geothermal resources" means the natural  
11 heat of the earth in excess of two hundred fifty degrees  
12 Fahrenheit or the energy, in whatever form, below the surface  
13 of the earth present in, resulting from, created by or that may  
14 be extracted from this natural heat in excess of two hundred  
15 fifty degrees Fahrenheit and all minerals in solution or other  
16 products obtained from naturally heated fluids, brines,  
17 associated gases and steam, in whatever form, found below the  
18 surface of the earth, but excluding oil, hydrocarbon gas and  
19 other hydrocarbon substances and excluding the heating and  
20 cooling capacity of the earth not resulting from the natural  
21 heat of the earth in excess of two hundred fifty degrees  
22 Fahrenheit as may be used for the heating and cooling of  
23 buildings through an on-site geexchange heat pump or similar  
24 on-site system; and

25 (3) "interest in a geothermal electricity

.228781.3SA

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

1 generation facility" means title to a geothermal electricity  
2 generation facility; a leasehold interest in such facility; an  
3 ownership interest in a business or entity that is taxed for  
4 federal income tax purposes as a partnership that holds title  
5 to or a leasehold interest in such facility; or an ownership  
6 interest, through one or more intermediate entities that are  
7 each taxed for federal income tax purposes as a partnership, in  
8 a business that holds title to or a leasehold interest in such  
9 facility."

10 SECTION 58. Section 7-2A-26 NMSA 1978 (being Laws 2010,  
11 Chapter 84, Section 2, as amended) is amended to read:

12 "7-2A-26. AGRICULTURAL BIOMASS CORPORATE INCOME TAX  
13 CREDIT.--

14 A. A taxpayer that files a New Mexico corporate  
15 income tax return for a taxable year [~~beginning on or after~~  
16 ~~January 1, 2011 and~~] ending prior to January 1, 2030 for a  
17 dairy or feedlot owned by the taxpayer may claim against the  
18 taxpayer's corporate income and franchise tax liability, and  
19 the department may allow, a tax credit equal to five dollars  
20 (\$5.00) per wet ton of agricultural biomass transported from  
21 the taxpayer's dairy or feedlot to a facility that uses  
22 agricultural biomass to generate electricity or make biocrude  
23 or other liquid or gaseous fuel for commercial use. The credit  
24 provided in this section may be referred to as the  
25 "agricultural biomass corporate income tax credit".

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           ~~[B. If the requirements of this section have been~~  
2 ~~complied with, the department shall issue to the taxpayer a~~  
3 ~~document granting an agricultural biomass corporate income tax~~  
4 ~~credit. The document shall be numbered for identification and~~  
5 ~~declare its date of issuance and the amount of the tax credit~~  
6 ~~allowed pursuant to this section. The document may be~~  
7 ~~submitted by the taxpayer with that taxpayer's corporate income~~  
8 ~~tax return or may be sold, exchanged or otherwise transferred~~  
9 ~~to another taxpayer. The parties to such a transaction shall~~  
10 ~~notify the department of the sale, exchange or transfer within~~  
11 ~~ten days of the sale, exchange or transfer.]~~

12           B. Subject to the limitations of Subsection C of  
13 this section, a taxpayer shall apply for certification of  
14 eligibility for the agricultural biomass corporate income tax  
15 credit from the energy, minerals and natural resources  
16 department on forms and in the manner prescribed by that  
17 department. Completed applications shall be considered in the  
18 order received. A dated certificate of eligibility shall be  
19 issued to the taxpayer providing the amount of the agricultural  
20 biomass corporate income tax credit for which the taxpayer is  
21 eligible and the taxable year in which the credit may be  
22 claimed. The energy, minerals and natural resources department  
23 shall adopt rules establishing procedures to provide  
24 certification of transportation of agricultural biomass to a  
25 qualified facility that uses agricultural biomass to generate

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 electricity or make biocrude or other liquid or gaseous fuel  
2 for commercial use for purposes of obtaining an agricultural  
3 biomass corporate income tax credit.

4 C. The aggregate amount of agricultural biomass  
5 income tax credits and agricultural biomass corporate income  
6 tax credits that may be certified is five million dollars  
7 (\$5,000,000) per calendar year, and applications for  
8 certification received after this limitation shall not be  
9 approved. Any remaining credits that remain unused in a  
10 taxable year may be available for certification for a maximum  
11 of four consecutive taxable years until the credits are fully  
12 utilized. The energy, minerals and natural resources  
13 department shall provide the department appropriate information  
14 for all certificates of eligibility in a secure manner on  
15 regular intervals agreed upon by both departments.

16 ~~[G.—A] D. Any portion of the agricultural biomass~~  
17 ~~corporate income tax credit that [remains unused in a taxable~~  
18 ~~year may be carried forward for a maximum of four consecutive~~  
19 ~~taxable years following the taxable year in which the credit~~  
20 ~~originates until the credit is fully expended.~~

21 ~~D.—The energy, minerals and natural resources~~  
22 ~~department shall adopt rules establishing procedures to provide~~  
23 ~~certification of transportation of agricultural biomass to a~~  
24 ~~qualified facility that uses agricultural biomass to generate~~  
25 ~~electricity or make biocrude or other liquid or gaseous fuel~~

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 ~~for commercial use for purposes of obtaining an agricultural~~  
2 ~~biomass corporate income tax credit. The rules may be modified~~  
3 ~~as determined necessary by the energy, minerals and natural~~  
4 ~~resources department to determine accurate recording of the~~  
5 ~~quantity of agricultural biomass transported and used for the~~  
6 ~~purpose allowable in this section] exceeds a taxpayer's~~  
7 ~~corporate income tax liability in the taxable year in which the~~  
8 ~~credit is being claimed may be carried forward for up to three~~  
9 ~~consecutive taxable years. A certificate of eligibility for an~~  
10 ~~agricultural biomass corporate income tax credit may be sold,~~  
11 ~~exchanged or otherwise transferred to another taxpayer for the~~  
12 ~~full value of the credit. The parties to such a transaction~~  
13 ~~shall notify the department of the sale, exchange or transfer~~  
14 ~~within ten days of the sale, exchange or transfer.~~

15 E. A taxpayer that claims an agricultural biomass  
16 corporate income tax credit shall not also claim an  
17 agricultural biomass income tax credit for transportation of  
18 the same agricultural biomass on which the claim for that  
19 agricultural biomass income tax credit is based.

20 ~~[F. The department shall limit the annual combined~~  
21 ~~total of all agricultural biomass income tax credits and all~~  
22 ~~agricultural biomass corporate income tax credits allowed to a~~  
23 ~~maximum of five million dollars (\$5,000,000). Applications for~~  
24 ~~the credit shall be considered in the order received by the~~  
25 ~~department.~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           ~~G.]~~ F. A taxpayer allowed a tax credit pursuant to  
2 this section shall ~~[report the amount of]~~ claim the credit ~~[to~~  
3 ~~the department]~~ on forms and in a manner required by the  
4 department.

5           ~~[H. The department shall compile an annual report~~  
6 ~~on the agricultural biomass corporate income tax credit that~~  
7 ~~shall include the number of taxpayers approved by the~~  
8 ~~department to receive the credit, the aggregate amount of~~  
9 ~~credits approved and any other information necessary to~~  
10 ~~evaluate the credit. The department shall present the report~~  
11 ~~to the revenue stabilization and tax policy committee and the~~  
12 ~~legislative finance committee with an analysis of the cost of~~  
13 ~~the tax credit.~~

14           ~~F.]~~ G. As used in this section:

15                   (1) "agricultural biomass" means wet manure  
16 meeting specifications established by the energy, minerals and  
17 natural resources department from either a dairy or feedlot  
18 commercial operation;

19                   (2) "biocrude" means a nonfossil form of  
20 energy that can be transported and refined using existing  
21 petroleum refining facilities and that is made from  
22 biologically derived feedstocks and other agricultural biomass;

23                   (3) "feedlot" means an operation that fattens  
24 livestock for market; and

25                   (4) "dairy" means a facility that raises

underscored material = new  
[bracketed material] = delete

1 livestock for milk production."

2 SECTION 59. Section 7-2A-28 NMSA 1978 (being Laws 2015,  
3 Chapter 130, Section 2, as amended) is amended to read:

4 "7-2A-28. 2015 SUSTAINABLE BUILDING CORPORATE INCOME TAX  
5 CREDIT.--

6 A. The tax credit provided by this section may be  
7 referred to as the "2015 sustainable building corporate income  
8 tax credit". The 2015 sustainable building corporate income  
9 tax credit shall be available for the construction in New  
10 Mexico of a sustainable building, the renovation of an existing  
11 building in New Mexico into a sustainable building or the  
12 permanent installation of manufactured housing, regardless of  
13 where the housing is manufactured, that is a sustainable  
14 building; provided that the construction, renovation or  
15 installation project is completed prior to April 1, 2023. The  
16 tax credit provided in this section may not be claimed with  
17 respect to the same sustainable building for which the 2015  
18 sustainable building income tax credit, [~~provided in the Income~~  
19 ~~Tax Act or~~] the 2021 sustainable building income tax credit  
20 [~~pursuant to the Income Tax Act~~] or the [~~Corporate Income and~~  
21 ~~Franchise Tax Act~~] 2021 sustainable building corporate income  
22 tax credit has been claimed.

23 B. The purpose of the 2015 sustainable building  
24 corporate income tax credit is to encourage the construction of  
25 sustainable buildings and the renovation of existing buildings

.228781.3SA

1 into sustainable buildings.

2 C. A taxpayer that files a corporate income tax  
3 return ~~[is eligible to be granted]~~ may claim a 2015 sustainable  
4 building corporate income tax credit ~~[by the department if the~~  
5 ~~taxpayer submits a document issued pursuant to Subsection K of~~  
6 ~~this section with the taxpayer's corporate income tax return]~~  
7 if the requirements of this section are met.

8 D. For taxable years ending on or before December  
9 31, 2024, the 2015 sustainable building corporate income tax  
10 credit may be claimed with respect to a sustainable commercial  
11 building. The credit shall be calculated based on the  
12 certification level the building has achieved in the LEED green  
13 building rating system and the amount of qualified occupied  
14 square footage in the building, as indicated on the following  
15 chart:

16	LEED Rating Level	Qualified	Tax Credit per
17		Occupied	Square Foot
18		Square Footage	
19	LEED-NC Silver	First 10,000	\$3.50
20		Next 40,000	\$1.75
21		Over 50,000	
22		up to 500,000	\$ .70
23	LEED-NC Gold	First 10,000	\$4.75
24		Next 40,000	\$2.00
25		Over 50,000	

.228781.3SA

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

1		up to 500,000	\$1.00
2	LEED-NC Platinum	First 10,000	\$6.25
3		Next 40,000	\$3.25
4		Over 50,000	
5		up to 500,000	\$2.00
6	LEED-EB or CS Silver	First 10,000	\$2.50
7		Next 40,000	\$1.25
8		Over 50,000	
9		up to 500,000	\$ .50
10	LEED-EB or CS Gold	First 10,000	\$3.35
11		Next 40,000	\$1.40
12		Over 50,000	
13		up to 500,000	\$ .70
14	LEED-EB or CS		
15	Platinum	First 10,000	\$4.40
16		Next 40,000	\$2.30
17		Over 50,000	
18		up to 500,000	\$1.40
19	LEED-CI Silver	First 10,000	\$1.40
20		Next 40,000	\$ .70
21		Over 50,000	
22		up to 500,000	\$ .30
23	LEED-CI Gold	First 10,000	\$1.90
24		Next 40,000	\$ .80
25		Over 50,000	

.228781.3SA

underscored material = new  
[bracketed material] = delete

1		up to 500,000	\$ .40
2	LEED-CI Platinum	First 10,000	\$2.50
3		Next 40,000	\$1.30
4		Over 50,000	
5		up to 500,000	\$ .80.

6 E. For taxable years ending on or before December  
7 31, 2024, the 2015 sustainable building corporate income tax  
8 credit may be claimed with respect to a sustainable residential  
9 building. The credit shall be calculated based on the amount  
10 of qualified occupied square footage, as indicated on the  
11 following chart:

12	Rating System/Level	Qualified 13 Occupied 14 Square Footage	Tax Credit per Square Foot
15	LEED-H Silver or Build	Up to 2,000	\$3.00
16	Green NM Silver		
17	LEED-H Gold or Build	Up to 2,000	\$4.50
18	Green NM Gold		
19	LEED-H Platinum or Build	Up to 2,000	\$6.50
20	Green NM Emerald		
21	Manufactured Housing	Up to 2,000	\$3.00.

22 F. A person that is a building owner may apply for  
23 a certificate of eligibility for the 2015 sustainable building  
24 corporate income tax credit from the energy, minerals and  
25 natural resources department after the construction,

underscored material = new  
[bracketed material] = delete

1 installation or renovation of the sustainable building is  
2 complete. Completed applications shall be considered in the  
3 order received. If the energy, minerals and natural resources  
4 department determines that the building owner meets the  
5 requirements of this subsection and that the building with  
6 respect to which the tax credit application is made meets the  
7 requirements of this section as a sustainable residential  
8 building or a sustainable commercial building, the energy,  
9 minerals and natural resources department may issue a dated  
10 certificate of eligibility to the building owner providing the  
11 amount of credit for which the building owner is eligible and  
12 the taxable year in which the credit may be claimed, subject to  
13 the limitations in Subsection G of this section. The  
14 certificate shall include the rating system certification level  
15 awarded to the building, the amount of qualified occupied  
16 square footage in the building and a calculation of the maximum  
17 amount of 2015 sustainable building corporate income tax credit  
18 for which the building owner would be eligible. The energy,  
19 minerals and natural resources department may issue rules  
20 governing the procedure for administering the provisions of  
21 this subsection. [~~If the certification level for the~~  
22 ~~sustainable residential building is awarded on or after January~~  
23 ~~1, 2017 but prior to April 1, 2023, the energy, minerals and~~  
24 ~~natural resources department may issue a certificate of~~  
25 ~~eligibility to a building owner who is:~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   ~~(1) the owner of the sustainable residential~~  
2 ~~building at the time the certification level for the building~~  
3 ~~is awarded; or~~

4                   ~~(2) the subsequent purchaser of a sustainable~~  
5 ~~residential building with respect to which no tax credit has~~  
6 ~~been previously claimed.]~~

7                   G. Except as provided in Subsection H of this  
8 section, the energy, minerals and natural resources department  
9 may issue a certificate of eligibility only if the ~~[total]~~  
10 aggregate amount of 2015 sustainable building tax corporate  
11 income credits represented by certificates of eligibility  
12 issued by the energy, minerals and natural resources department  
13 pursuant to this section and ~~[pursuant to the Income Tax Act]~~  
14 Section 7-2-18.29 NMSA 1978 shall not exceed in any calendar  
15 year an aggregate amount of:

16                   (1) one million two hundred fifty thousand  
17 dollars (\$1,250,000) with respect to sustainable commercial  
18 buildings;

19                   (2) three million three hundred seventy-five  
20 thousand dollars (\$3,375,000) with respect to sustainable  
21 residential buildings that are not manufactured housing; and

22                   (3) three hundred seventy-five thousand  
23 dollars (\$375,000) with respect to sustainable residential  
24 buildings that are manufactured housing.

25                   H. For any taxable year that the energy, minerals

.228781.3SA



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

1 and natural resources department determines that applications  
2 for sustainable building corporate income tax credits for any  
3 type of sustainable building pursuant to Paragraph (1), (2) or  
4 (3) of Subsection G of this section are less than the aggregate  
5 limit for that type of sustainable building for that taxable  
6 year, the energy, minerals and natural resources department  
7 shall allow the difference between the aggregate limit and the  
8 applications to be added to the aggregate limit of another type  
9 of sustainable building for which applications exceeded the  
10 aggregate limit for that taxable year. Any excess not used in  
11 a taxable year shall not be carried forward to subsequent  
12 taxable years. The energy, minerals and natural resources  
13 department shall provide the department appropriate information  
14 for all certificates of eligibility in a secure manner on  
15 regular intervals agreed upon by both departments.

16 I. Installation of a solar thermal system or a  
17 photovoltaic system eligible for the solar market development  
18 tax credit pursuant to Section 7-2-18.14 or 7-2-18.31 NMSA 1978  
19 may not be used as a component of qualification for the rating  
20 system certification level used in determining eligibility for  
21 the 2015 sustainable building corporate income tax credit,  
22 unless a solar market development tax credit pursuant to  
23 Section 7-2-18.14 or 7-2-18.31 NMSA 1978 has not been claimed  
24 with respect to that system and the building owner and the  
25 taxpayer claiming the 2015 sustainable building corporate

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 income tax credit certify that such a tax credit will not be  
2 claimed with respect to that system.

3 J. To ~~[be eligible for]~~ claim the 2015 sustainable  
4 building corporate income tax credit, the building owner shall  
5 provide to the ~~[taxation and revenue]~~ department a certificate  
6 of eligibility issued by the energy, minerals and natural  
7 resources department pursuant to the requirements of Subsection  
8 F of this section and any other information the ~~[taxation and~~  
9 ~~revenue]~~ department may require to determine the amount of the  
10 tax credit for which the building owner is eligible.

11 ~~[K. If the requirements of this section have been~~  
12 ~~complied with, the department shall issue to the building owner~~  
13 ~~a document granting a 2015 sustainable building tax credit.~~  
14 ~~The document shall be numbered for identification and declare~~  
15 ~~its date of issuance and the amount of the tax credit allowed~~  
16 ~~pursuant to this section. The document may be submitted by the~~  
17 ~~building owner with that taxpayer's income tax return, if~~  
18 ~~applicable, or may be sold, exchanged or otherwise transferred~~  
19 ~~to another taxpayer. The parties to such a transaction shall~~  
20 ~~notify the department of the sale, exchange or transfer within~~  
21 ~~ten days of the sale, exchange or transfer.~~

22 L. ~~If the approved amount of a 2015 sustainable~~  
23 ~~building tax credit for a taxpayer in a taxable year~~  
24 ~~represented by a document issued pursuant to Subsection K of~~  
25 ~~this section is:~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   ~~(1) less than one hundred thousand dollars~~  
2                   ~~(\$100,000), a maximum of twenty-five thousand dollars (\$25,000)~~  
3                   ~~shall be applied against the taxpayer's corporate income tax~~  
4                   ~~liability for the taxable year for which the credit is approved~~  
5                   ~~and the next three subsequent taxable years as needed depending~~  
6                   ~~on the amount of credit; or~~

7                   ~~(2) one hundred thousand dollars (\$100,000)~~  
8                   ~~or more, increments of twenty-five percent of the total credit~~  
9                   ~~amount in each of the four taxable years, including the taxable~~  
10                   ~~year for which the credit is approved and the three subsequent~~  
11                   ~~taxable years, shall be applied against the taxpayer's~~  
12                   ~~corporate income tax liability.~~

13                   ~~M. If the sum of all]~~ K. Any portion of a 2015  
14                   sustainable building corporate income tax [~~credits that can be~~  
15                   ~~applied to a taxable year for a taxpayer, calculated according~~  
16                   ~~to Paragraph (1) or (2) of Subsection L of this section]~~ credit  
17                   that exceeds the taxpayer's corporate income tax liability for  
18                   [~~that~~] the taxable year [~~the excess~~] in which the credit is  
19                   claimed may be carried forward for [~~a period of~~] up to seven  
20                   consecutive taxable years.

21                   [~~N.~~] L. A taxpayer that otherwise qualifies and  
22                   claims a 2015 sustainable building corporate income tax credit  
23                   with respect to a sustainable building owned by a partnership  
24                   or other business association of which the taxpayer is a member  
25                   may claim a credit only in proportion to that taxpayer's

underscored material = new  
[bracketed material] = delete

1 interest in the partnership or association. The total credit  
2 claimed in the aggregate by all members of the partnership or  
3 association with respect to the sustainable building shall not  
4 exceed the amount of the credit that could have been claimed by  
5 a sole owner of the property.

6 ~~[0. The department shall compile an annual report~~  
7 ~~on the 2015 sustainable building tax credit created pursuant to~~  
8 ~~this section that shall include the number of taxpayers~~  
9 ~~approved by the department to receive the tax credit, the~~  
10 ~~aggregate amount of tax credits approved and any other~~  
11 ~~information necessary to evaluate the effectiveness of the tax~~  
12 ~~credit. Beginning in 2019 and every three years thereafter~~  
13 ~~that the credit is in effect, the department shall compile and~~  
14 ~~present the annual reports to the revenue stabilization and tax~~  
15 ~~policy committee and the legislative finance committee with an~~  
16 ~~analysis of the effectiveness and cost of the tax credit and~~  
17 ~~whether the tax credit is performing the purpose for which it~~  
18 ~~was created.~~

19 P.] M. For the purposes of this section:

20 (1) "build green New Mexico rating system"  
21 means the certification standards adopted by build green New  
22 Mexico in November 2014, which include water conservation  
23 standards;

24 (2) "LEED-CI" means the LEED rating system  
25 for commercial interiors;

.228781.3SA

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

1 (3) "LEED-CS" means the LEED rating system  
2 for the core and shell of buildings;

3 (4) "LEED-EB" means the LEED rating system  
4 for existing buildings;

5 (5) "LEED gold" means the rating in  
6 compliance with, or exceeding, the second-highest rating  
7 awarded by the LEED certification process;

8 (6) "LEED" means the most current leadership  
9 in energy and environmental design green building rating system  
10 guidelines developed and adopted by the United States green  
11 building council;

12 (7) "LEED-H" means the LEED rating system for  
13 homes;

14 (8) "LEED-NC" means the LEED rating system  
15 for new buildings and major renovations;

16 (9) "LEED platinum" means the rating in  
17 compliance with, or exceeding, the highest rating awarded by  
18 the LEED certification process;

19 (10) "LEED silver" means the rating in  
20 compliance with, or exceeding, the third-highest rating awarded  
21 by the LEED certification process;

22 (11) "manufactured housing" means a  
23 multisectioned home that is:

24 (a) a manufactured home or modular home;

25 (b) a single-family dwelling with a

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

1 heated area of at least thirty-six feet by twenty-four feet and  
2 a total area of at least eight hundred sixty-four square feet;

3 (c) constructed in a factory to the  
4 standards of the United States department of housing and urban  
5 development, the National Manufactured Housing Construction and  
6 Safety Standards Act of 1974 and the Housing and Urban  
7 Development Zone Code 2 or New Mexico construction codes up to  
8 the date of the unit's construction; and

9 (d) installed consistent with the  
10 Manufactured Housing Act and rules adopted pursuant to that act  
11 relating to permanent foundations;

12 (12) "qualified occupied square footage"  
13 means the occupied spaces of the building as determined by:

14 (a) the United States green building  
15 council for those buildings obtaining LEED certification;

16 (b) the administrators of the build  
17 green New Mexico rating system for those homes obtaining build  
18 green New Mexico certification; and

19 (c) the United States environmental  
20 protection agency for ENERGY STAR-certified manufactured homes;

21 (13) "person" does not include state, local  
22 government, public school district or tribal agencies;

23 (14) "sustainable building" means either a  
24 sustainable commercial building or a sustainable residential  
25 building;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (15) "sustainable commercial building" means  
2 a multifamily dwelling unit, as registered and certified under  
3 the LEED-H or build green New Mexico rating system, that is  
4 certified by the United States green building council as LEED-H  
5 silver or higher or by build green New Mexico as silver or  
6 higher and has achieved a home energy rating system index of  
7 sixty or lower as developed by the residential energy services  
8 network or a building that has been registered and certified  
9 under the LEED-NC, LEED-EB, LEED-CS or LEED-CI rating system  
10 and that:

11 (a) is certified by the United States  
12 green building council at LEED silver or higher;

13 (b) achieves any prerequisite for and at  
14 least one point related to commissioning under LEED "energy and  
15 atmosphere", if included in the applicable rating system; and

16 (c) has reduced energy consumption  
17 beginning January 1, 2012, by sixty percent based on the  
18 national average for that building type as published by the  
19 United States department of energy as substantiated by the  
20 United States environmental protection agency target finder  
21 energy performance results form, dated no sooner than the  
22 schematic design phase of development;

23 (16) "sustainable residential building"  
24 means:

25 (a) a building used as a single-family

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

1 residence as registered and certified under the build green New  
2 Mexico or LEED-H rating systems that: 1) is certified by the  
3 United States green building council as LEED-H silver or higher  
4 or by build green New Mexico as silver or higher; 2) has  
5 achieved a home energy rating system index of sixty or lower as  
6 developed by the residential energy services network; 3) has  
7 indoor plumbing fixtures and water-using appliances that, on  
8 average, have flow rates equal to or lower than the flow rates  
9 required for certification by WaterSense; 4) if landscape area  
10 is available at the front of the property, has at least one  
11 water line outside the building below the frost line that may  
12 be connected to a drip irrigation system; and 5) if landscape  
13 area is available at the rear of the property, has at least one  
14 water line outside the building below the frost line that may  
15 be connected to a drip irrigation system; or

16 (b) manufactured housing that is ENERGY  
17 STAR-qualified by the United States environmental protection  
18 agency;

19 (17) "tribal" means of, belonging to or  
20 created by a federally recognized Indian nation, tribe or  
21 pueblo; and

22 (18) "WaterSense" means a program created by  
23 the federal environmental protection agency that certifies  
24 water-using products that meet the environmental protection  
25 agency's criteria for efficiency and performance."

.228781.3SA



underscored material = new  
[bracketed material] = delete

1           SECTION 60. Section 7-2A-28.1 NMSA 1978 (being Laws  
2 2021, Chapter 84, Section 4, as amended) is amended to read:

3           "7-2A-28.1. 2021 SUSTAINABLE BUILDING CORPORATE INCOME  
4 TAX CREDIT.--

5           A. The tax credit provided by this section may be  
6 referred to as the "2021 sustainable building corporate income  
7 tax credit". For taxable years ending prior to January 1,  
8 2028, a taxpayer that is a building owner and files a corporate  
9 income tax return [~~is eligible to be granted~~] may claim a 2021  
10 sustainable building corporate income tax credit [~~by the~~  
11 ~~department~~] if the requirements of this section are met. The  
12 2021 sustainable building corporate income tax credit shall be  
13 available for the construction in New Mexico of a sustainable  
14 building, the renovation of an existing building in New Mexico,  
15 the permanent installation of manufactured housing, regardless  
16 of where the housing is manufactured, that is a sustainable  
17 building or the installation of energy-conserving products to  
18 existing buildings in New Mexico, as provided in this section.  
19 The tax credit provided in this section may not be claimed with  
20 respect to the same sustainable building for which the 2021  
21 sustainable building income tax credit, [~~provided in the Income~~  
22 ~~Tax Act or~~] the 2015 sustainable building tax income credit  
23 [~~pursuant to the Income Tax Act~~] or the [~~Corporate Income and~~  
24 ~~Franchise Tax Act~~] 2015 sustainable building corporate income  
25 tax credit has been claimed.

.228781.3SA

1 B. The amount of a 2021 sustainable building  
2 corporate income tax credit shall be determined as follows:

3 (1) for the construction of a new sustainable  
4 commercial building that is broadband ready and electric  
5 vehicle ready and is completed on or after January 1, 2022, the  
6 amount of credit shall be calculated:

7 (a) based on the certification level the  
8 building has achieved in the rating level and the amount of  
9 qualified occupied square footage in the building, as indicated  
10 on the following chart:

11 Rating Level	12 Qualified 13 Occupied 14 Square Footage	15 Tax Credit 16 Per Square 17 Foot
18 LEED-NC Platinum	19 First 10,000	20 \$5.25
	21 Next 40,000	22 \$2.25
	23 Over 50,000	
	24 up to 200,000	25 \$1.00
LEED-EB or CS Platinum	First 10,000	\$3.40
	Next 40,000	\$1.30
	Over 50,000	
	up to 200,000	\$0.35
LEED-CI Platinum	First 10,000	\$1.50
	Next 40,000	\$0.40
	Over 50,000	
	up to 200,000	\$0.30

.228781.3SA

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1	LEED-NC Gold	First 10,000	\$3.00
2		Next 40,000	\$1.00
3		Over 50,000	
4		up to 200,000	\$0.25
5	LEED-EB or -CS Gold	First 10,000	\$2.00
6		Next 40,000	\$1.00
7		Over 50,000	
8		up to 200,000	\$0.25
9	LEED-CI Gold	First 10,000	\$0.90
10		Next 40,000	\$0.40
11		Over 50,000	
12		up to 200,000	\$0.10; and

13 (b) with additional amounts based on the  
14 additional criteria and the amount of qualified occupied square  
15 footage, as indicated in the following chart:

16	Additional Criteria	Qualified	Tax Credit
17		Occupied	Per Square
18		Square Footage	Foot
19	Fully Electric Building	First 50,000	\$1.00
20		Over 50,000	
21		up to 200,000	\$0.50
22	Zero Carbon, Energy,		
23	Waste or Water Certified	First 50,000	\$0.25
24		Over 50,000	
25		up to 200,000	\$0.10;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (2) for the renovation of a commercial  
2 building that was built at least ten years prior to the date of  
3 the renovation, has twenty thousand square feet or more of  
4 space in which temperature is controlled and is broadband ready  
5 and electric vehicle ready, the amount of credit shall be  
6 calculated by multiplying two dollars twenty-five cents (\$2.25)  
7 by the amount of qualified occupied square footage in the  
8 building, up to a maximum of one hundred fifty thousand dollars  
9 (\$150,000) per renovation; provided that the renovation reduces  
10 total energy and power costs by fifty percent when compared to  
11 the most current energy standard for buildings except low-rise  
12 residential buildings, as developed by the American society of  
13 heating, refrigerating and air-conditioning engineers;

14 (3) for the installation of the following  
15 energy-conserving products to an existing commercial building  
16 with less than twenty thousand square feet of space in which  
17 temperature is controlled that is broadband ready, the amount  
18 of credit shall be based on the cost of the product installed,  
19 which shall include installation costs, and if the building is  
20 affordable housing, per product installed:

Product	Amount of Credit	
	Affordable Housing	Non-Affordable Housing
Energy Star Air Source Heat Pump	\$2,000	\$1,000

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

1	Energy Star Ground		
2	Source Heat Pump	\$2,000	\$1,000
3	Energy Star		
4	Windows and Doors	100% of product	50% of product
5		cost up to	cost up to
6		\$1,000	\$500
7	Insulation Improvements That		
8	Meet Rules of the		
9	Energy, Minerals and Natural		
10	Resources Department	100% of product	50% of product
11		cost up to	cost up to
12		\$2,000	\$1,000
13	Energy Star Heat Pump Water		
14	Heater	\$700	\$350
15	Electric Vehicle Ready	100% of product	50% of product
16		cost up to	cost up to
17		\$3,000	\$1,500;

18 (4) for the construction of a new sustainable  
19 residential building that is broadband ready and electric  
20 vehicle ready and is completed on or after January 1, 2022, the  
21 amount of credit shall be calculated:

22 (a) based on the certification level the  
23 building has achieved in the rating level and the amount of  
24 qualified occupied square footage in the building, as indicated  
25 on the following chart:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1	Rating Level	Qualified	Tax Credit
2		Occupied	Per Square
3		Square Footage	Foot
4	LEED-H Platinum	Up to 2,000	\$5.50
5	LEED-H Gold	Up to 2,000	\$3.80
6	Build Green Emerald	Up to 2,000	\$5.50
7	Build Green Gold	Up to 2,000	\$3.80
8	Manufactured Housing	Up to 2,000	\$2.00; and

9 (b) with additional amounts based on the  
10 additional criteria and the amount of qualified occupied square  
11 footage, as indicated in the following chart:

12	Additional Criteria	Qualified	Tax Credit
13		Occupied	Per Square
14		Square Footage	Foot
15	Fully Electric Building	Up to 2,000	\$1.00
16	Zero Carbon, Energy, 17 Waste or Water Certified	Up to 2,000	\$0.25; and

18 (5) for the installation of the following  
19 energy-conserving products to an existing residential building,  
20 the amount of credit shall be based on the cost of the product  
21 installed, which shall include installation costs, and if the  
22 building is affordable housing, [~~or the taxpayer is a low-~~  
23 ~~income taxpayer~~] per product installed:

24	Product	Amount of Credit	
25		Affordable	Non-Affordable

underscored material = new  
[bracketed material] = delete

1		Housing [ <del>and</del>	Housing [ <del>and</del>
2		<del>Low-Income]</del>	<del>Non-Low-Income]</del>
3	Energy Star Air		
4	Source Heat Pump	\$2,000	\$1,000
5	Energy Star Ground		
6	Source Heat Pump	\$2,000	\$1,000
7	Energy Star		
8	Windows and Doors	100% of product	50% of product
9		cost up to	cost up to
10		\$1,000	\$500
11	Insulation Improvements That		
12	Meet Rules of the		
13	Energy, Minerals and Natural		
14	Resources Department	100% of product	50% of product
15		cost up to	cost up to
16		\$2,000	\$1,000
17	Energy Star Heat Pump Water		
18	Heater	\$700	\$350
19	Electric Vehicle Ready	\$1,000	\$500.

20 C. A person that is a building owner may apply for  
21 a certificate of eligibility for the 2021 sustainable building  
22 corporate income tax credit from the energy, minerals and  
23 natural resources department on forms and in a manner  
24 prescribed by that department after the construction,  
25 installation or renovation of the sustainable building or

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 installation of energy-conserving products in an existing  
2 building is complete. Completed applications shall be  
3 considered in the order received. If the energy, minerals and  
4 natural resources department determines that the building owner  
5 meets the requirements of this subsection and that the building  
6 with respect to which the application is made meets the  
7 requirements of this section for a 2021 sustainable building  
8 corporate income tax credit, the energy, minerals and natural  
9 resources department may issue a dated certificate of  
10 eligibility to the building owner, subject to the limitations  
11 in Subsection D of this section. The certificate shall include  
12 the rating system certification level awarded to the building,  
13 the amount of qualified occupied square footage in the  
14 building, a calculation of the [~~maximum~~] amount of 2021  
15 sustainable building corporate income tax credit for which the  
16 building owner [~~would be~~] is eligible, the identification  
17 number, date of issuance and the first taxable year that the  
18 credit shall be claimed. The energy, minerals and natural  
19 resources department may issue rules governing the procedure  
20 for administering the provisions of this subsection. [~~If the~~  
21 ~~certification level for the sustainable residential building is~~  
22 ~~awarded on or after January 1, 2022]~~ The energy, minerals and  
23 natural resources department may issue a certificate of  
24 eligibility to a building owner that is:

- 25 (1) the owner of the sustainable residential



underscored material = new  
[bracketed material] = delete

1 building at the time the certification level for the building  
2 is awarded; or

3 (2) the subsequent purchaser of a sustainable  
4 residential building with respect to which no tax credit has  
5 been previously claimed.

6 D. Except as provided in Subsection E of this  
7 section, the energy, minerals and natural resources department  
8 may issue a certificate of eligibility only if the ~~[total]~~  
9 aggregate amount of 2021 sustainable building corporate income  
10 tax credits represented by certificates of eligibility issued  
11 by the energy, minerals and natural resources department  
12 pursuant to this section and ~~[pursuant to the Income Tax Act]~~  
13 Section 7-2-18.32 NMSA 1978 shall not exceed in any calendar  
14 year an aggregate amount of:

15 (1) one million dollars (\$1,000,000) with  
16 respect to the construction of new sustainable commercial  
17 buildings;

18 (2) two million dollars (\$2,000,000) with  
19 respect to the construction of new sustainable residential  
20 buildings that are not manufactured housing;

21 (3) two hundred fifty thousand dollars  
22 (\$250,000) with respect to the construction of new sustainable  
23 residential buildings that are manufactured housing;

24 (4) one million dollars (\$1,000,000) with  
25 respect to the renovation of large commercial buildings; and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (5) two million nine hundred thousand dollars  
2 (\$2,900,000) with respect to the installation of energy-  
3 conserving products in existing commercial buildings pursuant  
4 to Paragraph (3) of Subsection B of this section and existing  
5 residential buildings pursuant to Paragraph (5) of Subsection B  
6 of this section.

7 E. For any taxable year that the energy, minerals  
8 and natural resources department determines that applications  
9 for sustainable building tax credits for any type of  
10 sustainable building pursuant to Subsection D of this section  
11 are less than the aggregate limit for that type of sustainable  
12 building for that taxable year, the energy, minerals and  
13 natural resources department shall allow the difference between  
14 the aggregate limit and the applications to be added to the  
15 aggregate limit of another type of sustainable building for  
16 which applications exceeded the aggregate limit for that  
17 taxable year. Any excess not used in a taxable year shall not  
18 be carried forward to subsequent taxable years. The energy,  
19 minerals and natural resources department shall provide the  
20 department appropriate information for all certificates of  
21 eligibility in a secure manner on regular intervals agreed upon  
22 by both departments.

23 F. Installation of a solar thermal system or a  
24 photovoltaic system eligible for the new solar market  
25 development tax credit [~~pursuant to Section 7-2-18.31 NMSA~~  
.228781.3SA

underscored material = new  
[bracketed material] = delete

1 1978] shall not be used as a component of qualification for the  
2 rating system certification level used in determining  
3 eligibility for the 2021 sustainable building corporate income  
4 tax credit, unless a new solar market development tax credit  
5 [~~pursuant to Section 7-2-18.31 NMSA 1978~~] has not been claimed  
6 with respect to that system and the building owner and the  
7 taxpayer claiming the 2021 sustainable building tax credit  
8 certify that such a tax credit will not be claimed with respect  
9 to that system.

10 ~~[G. To claim the 2021 sustainable building tax~~  
11 ~~credit, the building owner shall provide to the taxation and~~  
12 ~~revenue department a certificate of eligibility issued by the~~  
13 ~~energy, minerals and natural resources department pursuant to~~  
14 ~~the requirements of Subsection C of this section and any other~~  
15 ~~information the taxation and revenue department may require.~~

16 H. ~~If the approved amount of a 2021 sustainable~~  
17 ~~building tax credit for a taxpayer in a taxable year~~  
18 ~~represented by a document issued pursuant to Subsection C of~~  
19 ~~this section is:~~

20 ~~(1) less than one hundred thousand dollars~~  
21 ~~(\$100,000), a maximum of twenty-five thousand dollars (\$25,000)~~  
22 ~~shall be applied against the taxpayer's corporate income tax~~  
23 ~~liability for the taxable year for which the credit is approved~~  
24 ~~and the next three subsequent taxable years as needed depending~~  
25 ~~on the amount of credit; or~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                   ~~(2) one hundred thousand dollars (\$100,000)~~  
2                   ~~or more, increments of twenty-five percent of the total credit~~  
3                   ~~amount in each of the four taxable years, including the taxable~~  
4                   ~~year for which the credit is approved and the three subsequent~~  
5                   ~~taxable years, shall be applied against the taxpayer's~~  
6                   ~~corporate income tax liability.~~

7                   ~~I. If the sum of all 2021 sustainable building tax~~  
8                   ~~credits that can be applied to a taxable year for a taxpayer,~~  
9                   ~~calculated according to Paragraph (1) or (2) of Subsection H of~~  
10                   ~~this section]~~ G. A taxpayer allowed a tax credit pursuant to  
11                   this section shall claim the credit on forms and in a manner  
12                   required by the department.

13                   H. That portion of a 2021 sustainable building  
14                   corporate income tax credit approved by the department that  
15                   exceeds the taxpayer's corporate income tax liability for  
16                   [that] the taxable year [the excess] in which the credit is  
17                   claimed may be carried forward for [a period of] up to seven  
18                   consecutive taxable years. A certificate of eligibility for a  
19                   2021 sustainable building corporate income tax credit may be  
20                   sold, exchanged or otherwise transferred to another taxpayer  
21                   for the full value of the credit. The parties to such a  
22                   transaction shall notify the department of the sale, exchange  
23                   or transfer within ten days of the sale, exchange or transfer.

24                   ~~[J.]~~ I. A taxpayer that otherwise qualifies and  
25                   claims a 2021 sustainable building corporate income tax credit

underscored material = new  
[bracketed material] = delete

1 with respect to a sustainable building owned by a partnership  
2 or other business association of which the taxpayer is a member  
3 may claim a credit only in proportion to that taxpayer's  
4 interest in the partnership or association. The total credit  
5 claimed in the aggregate by all members of the partnership or  
6 association with respect to the sustainable building shall not  
7 exceed the amount of the credit that could have been claimed by  
8 a sole owner of the property.

9 ~~[K. If the requirements of this section have been~~  
10 ~~complied with, the department shall issue to the building owner~~  
11 ~~a document granting a 2021 sustainable building tax credit.~~  
12 ~~The document shall be numbered for identification and declare~~  
13 ~~its date of issuance and the amount of the tax credit allowed~~  
14 ~~pursuant to this section. The document may be submitted by the~~  
15 ~~building owner with that taxpayer's income tax return, if~~  
16 ~~applicable, or may be sold, exchanged or otherwise transferred~~  
17 ~~to another taxpayer. The parties to such a transaction shall~~  
18 ~~notify the department of the sale, exchange or transfer within~~  
19 ~~ten days of the sale, exchange or transfer.~~

20 ~~L. The department and the energy, minerals and~~  
21 ~~natural resources department shall compile an annual report on~~  
22 ~~the 2021 sustainable building tax credit created pursuant to~~  
23 ~~this section that shall include the number of taxpayers~~  
24 ~~approved to receive the tax credit, the aggregate amount of tax~~  
25 ~~credits approved and any other information necessary to~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~evaluate the effectiveness of the tax credit. The department~~  
2 ~~shall present the report to the revenue stabilization and tax~~  
3 ~~policy committee and the legislative finance committee with an~~  
4 ~~analysis of the effectiveness and cost of the tax credit.~~

5 M.] J. For the purposes of this section:

6 (1) "broadband ready" means a building with  
7 an internet connection capable of connecting to a broadband  
8 provider;

9 (2) "build green emerald" means the emerald  
10 level certification standard adopted by build green New Mexico,  
11 which includes water conservation standards and uses forty  
12 percent less energy than is required by the prescriptive path  
13 of the most current residential energy conservation code  
14 promulgated by the construction industries division of the  
15 regulation and licensing department;

16 (3) "build green gold" means the gold level  
17 certification standard adopted by build green New Mexico, which  
18 includes water conservation standards and uses thirty percent  
19 less energy than is required by the prescriptive path of the  
20 most current residential energy conservation code promulgated  
21 by the construction industries division of the regulation and  
22 licensing department;

23 (4) "building owner" means a person who holds  
24 fee simple interest in a property or a person who holds a  
25 leasehold interest in land owned by a federally recognized

underscored material = new  
[bracketed material] = delete

1 Indian nation, tribe or pueblo;

2 [~~(4)~~] (5) "electric vehicle ready" means a  
3 property that provides for commercial buildings at least ten  
4 percent of parking spaces and for residential buildings at  
5 least one parking space with one forty-ampere, two-hundred-  
6 eight-volt or two-hundred-forty-volt dedicated branch circuit  
7 for servicing electric vehicles that terminates in a suitable  
8 termination point, such as a receptacle or junction box, and is  
9 located in reasonably close proximity to the proposed location  
10 of the parking spaces;

11 [~~(5)~~] (6) "energy rating system index" means  
12 a numerical score given to a building where one hundred is  
13 equivalent to the 2006 international energy conservation code  
14 and zero is equivalent to a net-zero home. As used in this  
15 paragraph, "net-zero home" means an energy-efficient home  
16 where, on a source energy basis, the actual annual delivered  
17 energy is less than or equal to the on-site renewable exported  
18 energy;

19 [~~(6)~~] (7) "Energy Star" means products and  
20 devices certified under the energy star program administered by  
21 the United States environmental protection agency and United  
22 States department of energy that meet the specified performance  
23 requirements at the installed locations;

24 [~~(7)~~] (8) "fully electric building" means a  
25 building that uses a permanent supply of electricity as the

.228781.3SA

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

1 source of energy for all space heating, water heating,  
2 including pools and spas, cooking appliances and clothes drying  
3 appliances and, in the case of a new building, has no natural  
4 gas or propane plumbing installed in the building or, in the  
5 case of an existing building, has no connected natural gas or  
6 propane plumbing;

7 ~~[(8)]~~ (9) "LEED" means the most current  
8 leadership in energy and environmental design green building  
9 rating system guidelines developed and adopted by the United  
10 States green building council;

11 ~~[(9)]~~ (10) "LEED-CI" means the LEED rating  
12 system for commercial interiors;

13 ~~[(10)]~~ (11) "LEED-CS" means the LEED rating  
14 system for the core and shell of buildings;

15 ~~[(11)]~~ (12) "LEED-EB" means the LEED rating  
16 system for existing buildings;

17 ~~[(12)]~~ (13) "LEED gold" means the rating in  
18 compliance with, or exceeding, the second-highest rating  
19 awarded by the LEED certification process;

20 ~~[(13)]~~ (14) "LEED-H" means the LEED rating  
21 system for homes;

22 ~~[(14)]~~ (15) "LEED-NC" means the LEED rating  
23 system for new buildings and major renovations;

24 ~~[(15)]~~ (16) "LEED platinum" means the rating  
25 in compliance with, or exceeding, the highest rating awarded by

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 the LEED certification process;

2 [~~(16) "low-income taxpayer" means a taxpayer~~  
3 ~~with an annual household adjusted gross income equal to or less~~  
4 ~~than two hundred percent of the federal poverty level~~  
5 ~~guidelines published by the United States department of health~~  
6 ~~and human services;]~~

7 (17) "manufactured housing" means a  
8 multisectioned home that is:

9 (a) a manufactured home or modular home;

10 (b) a single-family dwelling with a  
11 heated area of at least thirty-six feet by twenty-four feet and  
12 a total area of at least eight hundred sixty-four square feet;

13 (c) constructed in a factory to the  
14 standards of the United States department of housing and urban  
15 development, the National Manufactured Housing Construction and  
16 Safety Standards Act of 1974 and the Housing and Urban  
17 Development Zone Code 2 or New Mexico construction codes up to  
18 the date of the unit's construction; and

19 (d) installed consistent with the  
20 Manufactured Housing Act and rules adopted pursuant to that act  
21 relating to permanent foundations;

22 (18) "qualified occupied square footage"  
23 means the occupied spaces of the building as determined by:

24 (a) the United States green building  
25 council for those buildings obtaining LEED certification;

.228781.3SA

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

1 (b) the administrators of the build  
2 green New Mexico rating system for those homes obtaining build  
3 green New Mexico certification; and

4 (c) the United States environmental  
5 protection agency for Energy Star-certified manufactured homes;

6 (19) "person" does not include state, local  
7 government, public school district or tribal agencies;

8 (20) "sustainable building" means either a  
9 sustainable commercial building or a sustainable residential  
10 building;

11 (21) "sustainable commercial building" means:

12 (a) a commercial building that is  
13 certified as any LEED platinum or gold for commercial  
14 buildings;

15 (b) a multifamily dwelling unit that is  
16 certified as LEED-H platinum or gold or build green emerald or  
17 gold and uses at least thirty percent less energy than is  
18 required by the prescriptive path of the most current  
19 applicable energy conservation code promulgated by the  
20 construction industries division of the regulation and  
21 licensing department for build green gold or LEED-H, or uses at  
22 least forty percent less energy than is required by the  
23 prescriptive path of the most current residential energy  
24 conservation code promulgated by the construction industries  
25 division of the regulation and licensing department for build

.228781.3SA

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

1 green emerald or LEED platinum; or

2 (c) a building that: 1) is certified at  
3 LEED-NC, LEED-EB, LEED-CS or LEED-CI platinum or gold levels;  
4 2) achieves any prerequisite for and at least one point related  
5 to commissioning under the LEED energy and atmosphere category,  
6 if included in the applicable rating system; and 3) has reduced  
7 energy consumption beginning January 1, 2012 by forty percent  
8 based on the national average for that building type as  
9 published by the United States department of energy as  
10 substantiated by the United States environmental protection  
11 agency target finder energy performance results form, dated no  
12 sooner than the schematic design phase of development;

13 (22) "sustainable residential building"

14 means:

15 (a) a building used as a single-family  
16 residence that: 1) is certified as LEED-H platinum or gold or  
17 build green emerald or gold; 2) uses at least thirty percent  
18 less energy than is required by the prescriptive path of the  
19 most current residential energy conservation code promulgated  
20 by the construction industries division of the regulation and  
21 licensing department for build green gold or LEED-H, or uses at  
22 least forty percent less energy than is required by the  
23 prescriptive path of the most current residential energy  
24 conservation code promulgated by the construction industries  
25 division of the regulation and licensing department for build

.228781.3SA

1 green emerald or LEED platinum; 3) has indoor plumbing fixtures  
2 and water-using appliances that, on average, have flow rates  
3 equal to or lower than the flow rates required for  
4 certification by WaterSense; 4) if landscape area is available  
5 at the front of the property, has at least one water line  
6 outside the building below the frost line that may be connected  
7 to a drip irrigation system; and 5) if landscape area is  
8 available at the rear of the property, has at least one water  
9 line outside the building below the frost line that may be  
10 connected to a drip irrigation system; or

11 (b) manufactured housing that is Energy  
12 Star-qualified;

13 (23) "tribal" means of, belonging to or  
14 created by a federally recognized Indian nation, tribe or  
15 pueblo;

16 (24) "WaterSense" means a program created by  
17 the federal environmental protection agency that certifies  
18 water-using products that meet the environmental protection  
19 agency's criteria for efficiency and performance;

20 (25) "zero carbon certified" means a building  
21 that is certified as LEED zero carbon by achieving a carbon-  
22 dioxide-equivalent balance of zero for the building;

23 (26) "zero energy certified" means a building  
24 that is certified as LEED zero energy by achieving a source  
25 energy use balance of zero for the building;

underscored material = new  
[bracketed material] = delete

1 (27) "zero waste certified" means a building  
2 that is certified as LEED zero waste by achieving green  
3 building certification incorporated's true zero waste  
4 certification at the platinum level; and

5 (28) "zero water certified" means a building  
6 that is certified as LEED zero water by achieving a potable  
7 water use balance of zero for the building."

8 SECTION 61. Section 7-2A-31 NMSA 1978 (being Laws 2021,  
9 Chapter 7, Section 2) is amended to read:

10 "7-2A-31. DEDUCTION--INCOME FROM LEASING A LIQUOR  
11 LICENSE.--

12 A. Prior to January 1, 2026, a taxpayer that is a  
13 liquor license lessor and that held the license on June 30,  
14 2021 may claim a deduction from taxable income in an amount  
15 equal to the gross receipts from sales of alcoholic beverages  
16 made by each liquor license lessee in an amount, if the liquor  
17 license is a dispenser's license and sales of alcoholic  
18 beverages for consumption off premises are less than fifty  
19 percent of total alcoholic beverage sales, not to exceed fifty  
20 thousand dollars (\$50,000) for each of four taxable years.

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

24 ~~[G. The department shall compile an annual report~~  
25 ~~on the deduction provided by this section that shall include~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~the number of taxpayers that claimed the deduction, the~~  
2 ~~aggregate amount of deductions claimed and any other~~  
3 ~~information necessary to evaluate the cost of the deduction.~~  
4 ~~The department shall provide the report to the revenue~~  
5 ~~stabilization and tax policy committee and the legislative~~  
6 ~~finance committee with an analysis of the cost of the~~  
7 ~~deduction.~~

8 D.] C. As used in this section:

9 (1) "alcoholic beverage" means alcoholic  
10 beverage as defined in the Liquor Control Act;

11 (2) "dispenser's license" means a license  
12 issued pursuant to the provisions of the Liquor Control Act  
13 allowing the licensee to sell, offer for sale or have in the  
14 person's possession with the intent to sell alcoholic beverages  
15 both by the drink for consumption on the licensed premises and  
16 in unbroken packages, including growlers, for consumption and  
17 not for resale off the licensed premises;

18 (3) "growler" means a clean, refillable,  
19 resealable container that has a liquid capacity that does not  
20 exceed one gallon and that is intended and used for the sale of  
21 beer, wine or cider;

22 (4) "liquor license" means a dispenser's  
23 license issued pursuant to Section 60-6A-3 NMSA 1978 or a  
24 dispenser's license issued pursuant to Section 60-6A-12 NMSA  
25 1978 issued prior to July 1, 2021;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (5) "liquor license lessee" means a person  
2 that leases a liquor license from a liquor license lessor; and

3 (6) "liquor license lessor" means a person  
4 that leases a liquor license to a third party."

5 SECTION 62. Section 7-2C-12 NMSA 1978 (being Laws 1985,  
6 Chapter 106, Section 12, as amended) is amended to read:

7 "7-2C-12. ADMINISTRATIVE COSTS--CHARGES APPROPRIATED TO  
8 DEPARTMENT.--

9 A. The department shall charge claimant agencies an  
10 administrative fee of three percent of the debts for the  
11 claimant agencies pursuant to the Tax Refund Intercept Program  
12 Act.

13 B. Money from the administrative fee authorized  
14 pursuant to Subsection A of this section [~~shall be withheld on~~  
15 ~~all debts set off and collected by the department on or after~~  
16 ~~July 1, 1997 and shall be distributed monthly to the New Mexico~~  
17 ~~finance authority to be pledged irrevocably for the payment of~~  
18 ~~the principal, interest and expenses or other obligations~~  
19 ~~related to the bonds for the taxation and revenue information~~  
20 ~~management systems project. That distribution shall continue~~  
21 ~~until the earlier of December 31, 2005 or the date on which the~~  
22 ~~New Mexico finance authority certifies to the department that~~  
23 ~~all obligations for bonds issued pursuant to Section 12 of this~~  
24 ~~1997 act have been fully discharged or provision has been made~~  
25 ~~for their discharge and directs the department to cease~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~distributing the money from the fee pursuant to Subsection A of~~  
2 ~~this section to the authority. Thereafter, the administrative~~  
3 ~~fees are] is~~ appropriated to the department for use in  
4 administering the Tax Refund Intercept Program Act."

5 SECTION 63. Section 7-2E-1.1 NMSA 1978 (being Laws 2007,  
6 Chapter 172, Section 2, as amended) is amended to read:

7 "7-2E-1.1. TAX CREDIT--RURAL JOB TAX CREDIT.--

8 A. The tax credit created by this section may be  
9 referred to as the "rural job tax credit". Every eligible  
10 employer may apply for, and the taxation and revenue department  
11 may approve, a tax credit for each qualifying job the employer  
12 creates. The maximum tax credit amount with respect to each  
13 qualifying job is equal to:

14 (1) twenty-five percent of the first sixteen  
15 thousand dollars (\$16,000) in wages paid for the qualifying job  
16 if the job is performed or based at a location in a tier one  
17 area; or

18 (2) twelve and one-half percent of the first  
19 sixteen thousand dollars (\$16,000) in wages paid if the  
20 qualifying job is performed or based at a location in a tier  
21 two area.

22 B. The purpose of the rural job tax credit is to  
23 encourage businesses to start new businesses or expand existing  
24 businesses in rural areas of the state.

25 C. The amount of the rural job tax credit shall be

.228781.3SA



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

1 six and one-fourth percent of the first sixteen thousand  
2 dollars (\$16,000) in wages paid for the qualifying job in a  
3 qualifying period. The rural job tax credit may be claimed for  
4 each qualifying job for a maximum of:

5 (1) four qualifying periods for each  
6 qualifying job performed or based at a location in a tier one  
7 area; and

8 (2) two qualifying periods for each  
9 qualifying job performed or based at a location in a tier two  
10 area.

11 D. With respect to each qualifying job for which an  
12 eligible employer seeks the rural job tax credit, the employer  
13 shall certify:

14 (1) the amount of wages paid to each eligible  
15 employee during each qualifying period;

16 (2) the number of weeks during the qualifying  
17 period the position was occupied;

18 (3) whether the qualifying job was in a tier  
19 one or tier two area;

20 (4) whether the application pertains to the  
21 first, second, third or fourth qualifying period, depending on  
22 whether the taxpayer is in a tier one or tier two area;

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

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (6) whether the eligible employer is  
2 receiving or is eligible to receive development training  
3 program assistance pursuant to Section 21-19-7 NMSA 1978; and

4 (7) whether the eligible employer has ceased  
5 business operations at any of its business locations in New  
6 Mexico.

7 E. The economic development department shall  
8 determine which employers are eligible employers and shall  
9 report the listing of eligible [~~businesses~~] employers to the  
10 taxation and revenue department in a manner and at times the  
11 departments shall agree upon.

12 F. To receive a rural job tax credit with respect  
13 to any qualifying period, an eligible employer shall apply to  
14 the taxation and revenue department once per calendar year on  
15 forms and in the manner the department may prescribe. The  
16 annual application shall include a certification made pursuant  
17 to Subsection D of this section and contain all qualifying  
18 periods that closed during the calendar year for which the  
19 application is made. Any qualifying period that did not close  
20 in the calendar year for which the application is made shall be  
21 denied by the department. The application for a calendar year  
22 shall be filed no later than December 31 of the following  
23 calendar year. If a taxpayer fails to file the annual  
24 application within the time limits provided in this section,  
25 the department shall deny the application. If all the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 requirements of this section have been complied with, the  
2 taxation and revenue department shall issue to the applicant a  
3 ~~[document granting a tax credit]~~ certificate of eligibility for  
4 the appropriate qualifying period. The ~~[tax credit document]~~  
5 certificate of eligibility shall be numbered for identification  
6 and declare its date of issuance and the amount of rural job  
7 tax credit allowed for the respective jobs created. ~~[The tax~~  
8 ~~credit documents]~~ A certificate of eligibility may be sold,  
9 exchanged or otherwise transferred ~~[and may be carried forward~~  
10 ~~for a period of three years from the date of issuance]~~ to  
11 another taxpayer for the full value of the credit. The parties  
12 to such a transaction to sell, exchange or transfer a rural job  
13 tax credit ~~[document]~~ shall notify the department of the  
14 transaction within ten days of the sale, exchange or transfer.

15 G. The ~~[holder of the tax credit document]~~ person  
16 entitled to claim the credit may claim all or a portion of the  
17 rural job tax credit ~~[granted by the document]~~ against the  
18 ~~[holder's]~~ person's modified combined tax liability, personal  
19 income tax liability or corporate income tax liability. Any  
20 ~~[balance of]~~ rural job tax credit ~~[granted by the document]~~  
21 that exceeds the person's tax liability may be carried forward  
22 for up to three consecutive taxable years from the date of  
23 issuance of the ~~[tax credit document]~~ certificate of  
24 eligibility. No amount of rural job tax credit may be applied  
25 against a gross receipts tax or compensating tax imposed by a

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 municipality or county.

2 H. Notwithstanding the provisions of Section 7-1-8  
3 NMSA 1978, the taxation and revenue department may disclose to  
4 any person the balance of rural job tax credit remaining on any  
5 tax credit [~~document~~] certificate of eligibility and the  
6 balance of credit remaining [~~on that document~~] for any period.

7 I. The secretary of economic development [~~the~~  
8 ~~secretary of taxation and revenue~~] and the secretary of  
9 workforce solutions or their designees shall annually evaluate  
10 the effectiveness of the rural job tax credit in stimulating  
11 economic development in the rural areas of New Mexico and make  
12 a joint report of their findings to each session of the  
13 legislature so long as the rural job tax credit is in effect.

14 J. A qualifying job shall not be eligible for a  
15 rural job tax credit pursuant to this section if:

16 (1) the job is created due to a business  
17 merger, acquisition or other change in organization;

18 (2) the eligible employee was terminated from  
19 employment in New Mexico by another employer involved in the  
20 merger, acquisition or other change in organization; or

21 (3) the job is performed by:

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

25 (b) a person replacing the person who

underscoring material = new  
[bracketed material] = delete

1 performed the job or its functional equivalent prior to the  
2 business merger, acquisition or other change in organization.

3 ~~[K. Notwithstanding Subsection J of this section, a~~  
4 ~~qualifying job that was created by another employer and for~~  
5 ~~which the rural job tax credit application was received by the~~  
6 ~~taxation and revenue department prior to July 1, 2013 and is~~  
7 ~~under review or has been approved shall remain eligible for the~~  
8 ~~rural job tax credit for the balance of the qualifying periods~~  
9 ~~for which the job qualifies by the new employer that results~~  
10 ~~from a business merger, acquisition or other change in the~~  
11 ~~organization.~~

12 ~~L.]~~ K. A job shall not be eligible for a rural job  
13 tax credit pursuant to this section if the job is created due  
14 to an eligible employer entering into a contract or becoming a  
15 subcontractor to a contract with a governmental entity that  
16 replaces one or more entities performing functionally  
17 equivalent services for the governmental entity in New Mexico  
18 unless the job is a qualifying job that was not being performed  
19 by an employee of the replaced entity.

20 ~~[M.]~~ L. As used in this section:

21 (1) "dependent" means "dependent" as defined  
22 in 26 U.S.C. 152(a), as that section may be amended or  
23 renumbered;

24 (2) "eligible employee" means any individual  
25 other than an individual who:

.228781.3SA

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

1 (a) is a dependent of the employer;

2 (b) if the employer is an estate or  
3 trust, is a grantor, beneficiary or fiduciary of the estate or  
4 trust or is a dependent of a grantor, beneficiary or fiduciary  
5 of the estate or trust;

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

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

14 (e) is working or has worked as an  
15 employee or as an independent contractor for an entity that,  
16 directly or indirectly, owns stock in a corporation of the  
17 eligible employer or other interest of the eligible employer  
18 that represents fifty percent or more of the total voting power  
19 of that entity or has a value equal to fifty percent or more of  
20 the capital and profits interests in the entity;

21 (3) "eligible employer" means an employer who  
22 is eligible for in-plant training assistance pursuant to  
23 Section 21-19-7 NMSA 1978;

24 (4) "metropolitan statistical area" means a  
25 metropolitan statistical area in New Mexico as determined by

.228781.3SA

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

1 the United States bureau of the census;

2 (5) "modified combined tax liability" means  
3 the total liability for the reporting period for the gross  
4 receipts tax imposed by Section 7-9-4 NMSA 1978 together with  
5 any tax collected at the same time and in the same manner as  
6 that gross receipts tax, such as the compensating tax, the  
7 withholding tax, the interstate telecommunications gross  
8 receipts tax, the surcharges imposed by Section 63-9D-5 NMSA  
9 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,  
10 minus the amount of any credit other than the rural job tax  
11 credit applied against any or all of these taxes or surcharges;  
12 but "modified combined tax liability" excludes all amounts  
13 collected with respect to a gross receipts tax or compensating  
14 tax imposed by a municipality or county;

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

18 (7) "qualifying job" means a new job that was  
19 created after July 1, 2000 and that was not created due to a  
20 change in organizational structure established by the employer  
21 that is occupied by an eligible employee for at least forty-  
22 four weeks of a qualifying period;

23 (8) "qualifying period" means the period of  
24 twelve months beginning on the day an eligible employee begins  
25 working in a qualifying job or the period of twelve months

.228781.3SA

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

1 beginning on the anniversary of the day an eligible employee  
2 began working in a qualifying job;

3 (9) "rural area" means any part of the state  
4 other than:

5 (a) an H class county;

6 (b) the state fairgrounds;

7 (c) an incorporated municipality within  
8 a metropolitan statistical area if the municipality's  
9 population is thirty thousand or more according to the most  
10 recent federal decennial census; and

11 (d) any area within ten miles of the  
12 exterior boundaries of a municipality described in Subparagraph  
13 (c) of this paragraph;

14 (10) "tier one area" means:

15 (a) any municipality within the rural  
16 area if the municipality's population according to the most  
17 recent federal decennial census is fifteen thousand or less; or

18 (b) any part of the rural area that is  
19 not within the exterior boundaries of a municipality;

20 (11) "tier two area" means any municipality  
21 within the rural area if the municipality's population  
22 according to the most recent federal decennial census is more  
23 than fifteen thousand; and

24 (12) "wages" means all compensation paid by  
25 an eligible employer to an eligible employee through the

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 employer's payroll system, including those wages the employee  
2 elects to defer or redirect, such as the employee's  
3 contribution to 401(k) or cafeteria plan programs, but not  
4 including benefits or the employer's share of payroll taxes."

5 SECTION 64. Section 7-3-6 NMSA 1978 (being Laws 1969,  
6 Chapter 25, Section 1, as amended) is amended to read:

7 "7-3-6. DATE PAYMENT DUE.--Taxes withheld under the  
8 provisions of the Withholding Tax Act must be paid on or before  
9 the twenty-fifth day of the month following the ~~[month]~~ end of  
10 the calendar quarter when the taxes were required to be  
11 withheld."

12 SECTION 65. Section 7-3-7 NMSA 1978 (being Laws 1961,  
13 Chapter 243, Section 8, as amended) is amended to read:

14 "7-3-7. STATEMENTS OF WITHHOLDING.--

15 A. Every employer shall file with the department an  
16 annual statement of withholding for each employee. The  
17 statement shall be in ~~[a form]~~ an electronic format prescribed  
18 by the department ~~[except employers with twenty-five or more~~  
19 ~~employees shall file statements using a department-approved~~  
20 ~~electronic medium]~~. The statement shall be filed with the  
21 department on or before the last day of January of the year  
22 following that for which the statement is made. It shall  
23 include the total compensation paid the employee and the total  
24 amount of tax withheld for the calendar year or portion of a  
25 calendar year if the employee has worked less than a full

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 calendar year.

2 B. Every payer shall file with the department an  
3 annual statement of withholding for each individual from whom  
4 some portion of a pension or an annuity has been deducted and  
5 withheld by that payer. The statement shall be in [~~a form~~] an  
6 electronic format prescribed by the department [~~except~~  
7 ~~employers with twenty-five or more employees shall file~~  
8 ~~statements using a department-approved electronic medium~~]. The  
9 statement shall be in a form prescribed by the department and  
10 shall be filed with the department on or before the last day of  
11 January of the year following that for which the statement is  
12 made. It shall include the total amount of pension or annuity  
13 paid to the individual and the amount of tax withheld for the  
14 calendar year.

15 C. Every person required to deduct and withhold tax  
16 from a payment of winnings that are subject to withholding  
17 shall file with the department an annual statement of  
18 withholding for each wagerer from whom some portion of a  
19 payment of winnings has been deducted and withheld by that  
20 person. The statement shall be filed using a department-  
21 approved electronic medium and shall be filed with the  
22 department on or before the last day of January of the year  
23 following that for which the statement is made. It shall  
24 include the total amount of winnings paid to the individual and  
25 the amount of tax withheld for the calendar year. The

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 department may also require any person who is required to  
2 submit an information return to the internal revenue service  
3 regarding the winnings of another person to submit copies of  
4 the return to the department."

5 SECTION 66. Section 7-3-13 NMSA 1978 (being Laws 2010,  
6 Chapter 53, Section 7) is amended to read:

7 "7-3-13. WITHHOLDING [~~INFORMATION~~] RETURN REQUIRED  
8 [~~PENALTY~~].--

9 A. An employer [~~that has more than fifty employees~~  
10 ~~and is not required to file an unemployment insurance tax form~~  
11 ~~with the workforce solutions department~~] or a payor shall file  
12 quarterly a withholding [~~information~~] return with the  
13 department on or before the [~~last day of the month~~] twenty-  
14 fifth day of the month following the close of the calendar  
15 quarter when the taxes were required to be withheld.

16 B. The quarterly withholding [~~information~~] return  
17 required by this section shall contain all information required  
18 by the department, including:

- 19 (1) each employee's or payee's social  
20 security number;
- 21 (2) each employee's or payee's name;
- 22 (3) each employee's or payee's gross wages,  
23 pensions or annuity payments;
- 24 (4) each employee's or payee's state income  
25 tax withheld; and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (5) the workers' compensation fees due on  
2 behalf of each employee or payee.

3 C. Each quarterly withholding [~~information~~] return  
4 shall be filed with the department using a department-approved  
5 electronic medium.

6 [~~D. Any employer or payor required to file the~~  
7 ~~quarterly withholding information return who fails to do so by~~  
8 ~~the due date or to file the return in accordance with~~  
9 ~~Subsection C of this section is subject to a penalty in the~~  
10 ~~amount of fifty dollars (\$50.00).]~~"

11 SECTION 67. Section 7-3A-9 NMSA 1978 (being Laws 2003,  
12 Chapter 86, Section 12, as amended) is amended to read:

13 "7-3A-9. INTERPRETATION OF ACT--ADMINISTRATION AND  
14 ENFORCEMENT OF ACT [~~REPORT TO LEGISLATURE~~].--

15 A. The department shall interpret the provisions of  
16 the Oil and Gas Proceeds and Pass-Through Entity Withholding  
17 Tax Act.

18 B. The department shall administer and enforce the  
19 Oil and Gas Proceeds and Pass-Through Entity Withholding Tax  
20 Act, and the Tax Administration Act applies to the  
21 administration and enforcement of the Oil and Gas Proceeds and  
22 Pass-Through Entity Withholding Tax Act.

23 [~~G. No later than December 1 of each year, the~~  
24 ~~department shall submit a report to the legislature showing:~~

25 (1) ~~the total amount of taxes withheld by~~

underscoring material = new  
[bracketed material] = delete

1 ~~remitters and paid to the department during the previous~~  
2 ~~calendar year pursuant to the Oil and Gas Proceeds and Pass-~~  
3 ~~Through Entity Withholding Tax Act; and~~

4 ~~(2) the amount of taxes withheld by remitters~~  
5 ~~pursuant to the Oil and Gas Proceeds and Pass-Through Entity~~  
6 ~~Withholding Tax Act that were credited against income taxes or~~  
7 ~~corporate income taxes by remittees during the previous~~  
8 ~~calendar year.]"~~

9 SECTION 68. Section 7-9-9 NMSA 1978 (being Laws 1966,  
10 Chapter 47, Section 9, as amended) is amended to read:

11 "7-9-9. LIABILITY OF USER FOR PAYMENT OF COMPENSATING  
12 TAX.--Any person in New Mexico initially using property in New  
13 Mexico on the value of which compensating tax is payable but  
14 has not been paid is liable to the state for payment of the  
15 compensating tax, but this liability is discharged if the buyer  
16 has paid the compensating tax to the seller for payment over to  
17 the department."

18 SECTION 69. Section 7-9-18.1 NMSA 1978 (being Laws 1987,  
19 Chapter 264, Section 13 and Laws 1987, Chapter 304, Section 1)  
20 is amended to read:

21 "7-9-18.1. EXEMPTION--GROSS RECEIPTS TAX--~~[FOOD STAMPS]~~  
22 SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS.--Exempted  
23 from the gross receipts tax are the receipts of a taxpayer who  
24 is approved for participation in the ~~[food stamp]~~ supplemental  
25 nutrition assistance program authorized by U.S.C. Title 7,

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 51, as that chapter may be amended or renumbered, from  
2 the lawful acceptance and deposit with a financial institution  
3 of [~~food stamps~~] benefits issued by the United States  
4 department of agriculture pursuant to the [~~food stamp~~]  
5 supplemental nutrition assistance program."

6 SECTION 70. Section 7-9-43 NMSA 1978 (being Laws 1966,  
7 Chapter 47, Section 13, as amended) is amended to read:

8 "7-9-43. NONTAXABLE TRANSACTION CERTIFICATES AND OTHER  
9 EVIDENCE REQUIRED TO ENTITLE PERSONS TO DEDUCTIONS.--

10 A. Except as provided in Subsection B of this  
11 section, a person may establish entitlement to a deduction from  
12 gross receipts allowed pursuant to the Gross Receipts and  
13 Compensating Tax Act by obtaining in good faith a properly  
14 executed nontaxable transaction certificate from the purchaser.  
15 Nontaxable transaction certificates shall contain the  
16 information and be in a form prescribed by the department. The  
17 department by regulation may deem to be nontaxable transaction  
18 certificates documents issued by other states or the multistate  
19 tax commission to taxpayers not required to be registered in  
20 New Mexico. Only buyers or lessees who have a registration  
21 number or have applied for a registration number and have not  
22 been refused one under Subsection C of Section 7-1-12 NMSA 1978  
23 shall execute nontaxable transaction certificates issued by the  
24 department. If the seller or lessor has been given an  
25 identification number for tax purposes by the department, the

.228781.3SA

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

1 seller or lessor shall disclose that identification number to  
2 the buyer or lessee prior to or upon acceptance of a nontaxable  
3 transaction certificate.

4 B. Except as provided in Subsection C of this  
5 section, a person who does not comply with Subsection A of this  
6 section may establish entitlement to a deduction from gross  
7 receipts by presenting alternative evidence that demonstrates  
8 the facts necessary to support entitlement to the deduction,  
9 but the burden of proof is on that person. Alternative  
10 evidence includes:

11 (1) invoices or contracts that identify the  
12 nature of the transaction;

13 (2) documentation as to the purchaser's use  
14 or disposition of the property or service;

15 (3) a statement from the purchaser indicating  
16 that the purchaser sold or intends to resell the property or  
17 service purchased from the seller, either by itself or in  
18 combination with other property or services, in the ordinary  
19 course of business. The statement from the purchaser shall  
20 include:

21 (a) the seller's name;

22 (b) the date of the invoice or date of  
23 the transaction;

24 (c) the invoice number or a copy of the  
25 invoice;

.228781.3SA

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

1 (d) a copy of the purchase order, if  
2 available;

3 (e) the amount of purchase; and

4 (f) a description of the property or  
5 service purchased or leased; or

6 (4) any other evidence that demonstrates the  
7 facts necessary to establish entitlement to the deduction.

8 C. Subsection B of this section does not apply to  
9 sellers of electricity or fuels that are parties to an  
10 agreement with the department pursuant to Section 7-1-21.1 NMSA  
11 1978 regarding the deduction pursuant to Subsection B of  
12 Section 7-9-46 NMSA 1978.

13 D. When a person accepts in good faith a properly  
14 executed nontaxable transaction certificate from the purchaser,  
15 the properly executed nontaxable transaction certificate shall  
16 be conclusive evidence that the proceeds from the transaction  
17 are deductible from the person's gross receipts.

18 E. To exercise the privilege of executing  
19 appropriate nontaxable transaction certificates, a buyer or  
20 lessee shall apply to the department for permission to execute  
21 nontaxable transaction certificates, except with respect to  
22 documents issued by other states or the multistate tax  
23 commission that the department has deemed to be nontaxable  
24 transaction certificates.

25 F. If a person has accepted in good faith a

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 properly executed nontaxable transaction certificate, but the  
2 purchaser has not employed the property or service purchased in  
3 the nontaxable manner or has provided materially false or  
4 inaccurate information on the nontaxable transaction  
5 certificate, the purchaser shall be liable for an amount equal  
6 to any tax, penalty and interest that the seller would have  
7 been required to pay if the seller had not complied with  
8 Subsection A of this section.

9 G. Any person who knowingly or willfully provides  
10 false or inaccurate information on a nontaxable transaction  
11 certificate, to obtain a nontaxable transaction certificate or  
12 as alternative evidence provided in support of a claim for a  
13 deduction, may be subject to prosecution under Sections 7-1-72  
14 and 7-1-73 NMSA 1978."

15 SECTION 71. Section 7-9-46 NMSA 1978 (being Laws 1969,  
16 Chapter 144, Section 36, as amended) is amended to read:

17 "7-9-46. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS  
18 RECEIPTS--SALES TO MANUFACTURERS AND MANUFACTURING SERVICE  
19 PROVIDERS.--

20 A. Receipts from selling tangible personal property  
21 may be deducted from gross receipts or from governmental gross  
22 receipts if the sale is made to a person engaged in the  
23 business of manufacturing who delivers a nontaxable transaction  
24 certificate to the seller [~~or provides alternative evidence~~  
25 ~~pursuant to Section 7-9-43 NMSA 1978~~]. The buyer must

.228781.3SA

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

1 incorporate the tangible personal property as an ingredient or  
2 component part of the product that the buyer is in the business  
3 of manufacturing.

4 B. Receipts from selling a manufacturing consumable  
5 to a manufacturer or a manufacturing service provider may be  
6 deducted from gross receipts or from governmental gross  
7 receipts if the buyer delivers a nontaxable transaction  
8 certificate to the seller or provides alternative evidence  
9 pursuant to Section 7-9-43 NMSA 1978; provided that if the  
10 seller is a utility company, an agreement with the department  
11 pursuant to Section 7-1-21.1 NMSA 1978 and a nontaxable  
12 transaction certificate shall be required.

13 C. Receipts from selling or leasing qualified  
14 equipment may be deducted from gross receipts if the sale is  
15 made to, or the lease is entered into with, a person engaged in  
16 the business of manufacturing or a manufacturing service  
17 provider who delivers a nontaxable transaction certificate to  
18 the seller or provides alternative evidence pursuant to Section  
19 7-9-43 NMSA 1978; provided that a manufacturer or manufacturing  
20 service provider delivering a nontaxable transaction  
21 certificate or alternative evidence with respect to the  
22 qualified equipment shall not claim an investment credit  
23 pursuant to the Investment Credit Act for that same equipment.

24 D. The purpose of the deductions provided in this  
25 section is to encourage manufacturing businesses to locate in

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 New Mexico and to reduce the tax burden, including reducing  
2 pyramiding, on the tangible personal property that is consumed  
3 in the manufacturing process and that is purchased by  
4 manufacturing businesses in New Mexico.

5 ~~[E. The department shall annually report to the~~  
6 ~~revenue stabilization and tax policy committee the aggregate~~  
7 ~~amount of deductions taken pursuant to this section, the number~~  
8 ~~of taxpayers claiming each of the deductions and any other~~  
9 ~~information that is necessary to determine that the deductions~~  
10 ~~are performing the purposes for which they are enacted.~~

11 ~~F.]~~ E. A taxpayer [~~deducting gross receipts~~]  
12 allowed a deduction pursuant to this section shall report the  
13 amount deducted separately for each deduction provided in this  
14 section and attribute the amount of the deduction to the  
15 appropriate authorization provided in this section in a manner  
16 required by the department [~~that facilitates the evaluation by~~  
17 ~~the legislature of the benefit to the state of these~~  
18 ~~deductions~~].

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

20 (1) "manufacturing consumable" means tangible  
21 personal property, other than qualified equipment or an  
22 ingredient or component part of a manufactured product, that is  
23 incorporated into, destroyed, depleted or transformed in the  
24 process of manufacturing a product, including electricity,  
25 fuels, water, manufacturing aids and supplies, chemicals, gases

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 and other tangibles used to manufacture a product;

2 (2) "manufacturing operation" means a plant  
3 operated by a manufacturer or manufacturing service provider  
4 that employs personnel to perform production tasks to produce  
5 goods, in conjunction with machinery and equipment; and

6 (3) "qualified equipment" means machinery,  
7 equipment and tools, including component, repair, replacement  
8 and spare parts thereof, that are used directly in the  
9 manufacturing process of a manufacturing operation. "Qualified  
10 equipment" includes computer hardware and software used  
11 directly in the manufacturing process of a manufacturing  
12 operation but excludes any motor vehicle that is required to be  
13 registered in this state pursuant to the Motor Vehicle Code."

14 SECTION 72. Section 7-9-56.3 NMSA 1978 (being Laws 2003,  
15 Chapter 232, Section 1, as amended) is amended to read:

16 "7-9-56.3. DEDUCTION--GROSS RECEIPTS--TRADE-SUPPORT  
17 COMPANY IN A BORDER ZONE.--

18 A. The receipts of a trade-support company may be  
19 deducted from gross receipts if:

20 (1) the trade-support company first locates  
21 in New Mexico within twenty miles of a port of entry on New  
22 Mexico's border with Mexico [~~on or after July 1, 2003 but~~  
23 ~~before July 1, 2013 or~~] on or after January 1, 2016 but before  
24 January 1, 2021;

25 (2) the receipts are received by the company

underscored material = new  
[bracketed material] = delete

1 within a five-year period beginning on the date the trade-  
2 support company locates in New Mexico and the receipts are  
3 derived from its business activities and operations at its  
4 border zone location; and

5 (3) the trade-support company employs at  
6 least two employees in New Mexico.

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

10 C. ~~[The department shall compile an annual report~~  
11 ~~on the deduction created pursuant to this section that shall~~  
12 ~~include the number of taxpayers approved by the department to~~  
13 ~~receive the deduction, the aggregate amount of deductions~~  
14 ~~approved and any other information necessary to evaluate the~~  
15 ~~effectiveness of the deduction. Beginning in 2016 and every~~  
16 ~~four years thereafter that the deduction is in effect, the~~  
17 ~~department shall compile and present the annual reports to the~~  
18 ~~revenue stabilization and tax policy committee and the~~  
19 ~~legislative finance committee with an analysis of the~~  
20 ~~effectiveness and cost of the deduction.] Claiming a deduction~~  
21 provided by this section is authorization by the taxpayer  
22 receiving the deduction for the department to reveal return  
23 information necessary to comply with the requirements of  
24 Section 7-1-84 NMSA 1978.

25 D. As used in this section:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (1) "dependent" means "dependent" as defined  
2 in 26 U.S.C. 152(a), as that section may be amended or  
3 renumbered;

4 (2) "employee" means an individual, other  
5 than an individual who:

6 (a) is a dependent of the employer;

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

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

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

19 (3) "port of entry" means an international  
20 port of entry in New Mexico at which customs services are  
21 provided by United States customs and border protection; and

22 (4) "trade-support company" means a customs  
23 brokerage firm or a freight forwarder."

24 SECTION 73. Section 7-9-62 NMSA 1978 (being Laws 1969,  
25 Chapter 144, Section 52, as amended) is amended to read:

.228781.3SA

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

1           "7-9-62. DEDUCTION--GROSS RECEIPTS TAX--AGRICULTURAL  
2     IMPLEMENTS--AIRCRAFT MANUFACTURERS--VEHICLES THAT ARE NOT  
3     REQUIRED TO BE REGISTERED--AIRCRAFT PARTS AND MAINTENANCE  
4     SERVICES--REPORTING REQUIREMENTS.--

5           A. Except for receipts deductible under Subsection  
6     B of this section, fifty percent of the receipts from selling  
7     agricultural implements, farm tractors, aircraft or vehicles  
8     that are not required to be registered under the Motor Vehicle  
9     Code may be deducted from gross receipts; provided that, with  
10    respect to agricultural implements, the sale is made to a  
11    person who states in writing that the person is regularly  
12    engaged in the business of farming or ranching. Any deduction  
13    allowed under Section 7-9-71 NMSA 1978 must be taken before the  
14    deduction allowed by this subsection is computed.

15          B. Receipts of an aircraft manufacturer or  
16    affiliate from selling aircraft or from selling aircraft flight  
17    support, pilot training or maintenance training services may be  
18    deducted from gross receipts. Any deduction allowed under  
19    Section 7-9-71 NMSA 1978 must be taken before the deduction  
20    allowed by this subsection is computed.

21          C. Receipts from selling aircraft parts or  
22    maintenance services for aircraft or aircraft parts may be  
23    deducted from gross receipts. Any deduction allowed under  
24    Section 7-9-71 NMSA 1978 must be taken before the deduction  
25    allowed by this subsection is computed.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           D. A taxpayer allowed a deduction pursuant to this  
2 section shall report the amount of the deduction separately in  
3 a manner required by the department.

4           ~~[E. The department shall compile an annual report~~  
5 ~~on the deductions provided by this section that shall include~~  
6 ~~the number of taxpayers approved by the department to receive~~  
7 ~~the deductions, the aggregate amount of deductions approved and~~  
8 ~~any other information necessary to evaluate the effectiveness~~  
9 ~~of the deductions. Beginning in 2019 and every five years~~  
10 ~~thereafter that the deductions are in effect, the department~~  
11 ~~shall compile and present the annual reports to the revenue~~  
12 ~~stabilization and tax policy committee and the legislative~~  
13 ~~finance committee with an analysis of the effectiveness and~~  
14 ~~cost of the deductions.~~

15           ~~F.]~~ E. As used in this section:

16           (1) "affiliate" means a business entity that  
17 directly or indirectly through one or more intermediaries  
18 controls, is controlled by or is under common control with the  
19 aircraft manufacturer;

20           (2) "agricultural implement" means a tool,  
21 utensil or instrument that is depreciable for federal income  
22 tax purposes and that is:

23           (a) designed to irrigate agricultural  
24 crops above ground or below ground at the place where the crop  
25 is grown; or

.228781.3SA



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

1 (b) designed primarily for use with a  
2 source of motive power, such as a tractor, in planting,  
3 growing, cultivating, harvesting or processing agricultural  
4 crops at the place where the crop is grown; in raising poultry  
5 or livestock; or in obtaining or processing food or fiber, such  
6 as eggs, milk, wool or mohair, from living poultry or livestock  
7 at the place where the poultry or livestock are kept for this  
8 purpose;

9 (3) "aircraft manufacturer" means a business  
10 entity that in the ordinary course of business designs and  
11 builds private or commercial aircraft certified by the federal  
12 aviation administration;

13 (4) "business entity" means a corporation,  
14 limited liability company, partnership, limited partnership,  
15 limited liability partnership or real estate investment trust,  
16 but does not mean an individual or a joint venture;

17 (5) "control" means equity ownership in a  
18 business entity that:

19 (a) represents at least fifty percent of  
20 the total voting power of that business entity; and

21 (b) has a value equal to at least fifty  
22 percent of the total equity of that business entity; and

23 (6) "flight support" means providing  
24 navigation data, charts, weather information, online  
25 maintenance records and other aircraft or flight-related

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 information and the software needed to access the information."

2 SECTION 74. Section 7-9-62.1 NMSA 1978 (being Laws 2000  
3 (2nd S.S.), Chapter 4, Section 2, as amended) is amended to  
4 read:

5 "7-9-62.1. DEDUCTION--GROSS RECEIPTS TAX--AIRCRAFT SALES  
6 AND SERVICES--REPORTING REQUIREMENTS.--

7 A. Receipts from the sale of or from maintaining,  
8 refurbishing, remodeling or otherwise modifying a commercial or  
9 military carrier over ten thousand pounds gross landing weight  
10 may be deducted from gross receipts.

11 B. A taxpayer allowed a deduction pursuant to this  
12 section shall report the amount of the deduction separately in  
13 a manner required by the department.

14 ~~[G. The department shall compile an annual report~~  
15 ~~on the deduction provided by this section that shall include~~  
16 ~~the number of taxpayers approved by the department to receive~~  
17 ~~the deduction, the aggregate amount of deductions approved and~~  
18 ~~any other information necessary to evaluate the effectiveness~~  
19 ~~of the deduction. Beginning in 2019 and every five years~~  
20 ~~thereafter that the deduction is in effect, the department~~  
21 ~~shall compile and present the annual reports to the revenue~~  
22 ~~stabilization and tax policy committee and the legislative~~  
23 ~~finance committee with an analysis of the effectiveness and~~  
24 ~~cost of the deduction.]"~~

25 SECTION 75. Section 7-9-73.3 NMSA 1978 (being Laws 2014,  
.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 26, Section 1, as amended) is amended to read:

2 "7-9-73.3. DEDUCTION--GROSS RECEIPTS TAX AND  
3 GOVERNMENTAL GROSS RECEIPTS TAX--DURABLE MEDICAL EQUIPMENT--  
4 MEDICAL SUPPLIES.--

5 A. Prior to July 1, 2030, receipts from the sale or  
6 rental of durable medical equipment and medical supplies may be  
7 deducted from gross receipts and governmental gross receipts.

8 B. The purpose of the deduction provided in this  
9 section is to help protect jobs and retain businesses in New  
10 Mexico that sell or rent durable medical equipment and medical  
11 supplies.

12 C. A taxpayer allowed a deduction pursuant to this  
13 section shall report the amount of the deduction separately in  
14 a manner required by the department.

15 D. The deduction provided in this section shall be  
16 taken only by a taxpayer participating in the New Mexico  
17 medicaid program whose gross receipts are no less than ninety  
18 percent derived from the sale or rental of durable medical  
19 equipment, medical supplies or infusion therapy services,  
20 including the medications used in infusion therapy services.

21 E. [~~Acceptance of~~] Claiming a deduction provided by  
22 this section is authorization by the taxpayer receiving the  
23 deduction for the department to reveal return information [~~to~~  
24 ~~the revenue stabilization and tax policy committee and the~~  
25 ~~legislative finance committee necessary to analyze the~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~effectiveness and cost of the deduction and whether the~~  
2 ~~deduction is performing the purpose for which it was created]~~  
3 necessary to comply with the requirements of Section 7-1-84  
4 NMSA 1978.

5 ~~[F. The department shall compile an annual report~~  
6 ~~on the deduction provided by this section that shall include~~  
7 ~~the number of taxpayers approved by the department to receive~~  
8 ~~the deduction, the aggregate amount of deductions approved and~~  
9 ~~any other information necessary to evaluate the effectiveness~~  
10 ~~of the deduction. The department shall present the report to~~  
11 ~~the revenue stabilization and tax policy committee and the~~  
12 ~~legislative finance committee with an analysis of the~~  
13 ~~effectiveness and cost of the deduction and whether the~~  
14 ~~deduction is performing the purpose for which it was created.~~

15 ~~G.]~~ F. As used in this section:

16 (1) "durable medical equipment" means a  
17 medical assistive device or other equipment that:

18 (a) can withstand repeated use;  
19 (b) is primarily and customarily used to  
20 serve a medical purpose and is not useful to an individual in  
21 the absence of an illness, injury or other medical necessity,  
22 including improved functioning of a body part;

23 (c) is appropriate for use at home  
24 exclusively by the eligible recipient for whom the durable  
25 medical equipment is prescribed; and

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 (d) is prescribed by a physician or  
2 other person licensed by the state to prescribe durable medical  
3 equipment;

4 (2) "infusion therapy services" means the  
5 administration of prescribed medication through a needle or  
6 catheter;

7 (3) "medical supplies" means items for a  
8 course of medical treatment, including nutritional products,  
9 that are:

10 (a) necessary for an ongoing course of  
11 medical treatment;

12 (b) disposable and cannot be reused; and

13 (c) prescribed by a physician or other  
14 person licensed by the state to prescribe medical supplies; and

15 (4) "prescribe" means to authorize the use of  
16 an item or substance for a course of medical treatment."

17 SECTION 76. Section 7-9-77.1 NMSA 1978 (being Laws 1998,  
18 Chapter 96, Section 1, as amended by Laws 2022, Chapter 43,  
19 Section 1 and by Laws 2022, Chapter 49, Section 1) is amended  
20 to read:

21 "7-9-77.1. DEDUCTION--GROSS RECEIPTS TAX--CERTAIN  
22 MEDICAL AND HEALTH CARE SERVICES.--

23 A. Receipts of a health care practitioner or an  
24 association of health care practitioners from payments by the  
25 United States government, or any agency thereof, or from a

.228781.3SA

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

1 medicare administrative contractor for medical and other health  
2 services provided by a health care practitioner to medicare  
3 beneficiaries pursuant to the provisions of Title 18 of the  
4 federal Social Security Act may be deducted from gross  
5 receipts.

6 B. Receipts of a hospice or nursing home from  
7 payments by the United States government, or any agency  
8 thereof, or from a medicare administrative contractor for  
9 medical and other health and palliative services provided by  
10 the hospice or nursing home to medicare beneficiaries pursuant  
11 to the provisions of Title 18 of the federal Social Security  
12 Act may be deducted from gross receipts.

13 C. Receipts of a health care practitioner or an  
14 association of health care practitioners from payments by a  
15 third-party administrator of the federal TRICARE program for  
16 medical and other health services provided by physicians and  
17 osteopathic physicians to covered beneficiaries may be deducted  
18 from gross receipts.

19 D. Receipts of a health care practitioner or an  
20 association of health care practitioners from payments by or on  
21 behalf of the Indian health service of the United States  
22 department of health and human services for medical and other  
23 health services provided by physicians and osteopathic  
24 physicians to covered beneficiaries may be deducted from gross  
25 receipts.

.228781.3SA

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

1           E. Receipts of a clinical laboratory from payments  
2 by the United States government, or any agency thereof, or from  
3 a medicare administrative contractor for medical services  
4 provided by the clinical laboratory to medicare beneficiaries  
5 pursuant to the provisions of Title 18 of the federal Social  
6 Security Act may be deducted from gross receipts.

7           F. Receipts of a home health agency from payments  
8 by the United States government, or any agency thereof, or from  
9 a medicare administrative contractor for medical, other health  
10 and palliative services provided by the home health agency to  
11 medicare beneficiaries pursuant to the provisions of Title 18  
12 of the federal Social Security Act may be deducted from gross  
13 receipts.

14           G. Prior to July 1, 2032, receipts of a dialysis  
15 facility from payments by the United States government, or any  
16 agency thereof, or from a medicare administrative contractor  
17 for medical and other health services provided by the dialysis  
18 facility to medicare beneficiaries pursuant to the provisions  
19 of Title 18 of the federal Social Security Act may be deducted  
20 from gross receipts.

21           H. A taxpayer allowed a deduction pursuant to this  
22 section shall report the amount of the deduction separately in  
23 a manner required by the department. A taxpayer who has  
24 receipts that are deductible pursuant to this section and  
25 Section 7-9-93 NMSA 1978 shall deduct the receipts under this

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 section prior to calculating the receipts that may be deducted  
2 pursuant to Section 7-9-93 NMSA 1978.

3 ~~[I. The department shall compile an annual report~~  
4 ~~on the deductions created pursuant to this section that shall~~  
5 ~~include the number of taxpayers that claimed each deduction,~~  
6 ~~the aggregate amount of deductions claimed and any other~~  
7 ~~information necessary to evaluate the effectiveness of the~~  
8 ~~deductions. The department shall compile and present the~~  
9 ~~annual reports to the revenue stabilization and tax policy~~  
10 ~~committee and the legislative finance committee with an~~  
11 ~~analysis of the effectiveness and cost of the deductions and~~  
12 ~~whether the deductions are providing a benefit to the state.~~

13 ~~J.]~~ I. For the purposes of this section:

14 (1) "association of health care  
15 practitioners" means a corporation, unincorporated business  
16 entity or other legal entity organized by, owned by or  
17 employing one or more health care practitioners; provided that  
18 the entity is not:

19 (a) an organization granted exemption  
20 from the federal income tax by the United States commissioner  
21 of internal revenue as organizations described in Section  
22 501(c)(3) of the United States Internal Revenue Code of 1986,  
23 as that section may be amended or renumbered; or

24 (b) a health maintenance organization,  
25 hospital, hospice, nursing home or an entity that is solely an

.228781.3SA



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

1 outpatient facility or intermediate care facility licensed  
2 pursuant to the ~~[Public Health Act]~~ Health Care Code;

3 (2) "clinical laboratory" means a laboratory  
4 accredited pursuant to 42 USCA 263a;

5 (3) "dialysis facility" means a facility that  
6 provides outpatient maintenance dialysis services or home  
7 dialysis training and support services, including a facility  
8 considered by the federal centers for medicare and medicaid  
9 services to be an independent or hospital-based facility that  
10 includes a self-care dialysis unit that furnishes only self-  
11 dialysis services;

12 (4) "health care practitioner" means:

13 (a) an athletic trainer licensed  
14 pursuant to the Athletic Trainer Practice Act;

15 (b) an audiologist licensed pursuant to  
16 the Speech-Language Pathology, Audiology and Hearing Aid  
17 Dispensing Practices Act;

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

20 (d) a counselor or therapist  
21 practitioner licensed pursuant to the Counseling and Therapy  
22 Practice Act;

23 (e) a dentist licensed pursuant to the  
24 Dental Health Care Act;

25 (f) a doctor of oriental medicine

.228781.3SA

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

1 licensed pursuant to the Acupuncture and Oriental Medicine  
2 Practice Act;

3 (g) an independent social worker  
4 licensed pursuant to the Social Work Practice Act;

5 (h) a massage therapist licensed  
6 pursuant to the Massage Therapy Practice Act;

7 (i) a naprapath licensed pursuant to the  
8 Naprapathic Practice Act;

9 (j) a nutritionist or dietitian licensed  
10 pursuant to the Nutrition and Dietetics Practice Act;

11 (k) an occupational therapist licensed  
12 pursuant to the Occupational Therapy Act;

13 (l) an optometrist licensed pursuant to  
14 the Optometry Act;

15 (m) an osteopathic physician licensed  
16 pursuant to the Medical Practice Act;

17 (n) a pharmacist licensed pursuant to  
18 the Pharmacy Act;

19 (o) a physical therapist licensed  
20 pursuant to the Physical Therapy Act;

21 (p) a physician licensed pursuant to the  
22 Medical Practice Act;

23 (q) a ~~[podiatrist]~~ podiatric physician  
24 licensed pursuant to the Podiatry Act;

25 (r) a psychologist licensed pursuant to

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 the Professional Psychologist Act;

2 (s) a radiologic technologist licensed  
3 pursuant to the Medical Imaging and Radiation Therapy Health  
4 and Safety Act;

5 (t) a registered nurse licensed pursuant  
6 to the Nursing Practice Act;

7 (u) a respiratory care practitioner  
8 licensed pursuant to the Respiratory Care Act; and

9 (v) a speech-language pathologist  
10 licensed pursuant to the Speech-Language Pathology, Audiology  
11 and Hearing Aid Dispensing Practices Act;

12 (5) "home health agency" means a for-profit  
13 entity that is licensed by the [~~department of~~] health care  
14 authority and certified by the federal centers for medicare and  
15 medicaid services as a home health agency and certified to  
16 provide medicare services;

17 (6) "hospice" means a for-profit entity  
18 licensed by the [~~department of~~] health care authority as a  
19 hospice and certified to provide medicare services;

20 (7) "medicare administrative contractor"  
21 means a third-party administrator operating under contract with  
22 the federal centers for medicare and medicaid services to  
23 process medicare claims and make medicare fee-for-service  
24 payments for medicare fee-for-service beneficiaries;

25 (8) "nursing home" means a for-profit entity

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 licensed by the [~~department of~~] health care authority as a  
2 nursing home and certified to provide medicare services; and

3 (9) "TRICARE program" means the program  
4 defined in 10 U.S.C. 1072(7)."

5 SECTION 77. Section 7-9-77.2 NMSA 1978 (being Laws 2024,  
6 Chapter 67, Section 13) is amended to read:

7 "7-9-77.2. DEDUCTIONS--GROSS RECEIPTS--CHILD CARE  
8 ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE PROGRAM--  
9 PRE-KINDERGARTEN SERVICES BY FOR-PROFIT PRE-KINDERGARTEN  
10 PROVIDERS.--

11 A. Receipts from the sale of child care assistance  
12 services by a taxpayer pursuant to a contract or grant with the  
13 early childhood education and care department to provide such  
14 services through a licensed child care assistance program may  
15 be deducted from gross receipts.

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

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

22 ~~[D. The department shall compile an annual report~~  
23 ~~on the deductions provided by this section that shall include~~  
24 ~~the number of taxpayers that claimed each deduction, the~~  
25 ~~aggregate amount of deductions claimed and any other~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~information necessary to evaluate the effectiveness of the~~  
2 ~~deductions. The department shall present the report to the~~  
3 ~~revenue stabilization and tax policy committee and the~~  
4 ~~legislative finance committee with an analysis of the cost of~~  
5 ~~the deductions.~~

6 ~~E.]~~ D. As used in this section:

7 (1) "child care assistance" means "child care  
8 assistance" or "early childhood care assistance", as those  
9 terms are defined in the Early Childhood Care Accountability  
10 Act; and

11 (2) "licensed child care assistance program"  
12 means "licensed child care program", "licensed early childhood  
13 care program" or "licensed exempt child care program", as those  
14 terms are defined in the Early Childhood Care Accountability  
15 Act."

16 SECTION 78. Section 7-9-83 NMSA 1978 (being Laws 1993,  
17 Chapter 364, Section 1, as amended) is amended to read:

18 "7-9-83. DEDUCTION--GROSS RECEIPTS TAX--JET FUEL.--

19 [~~A. From July 1, 2003 through June 30, 2017, fifty-~~  
20 ~~five percent of the receipts from the sale of fuel specially~~  
21 ~~prepared and sold for use in turboprop or jet-type engines as~~  
22 ~~determined by the department may be deducted from gross~~  
23 ~~receipts.~~

24 ~~B. After June 30, 2017]~~ Forty percent of the  
25 receipts from the sale of fuel specially prepared and sold for

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 use in turboprop or jet-type engines as determined by the  
2 department may be deducted from gross receipts."

3 SECTION 79. Section 7-9-84 NMSA 1978 (being Laws 1993,  
4 Chapter 364, Section 2, as amended) is amended to read:

5 "7-9-84. DEDUCTION--COMPENSATING TAX--JET FUEL.--

6 [~~A. From July 1, 2003 through June 30, 2017, fifty-~~  
7 ~~five percent of the value of the fuel specially prepared and~~  
8 ~~sold for use in turboprop or jet-type engines as determined by~~  
9 ~~the department may be deducted in computing the compensating~~  
10 ~~tax due.~~

11 B. ~~After June 30, 2017]~~ Forty percent of the value  
12 of the fuel specially prepared and sold for use in turboprop or  
13 jet-type engines as determined by the department may be  
14 deducted in computing the compensating tax due."

15 SECTION 80. Section 7-9-90 NMSA 1978 (being Laws 1999,  
16 Chapter 231, Section 3, as amended) is amended to read:

17 "7-9-90. DEDUCTIONS--GROSS RECEIPTS TAX--SALES OF  
18 URANIUM HEXAFLUORIDE AND ENRICHMENT OF URANIUM.--

19 A. Receipts from selling uranium hexafluoride and  
20 from providing the service of enriching uranium may be deducted  
21 from gross receipts.

22 [~~B. The department shall annually report to the~~  
23 ~~revenue stabilization and tax policy committee aggregate~~  
24 ~~amounts of deductions taken pursuant to this section, the~~  
25 ~~number of taxpayers claiming the deduction and any other~~

.228781.3SA

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

1 ~~information that is necessary to determine that the deduction~~  
2 ~~is performing a purpose that is beneficial to the state.~~

3 ~~G.]~~ B. A taxpayer ~~[deducting gross receipts]~~  
4 allowed a deduction pursuant to this section shall report the  
5 amount deducted separately and attribute the amount of the  
6 deduction to the authorization provided in this section in a  
7 manner required by the department ~~[that facilitates the~~  
8 ~~evaluation by the legislature for the benefit to the state of~~  
9 ~~this deduction].~~

10 C. Claiming a deduction provided by this section is  
11 authorization by the taxpayer receiving the deduction for the  
12 department to reveal return information necessary to comply  
13 with the requirements of Section 7-1-84 NMSA 1978."

14 SECTION 81. Section 7-9-93 NMSA 1978 (being Laws 2004,  
15 Chapter 116, Section 6, as amended) is amended to read:

16 "7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR  
17 SERVICES PROVIDED BY HEALTH CARE PRACTITIONER OR ASSOCIATION OF  
18 HEALTH CARE PRACTITIONERS.--

19 A. Receipts of a health care practitioner or an  
20 association of health care practitioners for commercial  
21 contract services or medicare part C services paid by a managed  
22 care organization or health care insurer may be deducted from  
23 gross receipts if the services are within the scope of practice  
24 of the health care practitioner providing the service.

25 Receipts from fee-for-service payments by a health care insurer

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 may not be deducted from gross receipts.

2 B. Prior to July 1, 2028, receipts from a copayment  
3 or deductible paid by an insured or enrollee to a health care  
4 practitioner or an association of health care practitioners for  
5 commercial contract services pursuant to the terms of the  
6 insured's health insurance plan or enrollee's managed care  
7 health plan may be deducted from gross receipts if the services  
8 are within the scope of practice of the health care  
9 practitioner providing the service.

10 C. The deductions provided by this section shall be  
11 applied only to gross receipts remaining after all other  
12 allowable deductions available under the Gross Receipts and  
13 Compensating Tax Act have been taken.

14 D. A taxpayer allowed a deduction pursuant to this  
15 section shall report the amount of the deduction separately in  
16 a manner required by the department.

17 ~~[E. The department shall compile an annual report~~  
18 ~~on the deductions provided by this section that shall include~~  
19 ~~the number of taxpayers that claimed the deductions, the~~  
20 ~~aggregate amount of deductions claimed and any other~~  
21 ~~information necessary to evaluate the effectiveness of the~~  
22 ~~deductions. The department shall present the report to the~~  
23 ~~revenue stabilization and tax policy committee and the~~  
24 ~~legislative finance committee with an analysis of the cost of~~  
25 ~~the deductions.~~

.228781.3SA



underscored material = new  
[bracketed material] = delete

1                   F.] E. As used in this section:

2                   (1) "association of health care  
3 practitioners" means a corporation, unincorporated business  
4 entity or other legal entity organized by, owned by or  
5 employing one or more health care practitioners; provided that  
6 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,  
13 hospital, hospice, nursing home or an entity that is solely an  
14 outpatient facility or intermediate care facility licensed  
15 pursuant to the Public Health Act;

16                   (2) "commercial contract services" means  
17 health care services performed by a health care practitioner  
18 pursuant to a contract with a managed care organization or  
19 health care insurer other than those health care services  
20 provided for medicare patients pursuant to Title 18 of the  
21 federal Social Security Act or for medicaid patients pursuant  
22 to Title 19 or Title 21 of the federal Social Security Act;

23                   (3) "copayment" means a fixed dollar amount  
24 that a health care insurer or managed care health plan requires  
25 an insured or enrollee to pay upon incurring an expense for

.228781.3SA

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

1 receiving medical services;

2 (4) "deductible" means the amount of covered  
3 charges an insured or enrollee is required to pay in a plan  
4 year for commercial contract services before the insured's  
5 health insurance plan or enrollee's managed care health plan  
6 begins to pay for applicable covered charges;

7 (5) "fee-for-service" means payment for  
8 health care services by a health care insurer for covered  
9 charges under an indemnity insurance plan;

10 (6) "health care insurer" means a person  
11 that:

12 (a) has a valid certificate of authority  
13 in good standing pursuant to the New Mexico Insurance Code to  
14 act as an insurer, health maintenance organization or nonprofit  
15 health care plan or prepaid dental plan; and

16 (b) contracts to reimburse licensed  
17 health care practitioners for providing basic health services  
18 to enrollees at negotiated fee rates;

19 (7) "health care practitioner" means:

20 (a) a chiropractic physician licensed  
21 pursuant to the provisions of the Chiropractic Physician  
22 Practice Act;

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

25 (c) a doctor of oriental medicine

.228781.3SA

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

1 licensed pursuant to the provisions of the Acupuncture and  
2 Oriental Medicine Practice Act;

3 (d) an optometrist licensed pursuant to  
4 the provisions of the Optometry Act;

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

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

9 (g) a physician or physician assistant  
10 licensed pursuant to the provisions of the Medical Practice  
11 Act;

12 (h) a podiatric physician licensed  
13 pursuant to the provisions of the Podiatry Act;

14 (i) a psychologist licensed pursuant to  
15 the provisions of the Professional Psychologist Act;

16 (j) a registered lay midwife registered  
17 by the department of health;

18 (k) a registered nurse or licensed  
19 practical nurse licensed pursuant to the provisions of the  
20 Nursing Practice Act;

21 (l) a registered occupational therapist  
22 licensed pursuant to the provisions of the Occupational Therapy  
23 Act;

24 (m) a respiratory care practitioner  
25 licensed pursuant to the provisions of the Respiratory Care

.228781.3SA

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

1 Act;

2 (n) a speech-language pathologist or  
3 audiologist licensed pursuant to the Speech-Language Pathology,  
4 Audiology and Hearing Aid Dispensing Practices Act;

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

10 (p) an independent social worker  
11 licensed pursuant to the provisions of the Social Work Practice  
12 Act; and

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

17 (8) "managed care health plan" means a health  
18 care plan offered by a managed care organization that provides  
19 for the delivery of comprehensive basic health care services  
20 and medically necessary services to individuals enrolled in the  
21 plan other than those services provided to medicare patients  
22 pursuant to Title 18 of the federal Social Security Act or to  
23 medicaid patients pursuant to Title 19 or Title 21 of the  
24 federal Social Security Act;

25 (9) "managed care organization" means a

.228781.3SA

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

1 person that provides for the delivery of comprehensive basic  
2 health care services and medically necessary services to  
3 individuals enrolled in a plan through its own employed health  
4 care providers or by contracting with selected or participating  
5 health care providers. "Managed care organization" includes  
6 only those persons that provide comprehensive basic health care  
7 services to enrollees on a contract basis, including the  
8 following:

- 9 (a) health maintenance organizations;
  - 10 (b) preferred provider organizations;
  - 11 (c) individual practice associations;
  - 12 (d) competitive medical plans;
  - 13 (e) exclusive provider organizations;
  - 14 (f) integrated delivery systems;
  - 15 (g) independent physician-provider
- 16 organizations;
- 17 (h) physician hospital-provider
- 18 organizations; and
- 19 (i) managed care services organizations;

20 and

21 (10) "medicare part C services" means  
22 services performed pursuant to a contract with a managed health  
23 care provider for medicare patients pursuant to Title 18 of the  
24 federal Social Security Act."

25 SECTION 82. Section 7-9-94 NMSA 1978 (being Laws 2005,

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 104, Section 23, as amended) is amended to read:

2 "7-9-94. DEDUCTION--GROSS RECEIPTS--MILITARY  
3 TRANSFORMATIONAL ACQUISITION PROGRAMS.--

4 A. Receipts from transformational acquisition  
5 programs performing research and development, test and  
6 evaluation at New Mexico major range and test facility bases  
7 pursuant to contracts entered into with the United States  
8 department of defense may be deducted from gross receipts  
9 through June 30, 2025.

10 B. As used in this section, "transformational  
11 acquisition program" means a military acquisition program  
12 authorized by the office of the secretary of defense force  
13 transformation and not physically tested in New Mexico on or  
14 before July 1, 2005.

15 C. The deduction provided in this section does not  
16 apply to receipts of a prime contractor operating facilities  
17 designated as a national laboratory by act of congress and is  
18 not applicable to current force programs as of July 1, 2005.

19 ~~[D. The department shall compile an annual report~~  
20 ~~on the deduction provided by this section that shall include~~  
21 ~~the number of taxpayers that claimed the deduction, the~~  
22 ~~aggregate amount of deductions claimed and any other~~  
23 ~~information necessary to evaluate the effectiveness of the~~  
24 ~~deduction. No later than December 1 of each year that the~~  
25 ~~deduction is in effect, the department shall compile and~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~present the annual report to the revenue stabilization and tax~~  
2 ~~policy committee and the legislative finance committee with an~~  
3 ~~analysis of the cost and benefit to the state of the~~  
4 ~~deduction.]"~~

5 SECTION 83. Section 7-9-95 NMSA 1978 (being Laws 2005,  
6 Chapter 104, Section 25) is amended to read:

7 "7-9-95. DEDUCTION--GROSS RECEIPTS TAX--SALES OF CERTAIN  
8 TANGIBLE PERSONAL PROPERTY--LIMITED PERIOD.--Receipts from the  
9 sale at retail of the following types of tangible personal  
10 property may be deducted if the sale of the property occurs  
11 during the period beginning at 12:01 a.m. on the [~~first~~] last  
12 Friday in [~~August~~] July and ending at midnight on the following  
13 Sunday:

14 A. an article of clothing or footwear designed to  
15 be worn on or about the human body if the sales price of the  
16 article is less than one hundred dollars (\$100) except:

17 (1) any special clothing or footwear that is  
18 primarily designed for athletic activity or protective use and  
19 that is not normally worn except when used for the athletic  
20 activity or protective use for which it is designed; and

21 (2) accessories, including jewelry, handbags,  
22 luggage, umbrellas, wallets, watches and similar items worn or  
23 carried on or about the human body, without regard to whether  
24 worn on the body in a manner characteristic of clothing;

25 B. a desktop, laptop or notebook computer if the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 sales price of the computer does not exceed one thousand  
2 dollars (\$1,000) and any associated monitor, speaker or set of  
3 speakers, printer, keyboard, microphone or mouse if the sales  
4 price of the device does not exceed five hundred dollars  
5 (\$500); and

6 C. school supplies that are items normally used by  
7 students in a standard classroom for educational purposes,  
8 including notebooks, paper, writing instruments, crayons, art  
9 supplies, rulers, book bags, backpacks, handheld calculators,  
10 maps and globes, but not including watches, radios, compact  
11 disc players, headphones, sporting equipment, portable or  
12 desktop telephones, copiers, office equipment, furniture or  
13 fixtures."

14 SECTION 84. Section 7-9-103.1 NMSA 1978 (being Laws  
15 2012, Chapter 12, Section 2) is amended to read:

16 "7-9-103.1. DEDUCTION--GROSS RECEIPTS TAX--CONVERTING  
17 ELECTRICITY.--

18 A. Receipts from the transmission of electricity  
19 where voltage source conversion technology is employed to  
20 provide such services and from ancillary services may be  
21 deducted from gross receipts.

22 ~~[B. The department shall report annually to the~~  
23 ~~interim revenue stabilization and tax policy committee on the~~  
24 ~~expansion of voltage source conversion technology use in the~~  
25 ~~transmission of electricity in New Mexico and the use of the~~

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 ~~deduction provided in this section.~~

2           G.] B. As used in this section, "ancillary  
3 services" means services that are supplied from or in  
4 connection with facilities employing voltage source conversion  
5 technology and that are used to support or enhance the  
6 efficient and reliable operation of the electric system."

7           **SECTION 85.** Section 7-9-103.2 NMSA 1978 (being Laws  
8 2012, Chapter 12, Section 3) is amended to read:

9           "7-9-103.2. DEDUCTION--GROSS RECEIPTS--ELECTRICITY  
10 EXCHANGE.--

11           A. Receipts from operating a market or exchange for  
12 the sale or trading of electricity, rights to electricity and  
13 derivative products and from providing ancillary services may  
14 be deducted from gross receipts.

15           B. ~~[The department shall report annually to the~~  
16 ~~interim revenue stabilization and tax policy committee on use~~  
17 ~~of the deduction provided in this section]~~ Claiming a deduction  
18 provided by this section is authorization by the taxpayer  
19 receiving the deduction for the department to reveal return  
20 information necessary to comply with the requirements of  
21 Section 7-1-84 NMSA 1978.

22           C. As used in this section, "ancillary services"  
23 means services that are supplied from or in connection with  
24 facilities employing voltage source conversion technology and  
25 that are used to support or enhance the efficient and reliable

.228781.3SA

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

1 operation of the electric system."

2 SECTION 86. Section 7-9-110.3 NMSA 1978 (being Laws  
3 2011, Chapter 60, Section 3 and Laws 2011, Chapter 61, Section  
4 3, as amended) is amended to read:

5 "7-9-110.3. PURPOSE AND REQUIREMENTS OF LOCOMOTIVE FUEL  
6 DEDUCTION.--

7 A. The purpose of the deduction on fuel loaded or  
8 used by a common carrier in a locomotive engine from gross  
9 receipts and from compensating tax is to encourage the  
10 construction, renovation, maintenance and operation of railroad  
11 locomotive refueling facilities and other railroad capital  
12 investments in New Mexico.

13 B. To be eligible for the deduction on fuel loaded  
14 or used by a common carrier in a locomotive engine from  
15 compensating tax, the fuel shall be used or loaded by a common  
16 carrier that:

17 (1) after July 1, 2011, made a capital  
18 investment of one hundred million dollars (\$100,000,000) or  
19 more in new construction or renovations at the railroad  
20 locomotive refueling facility in which the fuel is loaded or  
21 used; or

22 (2) on or after July 1, 2012, made a capital  
23 investment of fifty million dollars (\$50,000,000) or more in  
24 new railroad infrastructure improvements, including railroad  
25 facilities, track, signals and supporting railroad network,

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 located in New Mexico; provided that the new railroad  
2 infrastructure improvements are not required by a regulatory  
3 agency to correct problems, such as regular or preventive  
4 maintenance, specifically identified by that agency as  
5 requiring necessary corrective action.

6 C. To be eligible for the deduction on fuel loaded  
7 or used by a common carrier in a locomotive engine from gross  
8 receipts, a common carrier shall deliver an appropriate  
9 nontaxable transaction certificate to the seller and the sale  
10 shall be made to a common carrier that:

11 (1) after July 1, 2011, made a capital  
12 investment of one hundred million dollars (\$100,000,000) or  
13 more in new construction or renovations at the railroad  
14 locomotive refueling facility in which the fuel is sold; or

15 (2) on or after July 1, 2012, made a capital  
16 investment of fifty million dollars (\$50,000,000) or more in  
17 new railroad infrastructure improvements, including railroad  
18 facilities, track, signals and supporting railroad network,  
19 located in New Mexico; provided that the new railroad  
20 infrastructure improvements are not required by a regulatory  
21 agency to correct problems, such as regular or [~~preventative~~]  
22 preventive maintenance, specifically identified by that agency  
23 as requiring necessary corrective action.

24 D. The economic development department shall  
25 promulgate rules for the issuance of a certificate of

.228781.3SA

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

1 eligibility for the purposes of claiming a deduction on fuel  
2 loaded or used by a common carrier in a locomotive engine from  
3 gross receipts or compensating tax. A common carrier may  
4 request a certificate of eligibility from the economic  
5 development department to provide to the taxation and revenue  
6 department to establish eligibility for a nontaxable  
7 transaction certificate for the deduction on fuel loaded or  
8 used by a common carrier in a locomotive engine from gross  
9 receipts. The taxation and revenue department shall issue  
10 nontaxable transaction certificates to a common carrier upon  
11 the presentation of a certificate of eligibility obtained from  
12 the economic development department pursuant to this  
13 subsection.

14 E. The economic development department shall keep a  
15 record of temporary and permanent jobs from all railroad  
16 activity where a capital investment is made by a common carrier  
17 that claims a deduction on fuel loaded or used by a common  
18 carrier in a locomotive engine from gross receipts or from  
19 compensating tax. The economic development department and the  
20 taxation and revenue department shall estimate the amount of  
21 state revenue that is attributable to all railroad activity  
22 where a capital investment is made by a common carrier that  
23 claims a deduction on fuel loaded or used by a common carrier  
24 in a locomotive engine from gross receipts or from compensating  
25 tax.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           ~~[F.—The economic development department and the~~  
2           ~~taxation and revenue department shall compile an annual report~~  
3           ~~with the number of taxpayers who claim the deduction on fuel~~  
4           ~~loaded or used by a common carrier in a locomotive engine from~~  
5           ~~gross receipts and from compensating tax, the number of jobs~~  
6           ~~created as a result of that deduction, the amount of that~~  
7           ~~deduction approved, the net revenue to the state as a result of~~  
8           ~~that deduction and any other information required by the~~  
9           ~~legislature to aid in evaluating the effectiveness of that~~  
10           ~~deduction.—A taxpayer who claims a deduction on fuel loaded or~~  
11           ~~used by a common carrier in a locomotive engine from gross~~  
12           ~~receipts or from compensating tax shall provide the economic~~  
13           ~~development department and the taxation and revenue department~~  
14           ~~with the information required to compile that report.—The~~  
15           ~~economic development department and the taxation and revenue~~  
16           ~~department shall present that report before the legislative~~  
17           ~~interim revenue stabilization and tax policy committee and the~~  
18           ~~legislative finance committee by November of each year.~~  
19           ~~Notwithstanding any other section of law to the contrary, the~~  
20           ~~economic development department and the taxation and revenue~~  
21           ~~department may disclose the number of applicants for the~~  
22           ~~deduction on fuel loaded or used by a common carrier in a~~  
23           ~~locomotive engine from gross receipts and from compensating~~  
24           ~~tax, the amount of the deduction approved, the number of~~  
25           ~~employees of the taxpayer and any other information required by~~

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 ~~the legislature or the taxation and revenue department to aid~~  
2 ~~in evaluating the effectiveness of that deduction.~~

3 ~~G. An appropriate legislative committee shall~~  
4 ~~review the effectiveness of the deduction for each taxpayer who~~  
5 ~~claims the deduction on fuel loaded or used by a common carrier~~  
6 ~~in a locomotive engine from gross receipts and from~~  
7 ~~compensating tax every six years beginning in 2019.]"~~

8 SECTION 87. Section 7-9-112.1 NMSA 1978 (being Laws  
9 2024, Chapter 67, Section 39) is amended to read:

10 "7-9-112.1. DEDUCTIONS--GROSS RECEIPTS TAX--COMPENSATING  
11 TAX--GEOTHERMAL ELECTRICITY GENERATION-RELATED SALES AND USE.--

12 A. Prior to July 1, 2032, receipts from the  
13 following sales may be deducted from gross receipts; provided  
14 that the sale is made to a person who holds an interest in a  
15 geothermal electricity generation facility and the person  
16 delivers an appropriate nontaxable transaction certificate to  
17 the seller or lessor or provides alternative evidence pursuant  
18 to Section 7-9-43 NMSA 1978:

19 (1) selling tangible personal property  
20 installed as part of, or services rendered in connection with,  
21 constructing and equipping a geothermal electricity generation  
22 facility;

23 (2) selling tangible personal property  
24 installed as part of a system used for the distribution of  
25 electricity generated from a geothermal electricity generation

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 facility; and

2 (3) selling or leasing tangible personal  
3 property or selling services that are construction plant costs.

4 B. Prior to July 1, 2032, the value of:

5 (1) tangible personal property installed as  
6 part of, or services rendered in connection with, constructing  
7 and equipping a geothermal electricity generation facility may  
8 be deducted in computing compensating tax due;

9 (2) tangible personal property installed as  
10 part of a system used for the distribution of electricity  
11 generated from a geothermal electricity generation facility may  
12 be deducted in computing compensating tax due; and

13 (3) construction plant costs purchased by a  
14 person who holds an interest in a geothermal electricity  
15 generation facility may be deducted in computing compensating  
16 tax due.

17 C. A taxpayer allowed a deduction pursuant to this  
18 section shall report the amount of the deduction separately in  
19 a manner required by the department.

20 ~~[D. The department shall compile an annual report~~  
21 ~~on the deductions provided by this section that shall include~~  
22 ~~the number of taxpayers that claimed the deductions, the~~  
23 ~~aggregate amount of deductions claimed and any other~~  
24 ~~information necessary to evaluate the effectiveness of the~~  
25 ~~deductions. The department shall present the annual report to~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~the revenue stabilization and tax policy committee and the~~  
2 ~~legislative finance committee with an analysis of the~~  
3 ~~effectiveness and cost of the deductions.~~

4 ~~E.]~~ D. As used in this section:

5 (1) "construction plant costs" means actual  
6 expenditures for the development and construction of a  
7 geothermal electricity generation facility, including the  
8 drilling of wells to at least twelve thousand feet; permitting;  
9 site characterization and assessment; engineering; design; site  
10 and equipment acquisition; raw materials; and fuel supply  
11 development used directly and exclusively in the facility;

12 (2) "geothermal electricity generation  
13 facility" means a facility located in New Mexico that generates  
14 electricity from geothermal resources and:

15 (a) for a new facility, begins  
16 construction on or after January 1, 2025; or

17 (b) for an existing facility, on or  
18 after January 1, 2025, increases the amount of electricity  
19 generated from geothermal resources the facility generated  
20 prior to that date by at least one hundred percent;

21 (3) "geothermal resources" means the natural  
22 heat of the earth in excess of two hundred fifty degrees  
23 Fahrenheit or the energy, in whatever form, below the surface  
24 of the earth present in, resulting from, created by or that may  
25 be extracted from this natural heat in excess of two hundred

.228781.3SA



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

1 fifty degrees Fahrenheit and all minerals in solution or other  
2 products obtained from naturally heated fluids, brines,  
3 associated gases and steam, in whatever form, found below the  
4 surface of the earth, but excluding oil, hydrocarbon gas and  
5 other hydrocarbon substances and excluding the heating and  
6 cooling capacity of the earth not resulting from the natural  
7 heat of the earth in excess of two hundred fifty degrees  
8 Fahrenheit as may be used for the heating and cooling of  
9 buildings through an on-site geexchange heat pump or similar  
10 on-site system; and

11 (4) "interest in a geothermal electricity  
12 generation facility" means title to a geothermal electricity  
13 generation facility; a leasehold interest in such facility; an  
14 ownership interest in a business or entity that is taxed for  
15 federal income tax purposes as a partnership that holds title  
16 to or a leasehold interest in such facility; or an ownership  
17 interest, through one or more intermediate entities that are  
18 each taxed for federal income tax purposes as a partnership, in  
19 a business that holds title to or a leasehold interest in such  
20 facility."

21 SECTION 88. Section 7-9-115 NMSA 1978 (being Laws 2015  
22 (1st S.S.), Chapter 2, Section 9, as amended) is amended to  
23 read:

24 "7-9-115. DEDUCTION--GROSS RECEIPTS TAX--GOODS AND  
25 SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ENERGY AND SATELLITES.--

2 A. Prior to January 1, 2031, receipts from the sale  
3 by a qualified contractor of qualified research and development  
4 services and qualified directed energy and satellite-related  
5 inputs may be deducted from gross receipts when sold pursuant  
6 to a contract with the United States department of defense.

7 B. The purposes of the deduction allowed in this  
8 section are to promote new and sophisticated technology,  
9 enhance the viability of directed energy and satellite  
10 projects, attract new projects and employers to New Mexico and  
11 increase high-technology employment opportunities in New  
12 Mexico.

13 C. A taxpayer allowed a deduction pursuant to this  
14 section shall report the amount of the deduction separately in  
15 a manner required by the department.

16 ~~[D. The department shall compile an annual report~~  
17 ~~on the deduction provided by this section that shall include~~  
18 ~~the number of taxpayers that claimed the deduction, the~~  
19 ~~aggregate amount of deductions claimed and any other~~  
20 ~~information necessary to evaluate the effectiveness of the~~  
21 ~~deduction. Beginning in 2017 and each year thereafter that the~~  
22 ~~deduction is in effect, the department and the economic~~  
23 ~~development department shall present the annual report to the~~  
24 ~~revenue stabilization and tax policy committee and the~~  
25 ~~legislative finance committee with an analysis of the~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~effectiveness and cost of the deduction and whether the~~  
2 ~~deduction is performing the purpose for which it was created.~~

3 ~~E.]~~ D. As used in this section:

4 (1) "directed energy" means a system,  
5 including related services, that enables the use of the  
6 frequency spectrum, including radio waves, light and x-rays;

7 (2) "inputs" means systems, subsystems,  
8 components, prototypes and demonstrators or products and  
9 services involving optics, photonics, electronics, advanced  
10 materials, nanoelectromechanical and microelectromechanical  
11 systems, fabrication materials and test evaluation and computer  
12 control systems related to directed energy or satellites;

13 (3) "qualified contractor" means a person  
14 other than an organization designated as a national laboratory  
15 by act of congress or an operator of national laboratory  
16 facilities in New Mexico; provided that the operator may be a  
17 qualified contractor with respect to the operator's receipts  
18 not connected with operating the national laboratory;

19 (4) "qualified directed energy and satellite-  
20 related inputs" means inputs supplied to the department of  
21 defense pursuant to a contract with that department entered  
22 into on or after January 1, 2016;

23 (5) "qualified research and development  
24 services" means research and development services related to  
25 directed energy or satellites provided to the department of

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 defense pursuant to a contract with that department entered  
2 into on or after January 1, 2016; and

3 (6) "satellite" means composite systems  
4 assembled and packaged for use in space, including launch  
5 vehicles and related products and services."

6 SECTION 89. Section 7-9-116 NMSA 1978 (being Laws 2018,  
7 Chapter 46, Section 1, as amended) is amended to read:

8 "7-9-116. DEDUCTION--GROSS RECEIPTS TAX--RETAIL SALES BY  
9 CERTAIN BUSINESSES.--

10 A. Prior to July 1, 2025, receipts from the sale at  
11 retail of the following types of tangible personal property may  
12 be deducted if the sales price of the property is less than  
13 five hundred dollars (\$500) and:

14 (1) the sale occurs during the period  
15 beginning at 12:01 a.m. on the first Saturday after  
16 Thanksgiving and ending at midnight on the same Saturday;

17 (2) the sale is for:

18 (a) an article of clothing or footwear  
19 designed to be worn on or about the human body;

20 (b) accessories, including jewelry,  
21 handbags, book bags, backpacks, luggage, wallets, watches and  
22 similar items worn or carried on or about the human body,  
23 without regard to whether worn on the body in a manner  
24 characteristic of clothing;

25 (c) sporting goods and camping

.228781.3SA

1 equipment;

2 (d) tools used for home improvement,  
3 gardening and automotive maintenance and repair;

4 (e) books, journals, paper, writing  
5 instruments, art supplies, greeting cards and postcards;

6 (f) works of art, including any  
7 painting, drawing, print, photograph, sculpture, pottery or  
8 ceramics, carving, textile, basketry, artifact, natural  
9 specimen, rare book, authors' papers, objects of historical or  
10 technical interest or other article of intrinsic cultural  
11 value;

12 (g) floral arrangements and indoor  
13 plants;

14 (h) cosmetics and personal grooming  
15 items;

16 (i) musical instruments;

17 (j) cookware and small home appliances  
18 for residential use;

19 (k) bedding, towels and bath  
20 accessories;

21 (l) furniture;

22 (m) a toy or game that is a physical  
23 item, product or object clearly intended and designed to be  
24 used by children or families in play;

25 (n) a video game or video game console

underscored material = new  
[bracketed material] = delete

1 and any associated accessories for the video game console; or

2 (o) home electronics such as computers,  
3 phones, tablets, stereo equipment and related electronics  
4 accessories; and

5 (3) the sale is made by a seller that carries  
6 on a trade or business in New Mexico, maintains its primary  
7 place of business in New Mexico, as determined by the  
8 department, and employed no more than ten employees at any one  
9 time during the previous fiscal year.

10 B. Receipts for sales made by a business that  
11 operates under a franchise agreement may not be deducted  
12 pursuant to this section.

13 C. The purpose of the deduction provided by this  
14 section is to increase sales at small local businesses.

15 D. A taxpayer allowed a deduction pursuant to this  
16 section shall report the amount of the deduction separately in  
17 a manner required by the department.

18 ~~[E. The department shall compile an annual report~~  
19 ~~on the deduction provided by this section that shall include~~  
20 ~~the number of taxpayers that claimed the deduction, the~~  
21 ~~aggregate amount of deductions claimed and any other~~  
22 ~~information necessary to evaluate the effectiveness of the~~  
23 ~~deduction. The department shall present the annual report to~~  
24 ~~the revenue stabilization and tax policy committee and the~~  
25 ~~legislative finance committee with an analysis of the~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~effectiveness and cost of the deduction and whether the~~  
2 ~~deduction is performing the purpose for which it was created.]"~~

3 SECTION 90. Section 7-9-119 NMSA 1978 (being Laws 2021,  
4 Chapter 7, Section 3) is amended to read:

5 "7-9-119. DEDUCTION--SALES MADE BY DISPENSER'S LICENSE  
6 HOLDER.--

7 A. Prior to January 1, 2026, a liquor license  
8 holder who held the license on June 30, 2021 may deduct from  
9 gross receipts the following receipts, for each dispenser's  
10 license for which sales of alcoholic beverages for consumption  
11 off premises are less than fifty percent of total alcoholic  
12 beverage sales, up to fifty thousand dollars (\$50,000) of  
13 receipts from the sale of alcoholic beverages for taxable years  
14 2022 through 2025.

15 B. A taxpayer allowed a deduction pursuant to this  
16 section shall report the amount of the deduction separately in  
17 a manner required by the department.

18 ~~[G. The department shall compile an annual report~~  
19 ~~on the deduction provided by this section that shall include~~  
20 ~~the number of taxpayers that claimed the deduction, the~~  
21 ~~aggregate amount of deductions claimed and any other~~  
22 ~~information necessary to evaluate the effectiveness of the~~  
23 ~~deduction. The department shall compile and present the report~~  
24 ~~to the revenue stabilization and tax policy committee and the~~  
25 ~~legislative finance committee with an analysis of the cost of~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~the deduction.~~

2 ~~D.]~~ C. As used in this section:

3 (1) "alcoholic beverage" means alcoholic  
4 beverage as defined in the Liquor Control Act;

5 (2) "dispenser's license" means a license  
6 issued pursuant to the provisions of the Liquor Control Act  
7 allowing the licensee to sell, offer for sale or have in the  
8 person's possession with the intent to sell alcoholic beverages  
9 both by the drink for consumption on the licensed premises and  
10 in unbroken packages, including growlers, for consumption and  
11 not for resale off the licensed premises;

12 (3) "growler" means a clean, refillable,  
13 resealable container that has a liquid capacity that does not  
14 exceed one gallon and that is intended and used for the sale of  
15 beer, wine or cider; and

16 (4) "liquor license holder" means a person  
17 that holds a retailer's license issued pursuant to Section  
18 60-6A-2 NMSA 1978, a special dispenser's license issued  
19 pursuant to Section 60-6A-3 NMSA 1978 or a dispenser's license  
20 issued pursuant to Section 60-6A-12 NMSA 1978 issued prior to  
21 July 1, 2021."

22 SECTION 91. Section 7-9A-5 NMSA 1978 (being Laws 1979,  
23 Chapter 347, Section 5, as amended) is amended to read:

24 "7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT.--

25 A. The investment credit provided for in the

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 Investment Credit Act may be claimed by a taxpayer carrying on  
2 a manufacturing operation in New Mexico in an amount equal to:

3 (1) the product of the sum of the  
4 compensating tax rate and [~~beginning July 1, 2021~~] any  
5 municipal or county compensating tax rate multiplied by the  
6 value of the qualified equipment; or

7 (2) if the sale is subject to the gross  
8 receipts tax, the product of the sum of the state gross  
9 receipts tax rate and [~~beginning July 1, 2021~~] any municipal or  
10 county local option gross receipts tax rates multiplied by the  
11 seller's gross receipts from the sale of the qualified  
12 equipment.

13 B. If the purchase or the introduction into New  
14 Mexico of the qualified equipment is not subject to the gross  
15 receipts tax or compensating tax, the rate to determine the  
16 amount of the credit shall be equal to [~~a~~] the rate of [~~five~~  
17 ~~and one-eighth percent~~] the state gross receipts tax."

18 SECTION 92. Section 7-9C-7 NMSA 1978 (being Laws 1992,  
19 Chapter 50, Section 7 and also Laws 1992, Chapter 67, Section  
20 7, as amended) is amended to read:

21 "7-9C-7. DEDUCTION--SALE OF A SERVICE FOR RESALE.--

22 [~~A.~~] Receipts from providing an interstate  
23 telecommunications service in this state that will be used by  
24 other persons in providing telephone or telegraph services to  
25 the final user may be deducted from interstate

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 telecommunications gross receipts if the sale is made to a  
2 person who is subject to the interstate telecommunications  
3 gross receipts tax or to the gross receipts tax or the  
4 compensating tax.

5 ~~[B. Receipts during the period July 1, 1998 through~~  
6 ~~June 30, 2000 from providing leased telephone lines,~~  
7 ~~telecommunications services, internet access services or~~  
8 ~~computer programming that will be used by other persons in~~  
9 ~~providing internet access and related services to the final~~  
10 ~~user may be deducted from interstate telecommunications gross~~  
11 ~~receipts if the sale is made to a person who is subject to the~~  
12 ~~interstate telecommunications gross receipts tax, the gross~~  
13 ~~receipts tax or the compensating tax.]"~~

14 SECTION 93. Section 7-9G-1 NMSA 1978 (being Laws 2004,  
15 Chapter 15, Section 1, as amended) is amended to read:

16 "7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING HIGH-WAGE  
17 JOBS.--

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

22 B. The purpose of the high-wage jobs tax credit is  
23 to provide an incentive for ~~[urban and rural]~~ businesses to  
24 create and fill new high-wage jobs in New Mexico.

25 C. The high-wage jobs tax credit may be claimed and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 allowed in an amount equal to eight and one-half percent of the  
2 wages distributed to an eligible employee in a new high-wage  
3 job but shall not exceed twelve thousand seven hundred fifty  
4 dollars (\$12,750) per job per qualifying period. The high-wage  
5 jobs tax credit may be claimed by an eligible employer for each  
6 new high-wage job performed for the year in which the new high-  
7 wage job is created and for consecutive qualifying periods.

8 D. To receive a high-wage jobs tax credit, a  
9 taxpayer shall file ~~an~~ a completed application for approval  
10 of the credit with the department once per calendar year on  
11 forms and in the manner prescribed by the department. The  
12 annual application shall contain the certification required by  
13 Subsection K of this section and shall contain all qualifying  
14 periods that closed during the calendar year for which the  
15 application is made. Any qualifying period that did not close  
16 in the calendar year for which the application is made shall be  
17 denied by the department. The application for a calendar year  
18 shall be filed no later than December 31 of the following  
19 calendar year. If a taxpayer fails to file the annual  
20 application within the time limits provided in this section,  
21 the application shall be denied by the department. ~~[The~~  
22 ~~department shall make a determination on the application within~~  
23 ~~one hundred eighty days of the date on which the application~~  
24 ~~was filed.]~~

25 E. A new high-wage job shall not be eligible for a

.228781.3SA

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

1 credit pursuant to this section for the initial qualifying  
2 period unless the eligible employer's total number of employees  
3 with threshold jobs on the last day of the initial qualifying  
4 period at the location at which the job is performed or based  
5 is at least one more than the number of threshold jobs on the  
6 day prior to the date the new high-wage job was created. A new  
7 high-wage job shall not be eligible for a credit pursuant to  
8 this section for a consecutive qualifying period unless the  
9 total number of threshold jobs at a location at which the job  
10 is performed or based on the last day of that qualifying period  
11 is greater than or equal to the number of threshold jobs at  
12 that same location on the last day of the initial qualifying  
13 period for the new high-wage job.

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

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

20 (1) the new high-wage job is created due to a  
21 business merger or acquisition or other change in business  
22 organization;

23 (2) the eligible employee was terminated from  
24 employment in New Mexico by another employer involved in the  
25 business merger or acquisition or other change in business

.228781.3SA

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

1 organization with the taxpayer; and

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

3 (a) the person who performed the job or  
4 its functional equivalent prior to the business merger or  
5 acquisition or other change in business organization; or

6 (b) a person replacing the person who  
7 performed the job or its functional equivalent prior to a  
8 business merger or acquisition or other change in business  
9 organization.

10 H. A new high-wage job that was created by another  
11 employer and for which an application for the high-wage jobs  
12 tax credit was received and is under review by the department  
13 prior to the time of the business merger or acquisition or  
14 other change in business organization shall remain eligible for  
15 the high-wage jobs tax credit for the balance of the  
16 consecutive qualifying periods. The new employer that results  
17 from a business merger or acquisition or other change in  
18 business organization may only claim the high-wage jobs tax  
19 credit for the balance of the consecutive qualifying periods  
20 for which the new high-wage job is otherwise eligible.

21 I. A new high-wage job shall not be eligible for a  
22 credit pursuant to this section if the job is created due to an  
23 eligible employer entering into a contract or becoming a  
24 subcontractor to a contract with a governmental entity that  
25 replaces one or more entities performing functionally

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 equivalent services for the governmental entity unless the job  
2 is a new high-wage job that was not being performed by an  
3 employee of the replaced entity.

4 J. A new high-wage job shall not be eligible for a  
5 credit pursuant to this section if the eligible employer has  
6 more than one business location in New Mexico from which it  
7 conducts business and the requirements of Subsection E of this  
8 section are satisfied solely by moving the job from one  
9 business location of the eligible employer in New Mexico to  
10 another business location of the eligible employer in New  
11 Mexico.

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

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

17 (2) the number of weeks each position was  
18 occupied during the qualifying period;

19 (3) whether the new high-wage job was in a  
20 municipality with a population of sixty thousand or more or  
21 with a population of less than sixty thousand according to the  
22 most recent federal decennial census and whether the job was in  
23 the unincorporated area of a county;

24 (4) which qualifying period the application  
25 pertains to for each eligible employee;

.228781.3SA

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

1 (5) the total number of employees employed by  
2 the employer at the job location on the day prior to the  
3 qualifying period and on the last day of the qualifying period;

4 (6) the total number of threshold jobs  
5 performed or based at the eligible employer's location on the  
6 day prior to the qualifying period and on the last day of the  
7 qualifying period;

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

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

17 (9) whether the eligible employer has ceased  
18 business operations at any of its business locations in New  
19 Mexico; and

20 (10) whether the application is precluded by  
21 Subsection O of this section.

22 L. Any person who willfully submits a false,  
23 incorrect or fraudulent certification required pursuant to  
24 Subsection K of this section shall be subject to all applicable  
25 penalties under the Tax Administration Act, except that the

.228781.3SA

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

1 amount on which the penalty is based shall be the total amount  
2 of credit requested on the application for approval.

3 M. Except as provided in Subsection N of this  
4 section, an approved high-wage jobs tax credit shall be claimed  
5 against the taxpayer's modified combined tax liability and  
6 shall be filed with the return due immediately following the  
7 date of the credit approval. If the credit exceeds the  
8 taxpayer's modified combined tax liability, the excess shall be  
9 refunded to the taxpayer.

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

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

.228781.3SA



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

1           P. The economic development department and the  
2           taxation and revenue department shall report to the appropriate  
3           interim legislative committee each year the cost of the high-  
4           wage jobs tax credit to the state and its impact on company  
5           recruitment and job creation.

6           Q. As used in this section:

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

15                   (2) "consecutive qualifying period" means  
16          each of the three qualifying periods successively following the  
17          qualifying period in which the new high-wage job was created;

18                   (3) "department" means the taxation and  
19          revenue department;

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

23                   (5) "domicile" means the sole place where an  
24          individual has a true, fixed, permanent home. It is the place  
25          where the individual has a voluntary, fixed habitation of self

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 and family with the intention of making a permanent home;

2 (6) "eligible employee" means an individual  
3 who is employed in New Mexico by an eligible employer and who  
4 is a resident of New Mexico; "eligible employee" does not  
5 include an individual who:

6 (a) is a dependent of the employer;

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

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

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

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

25 (8) "modified combined tax liability" means

.228781.3SA

underscored material = new  
[bracketed material] = delete

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

13 (9) "new high-wage job" means a new job  
14 created in New Mexico by an eligible employer on or after July  
15 1, 2004 and prior to July 1, 2026 that is occupied for at least  
16 forty-four weeks of a qualifying period by an eligible employee  
17 who is paid wages calculated for the qualifying period to be at  
18 least:

19 (a) ~~[for a new high-wage job created~~  
20 ~~prior to July 1, 2015: 1) forty thousand dollars (\$40,000) if~~  
21 ~~the job is performed or based in or within ten miles of the~~  
22 ~~external boundaries of a municipality with a population of~~  
23 ~~sixty thousand or more according to the most recent federal~~  
24 ~~decennial census or in a class II county; and 2) twenty-eight~~  
25 ~~thousand dollars (\$28,000) if the job is performed or based in~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~a municipality with a population of less than sixty thousand~~  
2 ~~according to the most recent federal decennial census or in the~~  
3 ~~unincorporated area, that is not within ten miles of the~~  
4 ~~external boundaries of a municipality with a population of~~  
5 ~~sixty thousand or more, of a county other than a class H~~  
6 ~~county; and~~

7 ~~(b) for a new high-wage job created on~~  
8 ~~or after July 1, 2015: 1)] sixty thousand dollars (\$60,000) if~~  
9 the job is performed or based in or within ten miles of the  
10 external boundaries of a municipality with a population of  
11 sixty thousand or more according to the most recent federal  
12 decennial census or in a class H county; and

13 [2>] (b) forty thousand dollars  
14 (\$40,000) if the job is performed or based in a municipality  
15 with a population of less than sixty thousand according to the  
16 most recent federal decennial census or in the unincorporated  
17 area, that is not within ten miles of the external boundaries  
18 of a municipality with a population of sixty thousand or more,  
19 of a county other than a class H county;

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

23 (11) "qualifying period" means the period of  
24 twelve months beginning on the day an eligible employee begins  
25 working in a new high-wage job or the period of twelve months

underscored material = new  
[bracketed material] = delete

1 beginning on the anniversary of the day an eligible employee  
2 began working in a new high-wage job;

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

6 (13) "threshold job" means a job that is  
7 occupied for at least forty-four weeks of a calendar year by an  
8 eligible employee and that meets the wage requirements for a  
9 "new high-wage job"; and

10 (14) "wages" means all compensation paid by  
11 an eligible employer to an eligible employee through the  
12 employer's payroll system, including those wages that the  
13 employee elects to defer or redirect or the employee's  
14 contribution to a 401(k) or cafeteria plan program, but "wages"  
15 does not include benefits or the employer's share of payroll  
16 taxes, social security or medicare contributions, federal or  
17 state unemployment insurance contributions or workers'  
18 compensation."

19 SECTION 94. Section 7-13-3.5 NMSA 1978 (being Laws 1997,  
20 Chapter 192, Section 3) is amended to read:

21 "7-13-3.5. BOND REQUIRED OF TAXPAYERS.--

22 A. Except as provided in Subsection H of this  
23 section, every taxpayer shall file with the department a bond  
24 on a form approved by the attorney general with a surety  
25 company authorized by the ~~[state corporation]~~ public regulation

.228781.3SA

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

1 commission to transact business in this state as a surety and  
2 upon which bond the taxpayer is the principal obligor and the  
3 state the obligee. The bond shall be conditioned upon the  
4 prompt filing of true reports and the payment by the taxpayer  
5 to the department of all taxes levied by the Gasoline Tax Act,  
6 together with all applicable penalties and interest thereon.

7 B. In lieu of the bond, the taxpayer may elect to  
8 file with the department cash or bonds of the United States or  
9 New Mexico or of any political subdivision of the state.

10 C. The total amount of the bond, cash or securities  
11 required of any taxpayer shall be fixed by the department and  
12 may be increased or reduced by the department at any time,  
13 subject to the limitations provided in this section.

14 D. In fixing the total amount of the bond, cash or  
15 securities required of any taxpayer required to post bond, the  
16 department shall require an equivalent in total amount to at  
17 least two times the amount of the department's estimate of the  
18 taxpayer's monthly gasoline tax, determined in such manner as  
19 the secretary may deem proper; provided, however, the total  
20 amount of bond, cash or securities required of a taxpayer shall  
21 never be less than one thousand dollars (\$1,000).

22 E. In the event the department decides that the  
23 amount of the existing bond, cash or securities is insufficient  
24 to insure payment to this state of the amount of the gasoline  
25 tax and any penalties and interest for which the taxpayer is or

.228781.3SA

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

1 may at any time become liable, ~~[then]~~ the taxpayer, upon  
2 written demand of the department mailed to the last known  
3 address of the taxpayer as shown on the records of the  
4 department, shall file an additional bond, cash or securities  
5 in the manner, form and amount determined by the department to  
6 be necessary to secure at all times the payment by the taxpayer  
7 of all taxes, penalties and interest due under the Gasoline Tax  
8 Act.

9 F. A surety on a bond furnished by a taxpayer as  
10 required by this section shall be released and discharged from  
11 all liability accruing on the bond after the expiration of  
12 ninety days from the date upon which the surety files with the  
13 department a written request to be released and discharged;  
14 provided, however, that such request shall not operate to  
15 release or discharge the surety from any liability already  
16 accrued or that shall accrue before the expiration of the  
17 ninety-day period, unless a new bond is filed during the  
18 ninety-day period, in which case the previous bond may be  
19 canceled as of the effective date of the new bond. On receipt  
20 of notice of such request, the department promptly shall notify  
21 the taxpayer who furnished the bond that the taxpayer, on or  
22 before the expiration of the ninety-day period, shall file with  
23 the department a new bond with a surety satisfactory to the  
24 department in the amount and form required in this section.

25 G. The taxpayer required to file bond with or

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 provide cash or securities to the department in accordance with  
2 this section and who is required by another state law to file  
3 another bond with or provide cash or securities to the  
4 department may elect to file a combined bond or provide cash or  
5 securities applicable to the provisions of both this section  
6 and the other law, with the approval of the secretary. The  
7 amount of the combined bond, cash or securities shall be  
8 determined by the department and the form of the combined bond  
9 shall be approved by the attorney general.

10 H. ~~[Every taxpayer who, for the twenty-four month~~  
11 ~~period immediately preceding July 1, 1994, has not been a~~  
12 ~~delinquent taxpayer pursuant to the Gasoline Tax Act is exempt~~  
13 ~~from the requirement pursuant to this section to file a bond.]~~

14 A taxpayer required to file a bond pursuant to the provisions  
15 of this section who, for a twenty-four consecutive month  
16 period, ~~[ending after July 1, 1994]~~ has not been a delinquent  
17 taxpayer pursuant to the Gasoline Tax Act may request to be  
18 exempt from the requirement to file a bond beginning with the  
19 first day of the first month following the end of the twenty-  
20 four month period. If a taxpayer exempted pursuant to this  
21 subsection subsequently becomes a delinquent taxpayer under the  
22 Gasoline Tax Act, the department may terminate the exemption  
23 and require the filing of a bond in accordance with this  
24 section. If the department terminates the exemption, the  
25 termination shall not be effective any earlier than ten days

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 after the date the department notifies the taxpayer in writing  
2 of the termination."

3 SECTION 95. Section 7-13A-3 NMSA 1978 (being Laws 1990,  
4 Chapter 124, Section 16, as amended) is amended to read:

5 "7-13A-3. IMPOSITION AND RATE OF FEE--DENOMINATION AS  
6 "PETROLEUM PRODUCTS LOADING FEE".--

7 A. For the privilege of loading gasoline or special  
8 fuel from a rack at a refinery or pipeline terminal in this  
9 state into a cargo tank, there is imposed a fee on the  
10 distributor at a rate [~~provided in Subsection C of this~~  
11 ~~section~~] of one hundred fifty dollars (\$150) per load on each  
12 gallon of gasoline or special fuel loaded in New Mexico on  
13 which the petroleum products loading fee has not been  
14 previously paid. The fee imposed by this section may be  
15 referred to as the "petroleum products loading fee".

16 B. For the privilege of importing gasoline or  
17 special fuel into this state for resale or consumption in this  
18 state there is imposed a fee [~~determined~~] as provided in  
19 Subsection [C] A of this section on each load of gasoline or  
20 special fuel imported into New Mexico for resale or consumption  
21 on which the petroleum products loading fee has not been  
22 previously paid. For the purposes of this section, "load"  
23 means eight thousand gallons of gasoline or special fuel. To  
24 determine how many loads a person is to report under the  
25 provisions of this section, the person shall divide by eight

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 thousand the total gallons of gasoline reported for the  
2 purposes of Section 7-13-3 NMSA 1978 as adjusted under the  
3 provisions of Section 7-13-4 NMSA 1978 and the total gallons of  
4 special fuels received in New Mexico less any gallons exempted  
5 under Section 7-13A-4 NMSA 1978. Loads shall be calculated to  
6 the nearest one-hundredth of a load.

7 ~~[G. The fee imposed by this section is and may be~~  
8 ~~referred to as the "petroleum products loading fee" and shall~~  
9 ~~be one hundred fifty dollars (\$150) per load or whichever of~~  
10 ~~the following applies:~~

11 ~~(1) in the event the secretary of environment~~  
12 ~~certifies that the unobligated balance of the corrective action~~  
13 ~~fund at the end of the prior fiscal year equals or exceeds~~  
14 ~~eighteen million dollars (\$18,000,000), the fee shall be set at~~  
15 ~~forty dollars (\$40.00) per load;~~

16 ~~(2) in the event the secretary of environment~~  
17 ~~certifies that the unobligated balance of the corrective action~~  
18 ~~fund at the end of the prior fiscal year exceeds twelve million~~  
19 ~~dollars (\$12,000,000) but is less than eighteen million dollars~~  
20 ~~(\$18,000,000), the fee shall be set at eighty dollars (\$80.00)~~  
21 ~~per load;~~

22 ~~(3) in the event the secretary of environment~~  
23 ~~certifies that the unobligated balance of the corrective action~~  
24 ~~fund at the end of the prior fiscal year exceeds six million~~  
25 ~~dollars (\$6,000,000) but is less than twelve million dollars~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~(\$12,000,000), the fee shall be set at one hundred twenty~~  
2 ~~dollars (\$120) per load; and~~

3 ~~(4) in the event the secretary of environment~~  
4 ~~certifies that the unobligated balance of the corrective action~~  
5 ~~fund at the end of the prior fiscal year is less than six~~  
6 ~~million dollars (\$6,000,000), the fee shall be set at one~~  
7 ~~hundred fifty dollars (\$150) per load.~~

8 ~~D.]~~ C. The amount of the petroleum products loading  
9 fee [set pursuant to Paragraph (1), (2), (3) or (4) of  
10 ~~Subsection C of this section]~~ shall be imposed on the first day  
11 of the month following expiration of ninety days after the end  
12 of the fiscal year for which the certification was made.

13 ~~[E. As used in this section, "unobligated balance~~  
14 ~~of the corrective action fund" means corrective action fund~~  
15 ~~equity less all known or anticipated liabilities against the~~  
16 ~~fund.]"~~

17 SECTION 96. Section 7-13A-5 NMSA 1978 (being Laws 1990,  
18 Chapter 124, Section 18, as amended) is amended to read:

19 "7-13A-5. DEDUCTION--GASOLINE OR SPECIAL FUELS  
20 RETURNED--BIODIESEL FOR SUBSEQUENT BLENDING OR RESALE BY A RACK  
21 OPERATOR.--

22 A. Refunds and allowances made to buyers for  
23 gasoline or special fuels returned to the refiner, pipeline  
24 terminal operator or distributor or amounts of gasoline or  
25 special fuels, the payment for which has not been collected and

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 has been determined to be uncollectible pursuant to provisions  
2 of regulations issued by the secretary may be deducted from  
3 gallons used to determine loads for the purposes of calculating  
4 the petroleum products loading fee. If such a payment is  
5 subsequently collected, the gallons represented shall be  
6 included in determining loads. The deduction under the  
7 provisions of this section shall not be allowed if the  
8 petroleum products loading fee has not been paid previously on  
9 the petroleum products that were returned to the seller or the  
10 sale of which created an uncollectible debt.

11 B. Biodiesel, as defined in the Special Fuels  
12 Supplier Tax Act, loaded in or imported into New Mexico and  
13 delivered to a rack operator for subsequent blending or resale  
14 by a rack operator may be deducted from gallons used to  
15 determine loads for the purposes of calculating the petroleum  
16 products loading fee.

17 C. A taxpayer that deducts an amount of biodiesel  
18 pursuant to Subsection B of this section shall report the  
19 deducted amount separately with the taxpayer's return in a  
20 manner prescribed by the department.

21 ~~[D. The department shall calculate the aggregate~~  
22 ~~amount, in dollars, of the difference between the amount of the~~  
23 ~~petroleum products loading fee that would have been collected~~  
24 ~~in a fiscal year if not for the deduction allowed pursuant to~~  
25 ~~Subsection B of this section and the amount of the petroleum~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~products loading fee actually collected. The department shall~~  
2 ~~compile an annual report that includes the aggregate amount,~~  
3 ~~the number of taxpayers that deducted an amount of biodiesel~~  
4 ~~pursuant to Subsection B of this section and any other~~  
5 ~~information necessary to evaluate the deduction. Beginning in~~  
6 ~~2019 and every five years thereafter, the department shall~~  
7 ~~compile and present the annual reports to the revenue~~  
8 ~~stabilization and tax policy committee and the legislative~~  
9 ~~finance committee with an analysis of the costs and benefits to~~  
10 ~~the state of the deduction.~~

11 ~~E.]~~ D. For purposes of this section, "rack  
12 operator" means the operator of a refinery in this state or the  
13 owner of special fuel stored at a pipeline terminal in this  
14 state."

15 **SECTION 97.** Section 7-16A-9.4 NMSA 1978 (being Laws  
16 2013, Chapter 109, Section 3) is amended to read:

17 "7-16A-9.4. [~~REPORTING REQUIREMENTS~~] SPECIAL FUEL  
18 DEDUCTION--BIODIESEL.--~~[A.]~~ A taxpayer that deducts an amount  
19 of special fuel that is biodiesel from the total amount of  
20 special fuel received in New Mexico pursuant to Paragraph (2)  
21 of Subsection H of Section 7-16A-10 NMSA 1978 shall report the  
22 deducted amount separately with the taxpayer's return in a  
23 manner prescribed by the department.

24 [~~B.~~ ~~The department shall calculate the aggregate~~  
25 ~~amount, in dollars, of the difference between the amount of~~

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 ~~special fuel excise tax that would have been collected in a~~  
2 ~~fiscal year if not for the deduction allowed pursuant to~~  
3 ~~Paragraph (2) of Subsection H of Section 7-16A-10 NMSA 1978 and~~  
4 ~~the amount of special fuel excise tax actually collected. The~~  
5 ~~department shall compile an annual report that includes the~~  
6 ~~aggregate amount, the number of taxpayers that deducted an~~  
7 ~~amount of special fuel pursuant to Paragraph (2) of Subsection~~  
8 ~~H of Section 7-16A-10 NMSA 1978 and any other information~~  
9 ~~necessary to evaluate the deduction. Beginning in 2017 and~~  
10 ~~every five years thereafter, the department shall compile and~~  
11 ~~present the annual reports to the revenue stabilization and tax~~  
12 ~~policy committee and the legislative finance committee with an~~  
13 ~~analysis of the costs and benefits of the deduction to the~~  
14 ~~state.]"~~

15 SECTION 98. Section 7-16A-13.1 NMSA 1978 (being Laws  
16 2001, Chapter 43, Section 2, as amended by Laws 2006, Chapter  
17 73, Section 1 and by Laws 2006, Chapter 74, Section 2) is  
18 amended to read:

19 "7-16A-13.1. CLAIM FOR REFUND OF SPECIAL FUEL EXCISE TAX  
20 PAID ON SPECIAL FUEL.--

21 A. Upon the submission of proof satisfactory to the  
22 department, a user of special fuel may submit and the  
23 department may allow a claim for refund of tax paid on special  
24 fuel used to propel a vehicle authorized by contract with the  
25 public education department or with a public school district as

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 a school bus, to propel a vehicle off-road, to operate  
2 auxiliary equipment by a power take-off from the main engine or  
3 transmission of a vehicle or to operate a non-automotive  
4 apparatus mounted on a vehicle when the special fuel used for  
5 such purposes and the special fuel used to propel the vehicle  
6 on the highways are drawn from a common supply tank. The  
7 vehicle must be registered with the department. The user must  
8 be registered with the department for purposes of reporting and  
9 paying gross receipts tax.

10 B. No person may submit claims for refund pursuant  
11 to the provisions of this section more frequently than  
12 quarterly. No claim for refund may be submitted or allowed on  
13 less than one hundred gallons.

14 C. The department may prescribe the documents  
15 necessary to support a claim for refund pursuant to the  
16 provisions of this section. The department may prescribe the  
17 use of types of monitoring or measuring equipment.

18 ~~[D. This section applies to special fuel purchased~~  
19 ~~on or after July 1, 2001, except for the refund for special~~  
20 ~~fuel used to propel a school bus, which applies to special fuel~~  
21 ~~purchased on or after July 1, 2005.]"~~

22 SECTION 99. Section 7-16A-15 NMSA 1978 (being Laws 1992,  
23 Chapter 51, Section 15, as amended) is amended to read:

24 "7-16A-15. BOND REQUIRED OF SUPPLIER.--

25 A. Except as provided in Subsection H of this

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 section, every supplier shall file with the department a bond  
2 on a form approved by the attorney general with a surety  
3 company authorized by the [~~state corporation~~] public regulation  
4 commission to transact business in this state as a surety and  
5 upon which bond the supplier is the principal obligor and the  
6 state the obligee. The bond shall be conditioned upon the  
7 prompt filing of true reports and the payment by the supplier  
8 to the department of all taxes levied by the Special Fuels  
9 Supplier Tax Act, together with all applicable penalties and  
10 interest thereon.

11 B. In lieu of the bond, the supplier may elect to  
12 file with the department cash or bonds of the United States or  
13 New Mexico or of any political subdivision of the state.

14 C. The total amount of the bond, cash or securities  
15 required of any supplier shall be fixed by the department and  
16 may be increased or reduced by the department at any time,  
17 subject to the limitations provided in this section.

18 D. In fixing the total amount of the bond, cash or  
19 securities required of any supplier required to post bond, the  
20 department shall require an equivalent in total amount to at  
21 least two times the amount of the department's estimate of the  
22 supplier's monthly [~~special fuel excise~~] tax, determined in  
23 such manner as the secretary may deem proper; provided,  
24 however, the total amount of bond, cash or securities required  
25 of a supplier shall never be less than one thousand dollars

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 (\$1,000).

2 E. In the event the department decides that the  
3 amount of the existing bond, cash or securities is insufficient  
4 to insure payment to this state of the amount of the [~~special~~  
5 ~~fuel-excise~~] tax and any penalties and interest for which the  
6 supplier is or may at any time become liable, [~~then~~] the  
7 supplier shall [~~forthwith~~], upon written demand of the  
8 department mailed to the last known address of the supplier as  
9 shown on the records of the department, file an additional  
10 bond, cash or securities in the manner, form and amount  
11 determined by the department to be necessary to secure at all  
12 times the payment by the supplier of all taxes, penalties and  
13 interest due pursuant to the Special Fuels Supplier Tax Act.

14 F. Any surety on any bond furnished by any supplier  
15 as required by this section shall be released and discharged  
16 from all liability accruing on the bond after the expiration of  
17 ninety days from the date upon which the surety files with the  
18 department a written request to be released and discharged;  
19 provided, however, the request shall not operate to release or  
20 discharge the surety from any liability already accrued or that  
21 shall accrue before the expiration of the ninety-day period,  
22 unless a new bond is filed during the ninety-day period, in  
23 which case the previous bond may be canceled as of the  
24 effective date of the new bond. On receipt of notice of such  
25 request, the department shall notify promptly the supplier who

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 furnished the bond that the supplier shall, on or before the  
2 expiration of the ninety-day period, file with the department a  
3 new bond with a surety satisfactory to the department in the  
4 amount and form required in this section.

5 G. The supplier required to file bond with or  
6 provide cash or securities to the department in accordance with  
7 this section and who is required by any other state law to file  
8 another bond with or provide cash or securities to the  
9 department may elect to file a combined bond or provide cash or  
10 securities applicable to the provisions of both this section  
11 and the other law, with the approval of the secretary. The  
12 amount of the combined bond, cash or securities shall be  
13 determined by the department and the form of the combined bond  
14 shall be approved by the attorney general.

15 H. ~~[On July 1, 1994, every supplier who, for the~~  
16 ~~twenty-four month period immediately preceding that date, has~~  
17 ~~not been a delinquent taxpayer under the Special Fuels Supplier~~  
18 ~~Tax Act or the Special Fuels Tax Act is exempt from the~~  
19 ~~requirement pursuant to this section to file a bond.] A~~  
20 supplier required to file a bond pursuant to the provisions of  
21 this section who, for a twenty-four consecutive month period  
22 ~~[ending after July 1, 1994]~~ has not been a delinquent taxpayer  
23 pursuant to ~~[either]~~ the Special Fuels Supplier Tax Act ~~[or the~~  
24 ~~Special Fuels Tax Act]~~ may request to be exempt from the  
25 requirement to file a bond beginning with the first day of the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 first month following the end of the twenty-four month period.  
2 If a supplier exempted pursuant to this subsection subsequently  
3 becomes a delinquent taxpayer pursuant to the Special Fuels  
4 Supplier Tax Act, the department may terminate the exemption  
5 and require the filing of a bond in accordance with this  
6 section. If the department terminates the exemption, the  
7 termination shall not be effective any earlier than ten days  
8 after the date the department notifies the supplier in writing  
9 of the termination."

10 SECTION 100. Section 7-16B-4 NMSA 1978 (being Laws 1995,  
11 Chapter 16, Section 4, as amended) is amended to read:

12 "7-16B-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
13 ALTERNATIVE FUEL EXCISE TAX.--

14 A. For the privilege of distributing alternative  
15 fuel in this state, there is imposed an excise tax at a rate  
16 provided in Subsection C of this section on each gallon of  
17 alternative fuel distributed in New Mexico.

18 B. The tax imposed by this section may be called  
19 the "alternative fuel excise tax".

20 C. For each gallon of alternative fuel distributed  
21 in New Mexico, the tax imposed by Subsection A of this section  
22 shall be:

23 [~~(1) for the period beginning January 1, 1996~~  
24 ~~and ending December 31, 1997, three cents (\$0.03) per gallon;~~

25 ~~(2) for the period beginning January 1, 1998~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 and ending December 31, 1999, six cents (\$0.06) per gallon;

2 ~~(3) for the period beginning January 1, 2000~~  
3 and ending December 31, 2001, nine cents (\$0.09) per gallon;

4 ~~(4) for the period beginning January 1, 2002~~  
5 and ending June 30, 2014, twelve cents (\$0.12) per gallon; and

6 ~~(5) for the period beginning July 1, 2014 and~~  
7 thereafter

8 (a)] (1) for alternative fuel that is  
9 compressed natural gas, thirteen and three-tenths cents (\$.133)  
10 per gallon;

11 [~~(b)~~] (2) for alternative fuel that is  
12 liquefied natural gas, twenty and six-tenths cents (\$.206) per  
13 gallon; and

14 [~~(c)~~] (3) for alternative fuel not described  
15 in [~~Subparagraph (a) or (b) of this~~] Paragraph (1) or (2) of  
16 this subsection, twelve cents (\$.12) per gallon.

17 D. Alternative fuel purchased for distribution  
18 shall not be subject to the alternative fuel excise tax at the  
19 time of purchase or acquisition, but the tax shall be due on  
20 any alternative fuel at the time it is dispensed or delivered  
21 into the supply tank of a motor vehicle that is operated on the  
22 highways of this state."

23 SECTION 101. Section 7-19-11 NMSA 1978 (being Laws 1979,  
24 Chapter 397, Section 2, as amended) is amended to read:

25 "7-19-11. DEFINITIONS.--As used in the Supplemental

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Municipal Gross Receipts Tax Act:

2 A. "department" [~~or "division"~~] means the taxation  
3 and revenue department, the secretary of taxation and revenue  
4 or any employee of the department exercising authority lawfully  
5 delegated to that employee by the secretary;

6 B. "governing body" means the city council or city  
7 commission of a municipality;

8 C. "municipality" means any incorporated city, town  
9 or village having previously qualified to impose and did impose  
10 the tax pursuant to the provisions of the Supplemental  
11 Municipal Gross Receipts Tax Act in effect prior to [~~this 1997~~  
12 ~~act~~] the enactment of Laws 1997, Chapter 219;

13 D. "person" means an individual or any other legal  
14 entity;

15 E. "refunding bonds" means bonds issued pursuant to  
16 the provisions of the Supplemental Municipal Gross Receipts Tax  
17 Act to refund supplemental municipal gross receipts tax bonds  
18 issued pursuant to the provisions of that act;

19 F. "state gross receipts tax" means the gross  
20 receipts tax imposed under the Gross Receipts and Compensating  
21 Tax Act; and

22 G. "supplemental municipal gross receipts tax"  
23 means the tax authorized to be imposed under the Supplemental  
24 Municipal Gross Receipts Tax Act."

25 SECTION 102. Section 7-19-12 NMSA 1978 (being Laws 1979,

.228781.3SA

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

1 Chapter 397, Section 3, as amended) is amended to read:

2 "7-19-12. AUTHORIZATION TO IMPOSE SUPPLEMENTAL MUNICIPAL  
3 GROSS RECEIPTS TAX--AUTHORIZATION FOR ISSUANCE OF SUPPLEMENTAL  
4 MUNICIPAL GROSS RECEIPTS BONDS--ELECTION REQUIRED.--

5 A. The majority of the members elected to the  
6 governing body of a municipality may enact an ordinance  
7 imposing an excise tax on any person engaging in business in  
8 the municipality for the privilege of engaging in business in  
9 the municipality. This tax is to be referred to as the  
10 "supplemental municipal gross receipts tax". The rate of the  
11 tax shall not exceed one percent of the gross receipts of the  
12 person engaging in business and shall be imposed in one-fourth  
13 percent increments if less than one percent.

14 B. The governing body of a municipality enacting an  
15 ordinance imposing the tax authorized in Subsection A of this  
16 section shall submit the question of imposing such tax and the  
17 question of the issuance of supplemental municipal gross  
18 receipts bonds in an amount not to exceed nine million dollars  
19 (\$9,000,000), for which the revenue from the supplemental  
20 municipal gross receipts tax is dedicated, to the qualified  
21 electors of the municipality at a regular or special election.

22 C. The questions referred to in Subsection B of  
23 this section shall be submitted to a vote of the qualified  
24 electors of the municipality as two separate ballot questions,  
25 which shall be substantially in the following form:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (1) "Shall the municipality be authorized to  
2 issue supplemental municipal gross receipts bonds in an amount  
3 of not exceeding \_\_\_\_\_ dollars for the purpose  
4 of constructing and equipping and otherwise acquiring a  
5 municipal water supply system?

6 For \_\_\_\_\_ Against \_\_\_\_\_"; and

7 (2) "Shall the municipality impose an excise  
8 tax for the privilege of engaging in business in the  
9 municipality which shall be known as the "supplemental  
10 municipal gross receipts tax" and which shall be imposed at a  
11 rate of \_\_\_\_\_ percent of the gross receipts of the person  
12 engaging in business, the proceeds of which are dedicated to  
13 the payment of supplemental municipal gross receipts bonds?

14 For \_\_\_\_\_ Against \_\_\_\_\_".

15 D. Only those voters who are registered electors  
16 who reside within the municipality shall be permitted to vote  
17 on these two questions. The procedures for conducting the  
18 election shall be substantially the same as the applicable  
19 provisions in Sections 3-30-1, 3-30-6 and 3-30-7 NMSA 1978  
20 relating to municipal debt.

21 E. If at an election called pursuant to this  
22 section a majority of the voters voting on each of the two  
23 questions vote in the affirmative on each [~~such~~] question,  
24 [~~then~~] the ordinance imposing the supplemental municipal gross  
25 receipts tax shall be approved. If at such election a majority

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 of the voters voting on such questions fail to approve any of  
2 the questions, ~~[then]~~ the ordinance imposing the tax shall be  
3 disapproved and the questions required to be submitted by  
4 Subsection B of this section shall not be submitted to the  
5 voters for a period of one year from the date of the election.

6 F. Any ordinance enacted under the provisions of  
7 this section shall include an effective date of ~~[either]~~ the  
8 first July 1 ~~[or January 1, whichever date occurs first]~~ after  
9 the expiration of at least ~~[five]~~ three months from the date of  
10 the election. A certified copy of any ordinance imposing a  
11 supplemental municipal gross receipts tax shall be mailed to  
12 the ~~[division]~~ department within five days after the ordinance  
13 is adopted by the approval by the electorate. Any ordinance  
14 repealing the imposition of a tax under the provisions of the  
15 Supplemental Municipal Gross Receipts Tax Act shall become  
16 effective on ~~[either]~~ the first July 1 ~~[or January 1]~~ after the  
17 expiration of at least ~~[five]~~ three months from the date the  
18 ordinance is repealed by the governing body.

19 ~~[G. Nothing in this section is intended to or does~~  
20 ~~alter the effectiveness or validity of any actions taken in~~  
21 ~~accordance with Subsection G of Section 80 of Chapter 20 of~~  
22 ~~Laws 1986.]"~~

23 SECTION 103. Section 7-19-13 NMSA 1978 (being Laws 1979,  
24 Chapter 397, Section 4) is amended to read:

25 "7-19-13. ORDINANCE ~~[MUST]~~ SHALL CONFORM TO CERTAIN

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT AND  
2 REQUIREMENTS OF THE ~~[DIVISION]~~ DEPARTMENT.--

3 A. Any ordinance imposing a supplemental municipal  
4 gross receipts tax shall adopt by reference the same  
5 definitions and the same provisions relating to exemptions and  
6 deductions as are contained in the Gross Receipts and  
7 Compensating Tax Act then in effect and as it may be amended  
8 from time to time.

9 B. The governing body of any municipality imposing  
10 or increasing the supplemental municipal gross receipts tax  
11 ~~[must]~~ shall adopt the language of the model ordinance  
12 furnished to the municipality by the ~~[division]~~ department for  
13 the portion of the ordinance relating to the tax."

14 SECTION 104. Section 7-19-16 NMSA 1978 (being Laws 1979,  
15 Chapter 397, Section 7) is amended to read:

16 "7-19-16. INTERPRETATION OF ACT--ADMINISTRATION AND  
17 ENFORCEMENT OF TAX.--

18 A. The ~~[division]~~ department shall interpret the  
19 provisions of the Supplemental Municipal Gross Receipts Tax  
20 Act.

21 B. The ~~[division]~~ department shall administer and  
22 enforce the collection of the supplemental municipal gross  
23 receipts tax, and the Tax Administration Act applies to the  
24 administration and enforcement of the tax."

25 SECTION 105. Section 7-19D-3 NMSA 1978 (being Laws 1993,

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 346, Section 3) is amended to read:

2 "7-19D-3. EFFECTIVE DATE OF ORDINANCE.--An ordinance  
3 imposing, amending or repealing a tax or an increment of tax  
4 authorized by the Municipal Local Option Gross Receipts and  
5 Compensating Taxes Act shall be effective on the first July 1  
6 [~~or January 1, whichever date occurs first~~] after the  
7 expiration of at least three months from the date the adopted  
8 ordinance is mailed or delivered to the department. The  
9 ordinance shall include that effective date."

10 SECTION 106. Section 7-19D-17 NMSA 1978 (being Laws  
11 2012, Chapter 58, Section 1, as amended) is amended to read:

12 "7-19D-17. FEDERAL WATER PROJECT GROSS RECEIPTS TAX--  
13 AUTHORIZATION--USE OF REVENUE--REFERENDUM.--

14 A. A majority of the members of the governing body  
15 of a municipality may enact an ordinance imposing an excise tax  
16 on any person engaging in business in the municipality for the  
17 privilege of engaging in business. The rate of the tax shall  
18 not exceed one-fourth percent of the gross receipts of the  
19 person engaging in business. An ordinance enacting the tax  
20 authorized by this section is subject to a positive referendum.

21 B. The tax imposed pursuant to this section may be  
22 referred to as the "federal water project gross receipts tax".

23 C. The governing body of a municipality, at the  
24 time of enacting an ordinance imposing the rate of the tax  
25 authorized in this section, shall dedicate the revenue for the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 repayment of loan obligations to the federal government for the  
2 construction, expansion, operation and maintenance of a water  
3 delivery system and for the expansion, operation and  
4 maintenance of that water delivery system after the loan  
5 obligation to the federal government is retired or repaid. The  
6 revenue from the federal water project gross receipts tax shall  
7 not be dedicated to repay revenue bonds or any other form of  
8 bonds.

9 D. An ordinance imposing the federal water project  
10 gross receipts tax shall not go into effect until an election  
11 is held and a majority of the voters of the municipality voting  
12 in the election votes in favor of imposing the tax. The  
13 governing body shall adopt a resolution calling for an election  
14 within seventy-five days of the date the ordinance is adopted  
15 on the question of imposing the tax. The question shall be  
16 submitted to the voters of the municipality as a separate  
17 question at a regular local election or at a special election  
18 called for that purpose by the governing body. An election  
19 shall be called, conducted and canvassed as provided in the  
20 Local Election Act. If a majority of the voters voting on the  
21 question approves the ordinance imposing the federal water  
22 project gross receipts tax, then the ordinance shall become  
23 effective on [~~January 1~~ or] July 1 in accordance with the  
24 provisions of the Municipal Local Option Gross Receipts and  
25 Compensating Taxes Act. If the question of imposing the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 federal water project gross receipts tax fails, the governing  
2 body shall not again propose the imposition of the tax for a  
3 period of one year from the date of the election.

4 ~~[E. A municipality that imposed a federal water~~  
5 ~~project gross receipts tax pursuant to this section shall not~~  
6 ~~also impose a municipal capital outlay gross receipts tax.~~

7 ~~F.]~~ E. As used in this section, "municipality"  
8 means an incorporated municipality that has a population  
9 pursuant to the most recent federal decennial census of greater  
10 than twenty thousand but less than twenty-five thousand and is  
11 located in a class B county."

12 SECTION 107. Section 7-20E-3 NMSA 1978 (being Laws 1993,  
13 Chapter 354, Section 3, as amended) is amended to read:

14 "7-20E-3. OPTIONAL REFERENDUM SELECTION--EFFECTIVE DATE  
15 OF ORDINANCE.--

16 A. The governing body of a county imposing a tax or  
17 an increment of tax authorized by the County Local Option Gross  
18 Receipts and Compensating Taxes Act or any other county local  
19 option gross receipts tax act that is subject to optional  
20 referendum selection shall select, when enacting the ordinance  
21 imposing the tax, one of the following referendum options:

22 (1) the ordinance imposing the tax or  
23 increment of tax shall go into effect on July 1 ~~[or January 1]~~  
24 in accordance with the provisions of the County Local Option  
25 Gross Receipts and Compensating Taxes Act, but an election may

.228781.3SA

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

1 be called in the county on the question of approving or  
2 disapproving that ordinance as follows:

3 (a) an election shall be called when:

4 1) in a county having a referendum provision in its charter, a  
5 petition requesting such an election is filed pursuant to the  
6 requirements of that provision in the charter and signed by the  
7 number of registered voters in the county equal to the number  
8 of registered voters required in its charter to seek a  
9 referendum; and 2) in all other counties, a petition requesting  
10 such an election is filed with the county clerk within sixty  
11 days of enactment of the ordinance by the governing body and  
12 the petition has been signed by a number of registered voters  
13 in the county equal to at least five percent of the number of  
14 the voters in the county who were registered to vote in the  
15 most recent general election;

16 (b) the signatures on the petition  
17 requesting an election shall be verified by the county clerk.  
18 If the petition is verified by the county clerk as containing  
19 the required number of signatures of registered voters, the  
20 governing body shall adopt a resolution calling an election on  
21 the question of approving or disapproving the ordinance. The  
22 election shall be held within sixty days after the date the  
23 petition is verified by the county clerk, or it may be held in  
24 conjunction with a general election if that election occurs  
25 within sixty days after the date of the verification. The

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 election shall be called, held, conducted and canvassed in  
2 substantially the same manner as provided by law for general  
3 elections; and

4 (c) if a majority of the registered  
5 voters voting on the question approves the ordinance, the  
6 ordinance shall go into effect on July 1 [~~or January 1~~] in  
7 accordance with the provisions of the County Local Option Gross  
8 Receipts and Compensating Taxes Act. If at such an election a  
9 majority of the registered voters voting on the question  
10 disapproves the ordinance, the ordinance imposing the tax shall  
11 be deemed repealed and the question of imposing the tax or  
12 increment of tax shall not be considered again by the governing  
13 body for a period of one year from the date of the election; or

14 (2) the ordinance imposing the tax or  
15 increment of tax shall not go into effect until after an  
16 election is held and a simple majority of the registered voters  
17 of the county voting on the question votes in favor of imposing  
18 the tax or increment of tax. The governing body shall adopt a  
19 resolution calling for an election within seventy-five days of  
20 the date the ordinance is adopted on the question of imposing  
21 the tax or increment of tax. Such question may be submitted to  
22 the voters and voted upon as a separate question at any general  
23 election or at any special election called for that purpose by  
24 the governing body. The election upon the question shall be  
25 called, held, conducted and canvassed in substantially the same

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 manner as may be provided by law for general elections. If the  
2 question of imposing the tax or increment of tax fails, the  
3 governing body shall not again propose the tax or increment of  
4 tax for a period of one year after the election.

5 B. An ordinance imposing, amending or repealing a  
6 tax or an increment of tax authorized by the County Local  
7 Option Gross Receipts and Compensating Taxes Act shall be  
8 effective on the first July 1 [~~or January 1, whichever date~~  
9 ~~occurs first~~] after the expiration of at least three months  
10 from the date the adopted ordinance is mailed or delivered to  
11 the department. The ordinance shall include that effective  
12 date."

13 SECTION 108. Section 7-20E-13 NMSA 1978 (being Laws  
14 1987, Chapter 45, Section 3, as amended) is amended to read:

15 "7-20E-13. SPECIAL COUNTY HOSPITAL GROSS RECEIPTS TAX--  
16 AUTHORITY TO IMPOSE--ORDINANCE REQUIREMENTS.--

17 A. The majority of the members of the governing  
18 body may enact an ordinance imposing an excise tax on any  
19 person engaging in business in the county for the privilege of  
20 engaging in business. The rate of the tax shall be one-eighth  
21 [~~of one~~] percent of the gross receipts of the person engaging  
22 in business. The tax shall be imposed for a period of not more  
23 than five years from the effective date of the ordinance  
24 imposing the tax. Having once enacted an ordinance under this  
25 section, the governing body may enact subsequent ordinances for

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 succeeding periods of not more than five years; provided that  
2 each such ordinance meets the requirements of the County Local  
3 Option Gross Receipts and Compensating Taxes Act with respect  
4 to the tax imposed by this section.

5 B. The tax imposed by this section may be referred  
6 to as the "special county hospital gross receipts tax".

7 C. For the purposes of this section, "county"  
8 means:

9 (1) a county:

10 (a) having a population of more than ten  
11 thousand but less than ten thousand six hundred, according to  
12 the last federal decennial census or any subsequent decennial  
13 census, and having a net taxable value for rate-setting  
14 purposes for the 1986 property tax year or any subsequent year  
15 of more than eighty-two million dollars (\$82,000,000) but less  
16 than eighty-two million three hundred thousand dollars  
17 (\$82,300,000);

18 (b) that has imposed a rate of one  
19 dollar fifty cents (\$1.50) to each one thousand dollars  
20 (\$1,000) of net taxable value of property as defined in the  
21 Property Tax Code for property taxation purposes in the county  
22 and to each one thousand dollars (\$1,000) of the assessed value  
23 of products severed and sold in the school district as  
24 determined under the Oil and Gas Ad Valorem Production Tax Act  
25 and the Oil and Gas Production Equipment Ad Valorem Tax Act or

.228781.3SA



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

1 has made an appropriation of funds or has imposed another tax  
2 that produces an amount not less than the revenue that would be  
3 produced by applying a rate of one dollar fifty cents (\$.50)  
4 to each one thousand dollars (\$1,000) of net taxable value of  
5 property as defined in the Property Tax Code for property  
6 taxation purposes in the school district and to each one  
7 thousand dollars (\$1,000) of the assessed value of products  
8 severed and sold in the school district as determined under the  
9 Oil and Gas Ad Valorem Production Tax Act and the Oil and Gas  
10 Production Equipment Ad Valorem Tax Act. The proceeds of any  
11 tax imposed or appropriation made shall be dedicated for  
12 current operations and maintenance of a hospital owned and  
13 operated by the county or operated and maintained by another  
14 party pursuant to a lease with the county; and

15 (c) having qualified at any time under  
16 this definition shall continue to be qualified as a county and  
17 authorized to implement the provisions of this section; and

18 (2) a class B county having a population of  
19 more than seventeen thousand five hundred but less than  
20 nineteen thousand according to the 1990 federal decennial  
21 census and having a net taxable value for property tax rate-  
22 setting purposes of under three hundred million dollars  
23 (\$300,000,000).

24 D. The governing body of a county described in  
25 Paragraph (1) of Subsection C of this section shall, at the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 time of enacting an ordinance imposing the rate of the tax  
2 authorized in Subsection A of this section, dedicate the  
3 revenue for current operations and maintenance of a hospital  
4 owned and operated by the county or operated and maintained by  
5 another party pursuant to a lease with the county, and the use  
6 of these proceeds shall be for the care and maintenance of sick  
7 and indigent persons and shall be an expenditure for a public  
8 purpose. In any election held, the ballot shall clearly state  
9 the purpose to which the revenue will be dedicated, and the  
10 revenue shall be used by the county for that purpose.

11 E. The governing body of a county described in  
12 Paragraph (2) of Subsection C of this section shall, at the  
13 time of enacting an ordinance imposing the rate of the tax  
14 authorized in Subsection A of this section, dedicate the  
15 revenue for county ambulance transport costs or for operation  
16 of a rural health clinic. In any election held, the ballot  
17 shall clearly state the purposes to which the revenue will be  
18 dedicated, and the revenue shall be used by the county for  
19 those purposes.

20 F. Any ordinance enacted under the provisions of  
21 Subsection A of this section shall include an effective date of  
22 [~~either~~] July 1 [~~or January 1~~] in accordance with the  
23 provisions of the County Local Option Gross Receipts and  
24 Compensating Taxes Act.

25 G. The ordinance shall not go into effect until

.228781.3SA

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

1 after an election is held and a simple majority of the  
2 qualified electors of the county voting in the election votes  
3 in favor of imposing the special county hospital gross receipts  
4 tax. The governing body shall adopt a resolution calling for  
5 an election within seventy-five days of the date the ordinance  
6 is adopted on the question of imposing the tax. The question  
7 may be submitted to the qualified electors and voted upon as a  
8 separate question in a general election or in any special  
9 election called for that purpose by the governing body. A  
10 special election upon the question shall be called, held,  
11 conducted and canvassed in substantially the same manner as  
12 provided by law for general elections. If the question of  
13 imposing a special county hospital gross receipts tax fails,  
14 the governing body shall not again propose a special county  
15 hospital gross receipts tax for a period of one year after the  
16 election. A certified copy of any ordinance imposing a special  
17 county hospital gross receipts tax shall be mailed to the  
18 department within five days after the ordinance is adopted in  
19 any election called for that purpose.

20 H. A single election may be held on the question of  
21 imposing a special county hospital gross receipts tax as  
22 authorized in this section [~~on the question of imposing a~~  
23 ~~special county hospital gasoline tax as authorized in the~~  
24 ~~Special County Hospital Gasoline Tax Act]~~ and on the question  
25 of imposing a mill levy pursuant to the Hospital Funding Act."

.228781.3SA

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

1           **SECTION 109.** Section 7-20E-18 NMSA 1978 (being Laws  
2 1991, Chapter 212, Section 7, as amended) is amended to read:

3           "7-20E-18. COUNTY HEALTH CARE GROSS RECEIPTS TAX--  
4 AUTHORITY TO IMPOSE RATE.--

5           A. The majority of the members of the governing  
6 body of any county may enact an ordinance imposing an excise  
7 tax at a rate of one-sixteenth percent of the gross receipts of  
8 any person engaging in business in the county for the privilege  
9 of engaging in business in the county. Any ordinance imposing  
10 an excise tax pursuant to this section shall not be subject to  
11 a referendum. The governing body of a county shall, at the  
12 time of enacting an ordinance imposing the tax, dedicate the  
13 revenue to the county-supported medicaid fund. This tax is to  
14 be referred to as the "county health care gross receipts tax".

15           B. In addition to the imposition of the county  
16 health care gross receipts tax authorized by Subsection A of  
17 this section, the majority of the members of the governing body  
18 of a county having a population of more than five hundred  
19 thousand persons according to the most recent federal decennial  
20 census may enact an ordinance imposing an additional one-  
21 sixteenth percent increment of county health care gross  
22 receipts tax; provided that the imposition of the additional  
23 increment shall be for a period that ends no later than June  
24 30, 2009. To continue an increment after June 30, 2009 or  
25 beyond any five-year period for which the increment has been

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 imposed, the members of the governing body shall review the  
2 need for the increment and if the majority of the members vote  
3 in favor of continuing the increment imposed pursuant to this  
4 subsection, the increment shall be imposed for an additional  
5 period of five years. The governing body of the county shall,  
6 at the time of enacting an ordinance imposing the additional  
7 increment of county health care gross receipts tax, dedicate  
8 the revenue to the support of indigent patients.

9 C. Any ordinance enacted pursuant to the provisions  
10 of Subsection A or B of this section shall include an effective  
11 date of ~~[either]~~ July 1 ~~[or January 1]~~ in accordance with the  
12 provisions of the County Local Option Gross Receipts and  
13 Compensating Taxes Act."

14 SECTION 110. Section 7-20E-26 NMSA 1978 (being Laws  
15 2007, Chapter 346, Section 1) is amended to read:

16 "7-20E-26. WATER AND SANITATION GROSS RECEIPTS TAX--  
17 AUTHORITY TO IMPOSE--RATE--ELECTION--USE OF REVENUE.--

18 A. An excise tax imposed by a governing body  
19 pursuant to this section may be referred to as the "water and  
20 sanitation gross receipts tax". The water and sanitation gross  
21 receipts tax shall be imposed by a governing body as set forth  
22 in this section, contingent upon a majority of the voters  
23 voting in an election on the question of whether to impose a  
24 water and sanitation gross receipts tax voting in favor of the  
25 imposition.

.228781.3SA

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

1           B. Upon receipt of a resolution adopted and  
2 submitted by the board of directors of a water and sanitation  
3 district that requests the governing body to impose a water and  
4 sanitation gross receipts tax on behalf of the water and  
5 sanitation district, a governing body shall enact an ordinance  
6 imposing a water and sanitation gross receipts tax in that  
7 water and sanitation district. The ordinance shall impose the  
8 tax at a rate of one-fourth percent on a person engaging in  
9 business within the area of the county located within the water  
10 and sanitation district for the privilege of engaging in  
11 business within that water and sanitation district within the  
12 county.

13           C. The governing body, at the time of enacting an  
14 ordinance imposing a water and sanitation gross receipts tax  
15 authorized pursuant to Subsection A of this section, shall  
16 dedicate the revenue only for the operation of the water and  
17 sanitation district for which the tax is imposed. The tax  
18 shall be imposed for six years from the date on which the water  
19 and sanitation gross receipts tax goes into effect.

20           D. Within sixty days of the date the ordinance is  
21 adopted by the governing body, the governing body shall adopt a  
22 resolution calling for an election on the question of whether  
23 to impose a water and sanitation gross receipts tax. The  
24 question shall be submitted to the voters of the water and  
25 sanitation district requesting the county to impose the tax. A

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 special election shall be called, conducted and canvassed in  
2 substantially the same manner as provided by law for general  
3 elections. If a majority of the voters voting on the question  
4 approves the ordinance imposing the water and sanitation gross  
5 receipts tax, then the ordinance shall become effective in  
6 accordance with the provisions of the County Local Option Gross  
7 Receipts and Compensating Taxes Act on [~~either January 1 or~~  
8 the first July 1 following the election approving the  
9 imposition of the tax. If the question of imposing the water  
10 and sanitation gross receipts tax fails, a resolution from the  
11 board of directors of the water and sanitation district  
12 initiating the request to the county to impose a water and  
13 sanitation gross receipts tax may not again be submitted to the  
14 governing body for a period of one year from the date of the  
15 election.

16 E. The proceeds from the water and sanitation gross  
17 receipts tax shall be administered by the governing body and  
18 disbursed by the county treasurer to the appropriate water and  
19 sanitation district in amounts and for the purposes authorized  
20 in this section and as set out in the resolution submitted by  
21 the board of directors to the governing body. An agreement  
22 shall be entered into between the water and sanitation district  
23 and the governing body that sets out the responsibilities of  
24 both parties regarding administration, distribution and use of  
25 the revenue from the water and sanitation gross receipts tax."

.228781.3SA

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

1           SECTION 111. Section 7-26-2 NMSA 1978 (being Laws 1977,  
2 Chapter 102, Section 4, as amended) is amended to read:

3           "7-26-2. DEFINITIONS.--As used in the Severance Tax Act:

4           A. "department" means the taxation and revenue  
5 department, the secretary of taxation and revenue or any  
6 employee of the department exercising authority lawfully  
7 delegated to that employee by the secretary;

8           B. "natural resource" means timber and any  
9 metalliferous or nonmetalliferous mineral product, combination  
10 or compound thereof but does not include oil, natural gas,  
11 liquid hydrocarbon, individually or any combination thereof, or  
12 carbon dioxide;

13           C. "severer" means any person engaging in the  
14 business of severing natural resources that the person owns or  
15 any person who is the owner of natural resources and has  
16 another person perform the severing of such natural resources;

17           D. "severing" means mining, quarrying, extracting,  
18 felling or producing any natural resources in New Mexico;

19           E. "owner", when used in connection with the  
20 severing of any of the natural resources covered by the  
21 Severance Tax Act under any lease or contract with the state or  
22 United States, includes any person having the right to sever  
23 those resources; and

24           F. [~~"director" or~~] "secretary" means the secretary  
25 of taxation and revenue."

.228781.3SA



underscored material = new  
[bracketed material] = delete

1           SECTION 112. Section 7-29-2 NMSA 1978 (being Laws 1959,  
2 Chapter 52, Section 2, as amended) is amended to read:

3           "7-29-2. DEFINITIONS.--As used in the Oil and Gas  
4 Severance Tax Act:

5           A. [~~"commission"~~] "department" [~~"division" or "oil  
6 and gas accounting division"~~] means the taxation and revenue  
7 department, the secretary of taxation and revenue or any  
8 employee of the department exercising authority lawfully  
9 delegated to that employee by the secretary;

10           B. "production unit" means a unit of property  
11 designated by the department from which products of common  
12 ownership are severed;

13           C. "severance" means the taking from the soil,  
14 produced water, tank bottoms or an oil-water separator of any  
15 product, including accumulations of product, in any manner  
16 whatsoever;

17           D. "value" means the actual price received for  
18 products at the production unit, except as otherwise provided  
19 in the Oil and Gas Severance Tax Act;

20           E. "product" or "products" means oil, including  
21 crude oil, slop oil, sediment oil or skim oil and condensate;  
22 natural gas; liquid hydrocarbon, including ethane, propane,  
23 isobutene, normal butane and pentanes plus, individually or any  
24 combination thereof; and non-hydrocarbon gases, including  
25 carbon dioxide and helium;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 F. "operator" means any person:

2 (1) engaged in the severance of products from  
3 a production unit; or

4 (2) owning an interest in any product at the  
5 time of severance who receives a portion or all of such product  
6 for the person's interest;

7 G. "primary recovery" means the displacement of oil  
8 and of other liquid hydrocarbons removed from natural gas at or  
9 near the wellhead from an oil well or pool as classified by the  
10 oil conservation division of the energy, minerals and natural  
11 resources department pursuant to Paragraph (11) of Subsection B  
12 of Section 70-2-12 NMSA 1978 into the wellbore by means of the  
13 natural pressure of the oil well or pool, including [~~but not~~  
14 ~~limited to~~] artificial lift;

15 H. "purchaser" means a person who is the first  
16 purchaser of:

17 (1) a product after severance from a  
18 production unit, except as otherwise provided in the Oil and  
19 Gas Severance Tax Act; or

20 (2) slop oil, sediment oil or skim oil and  
21 condensate, including the first purchaser of slop oil, sediment  
22 oil or skim oil from a person other than an operator or at a  
23 production unit;

24 I. "person" means any individual, estate, trust,  
25 receiver, business trust, corporation, firm, co-partnership,

.228781.3SA

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

1 cooperative, joint venture, association or other group or  
2 combination acting as a unit, and the plural as well as the  
3 singular number;

4 J. "interest owner" means a person owning an entire  
5 or fractional interest of whatsoever kind or nature in the  
6 products at the time of severance from a production unit, or  
7 who has a right to a monetary payment that is determined by the  
8 value of such products;

9 K. "new production natural gas well" means a  
10 producing crude oil or natural gas well proration unit that  
11 begins its initial natural gas production on or after May 1,  
12 1987 as determined by the oil conservation division of the  
13 energy, minerals and natural resources department;

14 L. "qualified enhanced recovery project", prior to  
15 January 1, 1994, means the use or the expanded use of carbon  
16 dioxide, when approved by the oil conservation division of the  
17 energy, minerals and natural resources department pursuant to  
18 the Enhanced Oil Recovery Act, for the displacement of oil and  
19 of other liquid hydrocarbons removed from natural gas at or  
20 near the wellhead from an oil well or pool classified by the  
21 oil conservation division pursuant to Paragraph (11) of  
22 Subsection B of Section 70-2-12 NMSA 1978;

23 M. "qualified enhanced recovery project", on and  
24 after January 1, 1994, means the use or the expanded use of any  
25 process approved by the oil conservation division of the

.228781.3SA

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

1 energy, minerals and natural resources department pursuant to  
2 the Enhanced Oil Recovery Act for the displacement of oil and  
3 of other liquid hydrocarbons removed from natural gas at or  
4 near the wellhead from an oil well or pool classified by the  
5 oil conservation division pursuant to Paragraph (11) of  
6 Subsection B of Section 70-2-12 NMSA 1978, other than a primary  
7 recovery process; the term includes ~~[but is not limited to]~~ the  
8 use of a pressure maintenance process, a water flooding process  
9 and immiscible, miscible, chemical, thermal or biological  
10 process or any other related process;

11 N. "production restoration project" means the use  
12 of any process for returning to production a natural gas or oil  
13 well that had thirty days or less of production in any period  
14 of twenty-four consecutive months beginning on or after January  
15 1, 1993, as approved and certified by the oil conservation  
16 division of the energy, minerals and natural resources  
17 department pursuant to the Natural Gas and Crude Oil Production  
18 Incentive Act;

19 O. "well workover project" means any procedure  
20 undertaken by the operator of a natural gas or crude oil well  
21 that is intended to increase the production from the well and  
22 that has been approved and certified by the oil conservation  
23 division of the energy, minerals and natural resources  
24 department pursuant to the Natural Gas and Crude Oil Production  
25 Incentive Act;

.228781.3SA

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

1           P. "stripper well property" means a crude oil or  
2 natural gas producing property that is assigned a single  
3 production unit number by the department and is certified by  
4 the oil conservation division of the energy, minerals and  
5 natural resources department pursuant to the Natural Gas and  
6 Crude Oil Production Incentive Act to have produced in the  
7 preceding calendar year:

8                   (1) if a crude oil producing property, an  
9 average daily production of less than ten barrels of oil per  
10 eligible well per day;

11                   (2) if a natural gas producing property, an  
12 average daily production of less than sixty thousand cubic feet  
13 of natural gas per eligible well per day; or

14                   (3) if a property with wells that produce  
15 both crude oil and natural gas, an average daily production of  
16 less than ten barrels of oil per eligible well per day, as  
17 determined by converting the volume of natural gas produced by  
18 the well to barrels of oil by using a ratio of six thousand  
19 cubic feet to one barrel of oil;

20           Q. "average annual taxable value" means as  
21 applicable:

22                   (1) the average of the taxable value per one  
23 thousand cubic feet, determined pursuant to Section 7-31-5 NMSA  
24 1978, of all natural gas produced in New Mexico for the  
25 specified calendar year as determined by the department; or

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (2) the average of the taxable value per  
2 barrel, determined pursuant to Section 7-31-5 NMSA 1978, of all  
3 oil produced in New Mexico for the specified calendar year as  
4 determined by the department;

5 R. "tax" means the oil and gas severance tax; ~~and~~

6 S. "volume" means the quantity of product severed  
7 reported using:

8 (1) oil, condensate and slop oil in barrels;

9 and

10 (2) natural gas, liquid hydrocarbons, helium  
11 and carbon dioxide in thousand cubic feet at a pressure base of  
12 fifteen and twenty-five thousandths pounds per square inch;

13 T. "sediment oil" means an accumulation of products  
14 that is not merchantable other than through an oil and gas  
15 lease;

16 U. "skim oil" means oil or condensate recovered  
17 from a produced water gathering system prior to injection or  
18 other disposal of the water;

19 V. "slop oil" means floating oil and solids that  
20 accumulate on the surface of an oil-water separator;

21 W. "oil-water separator" means wastewater treatment  
22 equipment used to separate oil from water consisting of a  
23 separation tank, including the forebay and other separator  
24 basins, skimmers, weirs, grit chambers and sludge hoppers.

25 "Oil-water separator" includes slop oil facilities and

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 associated tanks, storage vessels and auxiliary equipment  
2 located between individual drain systems and the oil-water  
3 separator. "Oil-water separator" does not include storage  
4 vessels or auxiliary equipment that do not come in contact with  
5 or store oily wastewater; and

6 X. "produced water" means a fluid that is an  
7 incidental byproduct from drilling for or the production of  
8 products."

9 SECTION 113. Section 7-29-4 NMSA 1978 (being Laws 1980,  
10 Chapter 62, Section 5, as amended) is amended to read:

11 "7-29-4. OIL AND GAS SEVERANCE TAX IMPOSED--  
12 COLLECTION--INTEREST OWNER'S LIABILITY TO STATE--INDIAN  
13 LIABILITY.--

14 A. There is imposed and shall be collected by the  
15 department a tax on all products that are severed and sold,  
16 except as provided in Subsection B of this section. The  
17 measure of the tax and the rates are:

18 (1) on natural gas severed and sold, except  
19 as provided in Paragraphs (4), (6) and (7) of this subsection,  
20 three and three-fourths percent of the taxable value determined  
21 pursuant to Section 7-29-4.1 NMSA 1978;

22 (2) on oil and on other liquid hydrocarbons  
23 removed from natural gas at or near the wellhead, except as  
24 provided in Paragraphs (3), (5), (8) and (9) of this  
25 subsection, and on slop oil, sediment oil and skim oil,

.228781.3SA

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

1 wherever removed or recovered, three and three-fourths percent  
2 of taxable value determined pursuant to Section 7-29-4.1 NMSA  
3 1978;

4 (3) on oil and on other liquid hydrocarbons  
5 removed from natural gas at or near the wellhead produced from  
6 a qualified enhanced recovery project, one and seven-eighths  
7 percent of the taxable value determined pursuant to Section  
8 7-29-4.1 NMSA 1978, provided that the annual average price of  
9 west Texas intermediate crude oil, determined by the department  
10 by averaging the posted prices in effect on the last day of  
11 each month of the twelve-month period ending on May 31 prior to  
12 the fiscal year in which the tax rate is to be imposed, was  
13 less than twenty-eight dollars (\$28.00) per barrel;

14 (4) on the natural gas from a well workover  
15 project that is certified by the oil conservation division of  
16 the energy, minerals and natural resources department in its  
17 approval of the well workover project, two and forty-five  
18 hundredths percent of the taxable value determined pursuant to  
19 Section 7-29-4.1 NMSA 1978, provided that the annual average  
20 price of west Texas intermediate crude oil, determined by the  
21 department by averaging the posted prices in effect on the last  
22 day of each month of the twelve-month period ending on May 31  
23 prior to the fiscal year in which the tax rate is to be  
24 imposed, was less than twenty-four dollars (\$24.00) per barrel;

25 (5) on the oil and on other liquid

.228781.3SA



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

1 hydrocarbons removed from natural gas at or near the wellhead  
2 from a well workover project that is certified by the oil  
3 conservation division of the energy, minerals and natural  
4 resources department in its approval of the well workover  
5 project, two and forty-five hundredths percent of the taxable  
6 value determined pursuant to Section 7-29-4.1 NMSA 1978,  
7 provided that the annual average price of west Texas  
8 intermediate crude oil, determined by the department by  
9 averaging the posted prices in effect on the last day of each  
10 month of the twelve-month period ending on May 31 prior to the  
11 fiscal year in which the tax rate is to be imposed, was less  
12 than twenty-four dollars (\$24.00) per barrel;

13 (6) on the natural gas from a stripper well  
14 property, one and seven-eighths percent of the taxable value  
15 determined pursuant to Section 7-29-4.1 NMSA 1978, provided the  
16 average annual taxable value of natural gas was equal to or  
17 less than one dollar fifteen cents (\$1.15) per thousand cubic  
18 feet in the calendar year preceding July 1 of the fiscal year  
19 in which the tax rate is to be imposed;

20 (7) on the natural gas from a stripper well  
21 property, two and thirteen-sixteenths percent of the taxable  
22 value determined pursuant to Section 7-29-4.1 NMSA 1978,  
23 provided that the average annual taxable value of natural gas  
24 was greater than one dollar fifteen cents (\$1.15) per thousand  
25 cubic feet but not more than one dollar thirty-five cents

.228781.3SA

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

1 (\$1.35) per thousand cubic feet in the calendar year preceding  
2 July 1 of the fiscal year in which the tax rate is to be  
3 imposed;

4 (8) on the oil and on other liquid  
5 hydrocarbons removed from natural gas at or near the wellhead  
6 from a stripper well property, one and seven-eighths percent of  
7 the taxable value determined pursuant to Section 7-29-4.1 NMSA  
8 1978, provided that the average annual taxable value of oil was  
9 equal to or less than fifteen dollars (\$15.00) per barrel in  
10 the calendar year preceding July 1 of the fiscal year in which  
11 the tax rate is to be imposed;

12 (9) on the oil and on other liquid  
13 hydrocarbons removed from natural gas at or near the wellhead  
14 from a stripper well property, two and thirteen-sixteenths  
15 percent of the taxable value determined pursuant to Section  
16 7-29-4.1 NMSA 1978, provided that the average annual taxable  
17 value of oil was greater than fifteen dollars (\$15.00) per  
18 barrel but not more than eighteen dollars (\$18.00) per barrel  
19 in the calendar year preceding July 1 of the fiscal year in  
20 which the tax rate is to be imposed; and

21 (10) on carbon dioxide, helium and non-  
22 hydrocarbon gases, three and three-fourths percent of the  
23 taxable value determined pursuant to Section 7-29-4.1 NMSA  
24 1978.

25 B. The tax imposed in Subsection A of this section

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 shall not be imposed on:

2 (1) natural gas severed and sold from a  
3 production restoration project during the first ten years of  
4 production following the restoration of production, provided  
5 that the annual average price of west Texas intermediate crude  
6 oil, determined by the department by averaging the posted  
7 prices in effect on the last day of each month of the twelve-  
8 month period ending on May 31 prior to each fiscal year in  
9 which the tax exemption is to be effective, was less than  
10 twenty-four dollars (\$24.00) per barrel; and

11 (2) oil and other liquid hydrocarbons removed  
12 from natural gas at or near the wellhead from a production  
13 restoration project during the first ten years of production  
14 following the restoration of production, provided that the  
15 annual average price of west Texas intermediate crude oil,  
16 determined by the department by averaging the posted prices in  
17 effect on the last day of each month of the twelve-month period  
18 ending on May 31 prior to each fiscal year in which the tax  
19 exemption is to be effective, was less than twenty-four dollars  
20 (\$24.00) per barrel.

21 C. Every interest owner shall be liable for the tax  
22 to the extent of [~~his~~] the interest owner's interest in such  
23 products. Any Indian tribe, Indian pueblo or Indian shall be  
24 liable for the tax to the extent authorized or permitted by  
25 law.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           D. The tax imposed by this section may be referred  
2 to as the "oil and gas severance tax"."

3           SECTION 114. Section 7-29-5 NMSA 1978 (being Laws 1959,  
4 Chapter 52, Section 8) is amended to read:

5           "7-29-5. PRODUCTS ON WHICH TAX HAS BEEN LEVIED--  
6 REGULATION BY [~~COMMISSION~~] DEPARTMENT.--This tax shall not be  
7 levied more than once on the same product. Reporting of  
8 products on which this tax has been paid shall be subject to  
9 the regulation of the [~~commission~~] department."

10          SECTION 115. Section 7-29-6 NMSA 1978 (being Laws 1959,  
11 Chapter 52, Section 9) is amended to read:

12          "7-29-6. OPERATOR OR PURCHASER TO WITHHOLD INTEREST  
13 OWNER'S TAX--~~[COMMISSION]~~ DEPARTMENT MAY REQUIRE WITHHOLDING OF  
14 TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR  
15 PURCHASER TO BE REIMBURSED.--

16           A. Any operator making a monetary payment to an  
17 interest owner for [~~his~~] the interest owner's portion of the  
18 value of products from a production unit shall withhold from  
19 such payment the amount of tax due from the interest owner.

20           B. Any purchaser who, by express or implied  
21 agreement with the operator, makes a monetary payment to an  
22 interest owner for [~~his~~] the interest owner's portion of the  
23 value of products from a production unit, shall withhold from  
24 such payment the amount of tax due from the interest owner.

25           C. The [~~commission~~] department may require any

underscored material = new  
[bracketed material] = delete

1 purchaser making a monetary payment to an interest owner for  
2 [~~his~~] the interest owner's portion of the value of products  
3 from a production unit to withhold from such payment the amount  
4 of tax due from the interest owner.

5 D. Any operator or purchaser who pays any tax due  
6 from an interest owner shall be entitled to reimbursement from  
7 the interest owner for the tax so paid and may take credit for  
8 such amount from any monetary payment to the interest owner for  
9 the value of products."

10 **SECTION 116.** Section 7-29-7 NMSA 1978 (being Laws 1959,  
11 Chapter 52, Section 10, as amended) is amended to read:

12 "7-29-7. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL  
13 INFORMATION.--Each operator shall, in the form and manner  
14 required by the [~~division, make~~] department, file a return [~~to~~]  
15 with the [~~division~~] department showing the total value, volume  
16 and kind of products sold from each production unit for each  
17 calendar month. All taxes due or to be remitted by the  
18 operator shall accompany this return. The return shall be  
19 filed on or before the twenty-fifth day of the second month  
20 after the calendar month for which the return is required. Any  
21 additional report or information the [~~division~~] department may  
22 deem necessary for the proper administration of the Oil and Gas  
23 Severance Tax Act may be required."

24 **SECTION 117.** Section 7-29-8 NMSA 1978 (being Laws 1959,  
25 Chapter 52, Section 11, as amended) is amended to read:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           "7-29-8. PURCHASER'S REPORT--TAX REMITTANCE--ADDITIONAL  
2 INFORMATION.--Each purchaser shall, in the form and manner  
3 required by the [~~division, make~~] department, file a return to  
4 the [~~division~~] department showing the total value, volume and  
5 kind of products purchased by [~~him~~] the purchaser from each  
6 production unit for each calendar month. All taxes due or to  
7 be remitted by the purchaser shall accompany this return. The  
8 return shall be filed on or before the twenty-fifth day of the  
9 second month after the calendar month for which the return is  
10 required. Any additional reports or information the [~~division~~]  
11 department may deem necessary for the proper administration of  
12 the Oil and Gas Severance Tax Act may be required."

13           **SECTION 118.** Section 7-29-23 NMSA 1978 (being Laws 1991,  
14 Chapter 9, Section 36) is amended to read:

15           "7-29-23. ADVANCE PAYMENT REQUIRED.--

16           A. Any person required to make payment of tax  
17 pursuant to Section 7-29-7 or 7-29-8 NMSA 1978 shall make the  
18 advance payment required by this section.

19           B. For the purposes of this section:

20                   (1) "advance payment" means the payment  
21 required to be made by this section in addition to any oil and  
22 gas severance tax, penalty or interest due; and

23                   (2) "average tax" means the aggregate amount  
24 of tax, [~~net of~~] less any refunds or credits, paid by a person  
25 [~~during~~] for the twelve-month period ending [~~March 31~~] the last

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 day of February pursuant to the Oil and Gas Severance Tax Act  
2 divided by the number of months during that period for which  
3 the person made payment.

4 C. Each year, prior to July 1, [~~each person~~  
5 ~~required to pay tax pursuant to the Oil and Gas Severance Tax~~  
6 ~~Act shall compute the average tax for the period ending March~~  
7 ~~31 of that year]~~ the department shall compute the advance  
8 payment required to be made pursuant to this section, compute  
9 the average tax for the filing periods February through January  
10 of the subsequent year for each person required to pay tax  
11 pursuant to the Oil and Gas Severance Tax Act and provide a tax  
12 statement to each person required to pay tax pursuant to the  
13 Oil and Gas Severance Tax Act. The average tax calculated for  
14 a year shall be used during the twelve-month period beginning  
15 with July of that year and ending with June of the following  
16 year as the basis for making the advance payments required by  
17 Subsection D of this section.

18 D. [~~Every month, beginning with July 1991, every]~~  
19 Annually, by the twenty-fifth of the month in which a person  
20 files or amends that person's first return pursuant to the Oil  
21 and Gas Severance Tax Act and after receiving the tax statement  
22 provided by the department, a person required to pay tax in a  
23 month pursuant to the Oil and Gas Severance Tax Act shall pay,  
24 in addition to any amount of tax, interest or penalty due, an  
25 advance payment in an amount equal to the applicable average

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 tax, except:

2 (1) if the person is making a final return  
3 under the Oil and Gas Severance Tax Act, no advance payment  
4 pursuant to this subsection is due for that return; and

5 (2) as provided in Subsection F of this  
6 section.

7 E. ~~[Every month, beginning with tax payments due in~~  
8 ~~August 1991, every]~~ Annually, by the twenty-fifth of the month  
9 in which a person files or amends that person's first return  
10 pursuant to the Oil and Gas Severance Tax Act and after  
11 receiving the tax statement provided by the department, a  
12 person required to pay tax pursuant to the Oil and Gas  
13 Severance Tax Act may claim a credit equal to the amount of  
14 advance payment made in the previous month, except as provided  
15 in Subsection F of this section.

16 F. If, in any ~~[month]~~ year, a person is not  
17 required to pay tax pursuant to the Oil and Gas Severance Tax  
18 Act, that person is not required to pay the advance payment and  
19 may not claim a credit pursuant to Subsection E of this  
20 section; provided that, in any succeeding ~~[month]~~ year when the  
21 person has liability under the Oil and Gas Severance Tax Act,  
22 the person may claim a credit for any advance payment made and  
23 not credited.

24 G. In the event that the date by which a person is  
25 required to pay the tax pursuant to the Oil and Gas Severance

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 Tax Act is accelerated to a date earlier than the twenty-fifth  
2 day of the second month following the month of production, the  
3 advance payment provision contained in this section is ~~null~~  
4 ~~and~~] void and any money held as advance payments shall be  
5 credited to the taxpayers' accounts."

6 SECTION 119. Section 7-30-2 NMSA 1978 (being Laws 1959,  
7 Chapter 53, Section 2, as amended) is amended to read:

8 "7-30-2. DEFINITIONS.--As used in the Oil and Gas  
9 Conservation Tax Act:

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

14 B. "production unit" means a unit of property  
15 designated by the department from which products of common  
16 ownership are severed;

17 C. "severance" means the taking from the soil,  
18 produced water, tank bottoms or an oil-water separator of any  
19 product, including accumulations of product, in any manner  
20 whatsoever;

21 D. "value" means the actual price received for  
22 products at the production unit, except as otherwise provided  
23 in the Oil and Gas Conservation Tax Act;

24 E. "product" or "products" means oil, including  
25 crude oil, sediment oil, slop oil or skim oil and condensate;

.228781.3SA

1 natural gas; liquid hydrocarbon, including ethane, propane,  
2 isobutene, normal butane and pentanes plus, individually or any  
3 combination thereof; and non-hydrocarbon gases, including  
4 carbon dioxide and helium;

5 F. "operator" means any person:

6 (1) engaged in the severance of products from  
7 a production unit; or

8 (2) owning an interest in any product at the  
9 time of severance who receives a portion or all of such product  
10 for the person's interest;

11 G. "purchaser" means a person who is the first  
12 purchaser of:

13 (1) a product after severance from a  
14 production unit, except as otherwise provided in the Oil and  
15 Gas Conservation Tax Act; or

16 (2) slop oil, sediment oil or skim oil and  
17 condensate, including the first purchaser of slop oil, sediment  
18 oil or skim oil from a person other than an operator or at a  
19 production unit;

20 H. "person" means any individual, estate, trust,  
21 receiver, business trust, corporation, firm, copartnership,  
22 cooperative, joint venture, association or other group or  
23 combination acting as a unit, and the plural as well as the  
24 singular number;

25 I. "interest owner" means a person owning an entire

underscored material = new  
[bracketed material] = delete

1 or fractional interest of whatsoever kind or nature in the  
2 products at the time of severance from a production unit or who  
3 has a right to a monetary payment that is determined by the  
4 value of such products;

5 J. "tax" means the oil and gas conservation tax;  
6 [~~and~~]

7 K. "volume" means the quantity of product severed  
8 reported using:

9 (1) oil, condensate and slop oil in barrels;  
10 and

11 (2) natural gas, liquid hydrocarbons, helium  
12 and carbon dioxide in thousand cubic feet at a pressure base of  
13 fifteen and twenty-five thousandths pounds per square inch;

14 L. "sediment oil" means an accumulation of products  
15 that is not merchantable other than through an oil and gas  
16 lease;

17 M. "skim oil" means oil or condensate recovered  
18 from a produced water gathering system prior to injection or  
19 other disposal of the water;

20 N. "slop oil" means floating oil and solids that  
21 accumulate on the surface of an oil-water separator;

22 O. "oil-water separator" means wastewater treatment  
23 equipment used to separate oil from water consisting of a  
24 separation tank, including the forebay and other separator  
25 basins, skimmers, weirs, grit chambers and sludge hoppers.

.228781.3SA

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

1 "Oil-water separator" includes slop oil facilities and  
2 associated tanks, storage vessels and auxiliary equipment  
3 located between individual drain systems and the oil-water  
4 separator. "Oil-water separator" does not include storage  
5 vessels or auxiliary equipment that do not come in contact with  
6 or store oily wastewater; and

7 P. "produced water" means a fluid that is an  
8 incidental byproduct from drilling for or the production of  
9 products."

10 SECTION 120. Section 7-30-4 NMSA 1978 (being Laws 1959,  
11 Chapter 53, Section 4, as amended) is amended to read:

12 "7-30-4. OIL AND GAS CONSERVATION TAX LEVIED--COLLECTED  
13 BY DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--  
14 INDIAN LIABILITY.--

15 A. There is levied and shall be collected by the  
16 department a tax on all products that are severed and sold to a  
17 purchaser from any location. The measure and rate of the tax  
18 shall be nineteen-hundredths percent of the taxable value of  
19 sold products. Every interest owner shall be liable for this  
20 tax to the extent of the owner's interest in the value of the  
21 products or to the extent of the owner's interest as may be  
22 measured by the value of the products. An Indian tribe, Indian  
23 pueblo or Indian shall be liable for this tax to the extent  
24 authorized or permitted by law.

25 B. When the average price of west Texas

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 intermediate crude in the previous quarter exceeds seventy  
2 dollars (\$70.00) per barrel, an additional tax to that provided  
3 pursuant to Subsection A of this section is levied and shall be  
4 collected by the department on oil that is severed and sold in  
5 the ensuing quarter. The measure and rate of the total tax on  
6 oil shall be twenty-four hundredths percent of the taxable  
7 value of the sold product. Every interest owner shall be  
8 liable for this tax to the extent of the owner's interest in  
9 the value of the products or to the extent of the owner's  
10 interest as may be measured by the value of the products. An  
11 Indian tribe, Indian pueblo or Indian shall be liable for this  
12 tax to the extent authorized or permitted by law."

13 SECTION 121. Section 7-30-9 NMSA 1978 (being Laws 1959,  
14 Chapter 53, Section 9, as amended) is amended to read:

15 "7-30-9. OPERATOR OR PURCHASER TO WITHHOLD INTEREST  
16 OWNER'S TAX--DEPARTMENT MAY REQUIRE WITHHOLDING OF TAX--TAX  
17 WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR PURCHASER TO  
18 BE REIMBURSED.--

19 A. Any operator making a monetary payment to an  
20 interest owner for [~~his~~] the interest owner's portion of the  
21 value of products from a production unit shall withhold from  
22 such payment the amount of tax due from the interest owner.

23 B. Any purchaser who, by express or implied  
24 agreement with the operator, makes a monetary payment to an  
25 interest owner for [~~his~~] the interest owner's portion of the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 value of products from a production unit shall withhold from  
2 such payment the amount of tax due from the interest owner.

3 C. The department may require any purchaser making  
4 a monetary payment to an interest owner for ~~[his]~~ the interest  
5 owner's portion of the value of products from a production unit  
6 to withhold from such payment the amount of tax due from the  
7 interest owner.

8 D. Any operator or purchaser who pays any tax due  
9 from an interest owner shall be entitled to reimbursement from  
10 the interest owner for the tax so paid and may take credit for  
11 such amount from any monetary payment to the interest owner for  
12 the value of products."

13 SECTION 122. Section 7-30-27 NMSA 1978 (being Laws 1991,  
14 Chapter 9, Section 37) is amended to read:

15 "7-30-27. ADVANCE PAYMENT REQUIRED.--

16 A. Any person required to make payment of tax  
17 pursuant to Section 7-30-10 or 7-30-11 NMSA 1978 shall make the  
18 advance payment required by this section.

19 B. For the purposes of this section:

20 (1) "advance payment" means the payment  
21 required to be made by this section in addition to any oil and  
22 gas conservation tax, penalty or interest due; and

23 (2) "average tax" means the aggregate amount  
24 of tax, ~~[net of]~~ less any refunds or credits, paid by a person  
25 ~~[during]~~ for the twelve-month period ending ~~[March 31]~~ the last

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 day of February pursuant to the Oil and Gas Conservation Tax  
2 Act divided by the number of months during that period for  
3 which the person made payment.

4 C. Each year, prior to July 1, [~~each person~~  
5 ~~required to pay tax pursuant to the Oil and Gas Conservation~~  
6 ~~Tax Act shall compute the average tax for the period ending~~  
7 ~~March 31 of that year] the department shall compute the advance  
8 payment required to be made pursuant to this section, compute  
9 the average tax for the filing periods February through January  
10 of the subsequent year for each person required to pay tax  
11 pursuant to the Oil and Gas Conservation Tax Act and provide a  
12 tax statement to each person required to pay tax pursuant to  
13 the Oil and Gas Conservation Tax Act. The average tax  
14 calculated for a year shall be used during the twelve-month  
15 period beginning with July of that year and ending with June of  
16 the following year as the basis for making the advance payments  
17 required by Subsection D of this section.~~

18 D. [~~Every month, beginning with July 1991, every]~~  
19 Annually, by the twenty-fifth of the month in which a person  
20 files or amends that person's first return pursuant to the Oil  
21 and Gas Conservation Tax Act and after receiving the tax  
22 statement provided by the department, a person required to pay  
23 tax in a month pursuant to the Oil and Gas Conservation Tax Act  
24 shall pay, in addition to any amount of tax, interest or  
25 penalty due, an advance payment in an amount equal to the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 applicable average tax, except:

2 (1) if the person is making a final return  
3 under the Oil and Gas Conservation Tax Act, no advance payment  
4 pursuant to this subsection is due for that return; and

5 (2) as provided in Subsection F of this  
6 section.

7 E. ~~[Every month, beginning with tax payments due in~~  
8 ~~August 1991, every]~~ Annually, by the twenty-fifth of the month  
9 in which a person files or amends that person's first return  
10 pursuant to the Oil and Gas Conservation Tax Act and after  
11 receiving the tax statement provided by the department, a  
12 person required to pay tax pursuant to the Oil and Gas  
13 Conservation Tax Act may claim a credit equal to the amount of  
14 advance payment made in the previous ~~[month]~~ year, except as  
15 provided in Subsection F of this section.

16 F. If, in any ~~[month]~~ year, a person is not  
17 required to pay tax pursuant to the Oil and Gas Conservation  
18 Tax Act, that person is not required to pay the advance payment  
19 and may not claim a credit pursuant to Subsection E of this  
20 section; provided that, in any succeeding month when the person  
21 has liability under the Oil and Gas Conservation Tax Act, the  
22 person may claim a credit for any advance payment made and not  
23 credited.

24 G. In the event that the date by which a person is  
25 required to pay the tax pursuant to the Oil and Gas

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 Conservation Tax Act is accelerated to a date earlier than the  
2 twenty-fifth day of the second month following the month of  
3 production, the advance payment provision contained in this  
4 section is ~~[null and]~~ void and any money held as advance  
5 payments shall be credited to the taxpayers' accounts."

6 SECTION 123. Section 7-31-2 NMSA 1978 (being Laws 1959,  
7 Chapter 54, Section 2, as amended) is amended to read:

8 "7-31-2. DEFINITIONS.--As used in the Oil and Gas  
9 Emergency School Tax Act:

10 A. [~~"commission"~~] "department" [~~or "division"~~]  
11 means the taxation and revenue department, the secretary of  
12 taxation and revenue or any employee of the department  
13 exercising authority lawfully delegated to that employee by the  
14 secretary;

15 B. "production unit" means a unit of property  
16 designated by the department from which products of common  
17 ownership are severed;

18 C. "severance" means the taking from the soil,  
19 produced water, tank bottoms or an oil-water separator of any  
20 product, including accumulations of product, in any manner  
21 whatsoever;

22 D. "value" means the actual price received from  
23 products at the production unit, except as otherwise provided  
24 in the Oil and Gas Emergency School Tax Act;

25 E. "product" or "products" means oil, including

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 crude oil, slop oil or skim oil and condensate; natural gas;  
2 liquid hydrocarbon, including ethane, propane, isobutene,  
3 normal butane and pentanes plus, individually or any  
4 combination thereof; and non-hydrocarbon gases, including  
5 carbon dioxide and helium;

6 F. "operator" means any person:

7 (1) engaged in the severance of products from  
8 a production unit; or

9 (2) owning an interest in any product at the  
10 time of severance who receives a portion or all of such product  
11 for the person's interest;

12 G. "purchaser" means a person who is the first  
13 purchaser of:

14 (1) a product after severance from a  
15 production unit, except as otherwise provided in the Oil and  
16 Gas Emergency School Tax Act; or

17 (2) slop oil, sediment oil or skim oil and  
18 condensate, including the first purchaser of slop oil, sediment  
19 oil or skim oil from a person other than an operator or at a  
20 production unit;

21 H. "person" means any individual, estate, trust,  
22 receiver, business trust, corporation, firm, copartnership,  
23 cooperative, joint venture, association, limited liability  
24 company or other group or combination acting as a unit, and the  
25 plural as well as the singular number;

.228781.3SA

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

1           I. "interest owner" means a person owning an entire  
2 or fractional interest of whatsoever kind or nature in the  
3 products at the time of severance from a production unit or who  
4 has a right to a monetary payment that is determined by the  
5 value of such products;

6           J. "stripper well property" means a crude oil or  
7 natural gas producing property that is assigned a single  
8 production unit number by the department and is certified by  
9 the oil conservation division of the energy, minerals and  
10 natural resources department pursuant to the Natural Gas and  
11 Crude Oil Production Incentive Act to have produced in the  
12 preceding calendar year:

13                   (1) if a crude oil producing property, an  
14 average daily production of less than ten barrels of oil per  
15 eligible well per day;

16                   (2) if a natural gas producing property, an  
17 average daily production of less than sixty thousand cubic feet  
18 of natural gas per eligible well per day; or

19                   (3) if a property with wells that produce  
20 both crude oil and natural gas, an average daily production of  
21 less than ten barrels of oil per eligible well per day, as  
22 determined by converting the volume of natural gas produced by  
23 the well to barrels of oil by using a ratio of six thousand  
24 cubic feet to one barrel of oil;

25           K. "average annual taxable value" means as

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 applicable:

2 (1) the average of the taxable value per one  
3 thousand cubic feet, determined pursuant to Section 7-31-5 NMSA  
4 1978, of all natural gas produced in New Mexico for the  
5 specified calendar year as determined by the department; or

6 (2) the average of the taxable value per  
7 barrel, determined pursuant to Section 7-31-5 NMSA 1978, of all  
8 oil produced in New Mexico for the specified calendar year as  
9 determined by the department;

10 L. "tax" means the oil and gas emergency school  
11 tax; [~~and~~]

12 M. "volume" means the quantity of product severed  
13 reported using:

14 (1) oil, condensate and slop oil in barrels;  
15 and

16 (2) natural gas, liquid hydrocarbons, helium  
17 and carbon dioxide in thousand cubic feet at a pressure base of  
18 fifteen and twenty-five thousandths pounds per square inch;

19 N. "sediment oil" means an accumulation of products  
20 that is not merchantable other than through an oil and gas  
21 lease;

22 O. "skim oil" means oil or oil condensate recovered  
23 from a produced water gathering system prior to injection or  
24 other disposal of the water;

25 P. "slop oil" means floating oil and solids that

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 accumulate on the surface of an oil-water separator;

2 Q. "oil-water separator" means wastewater treatment  
3 equipment used to separate oil from water consisting of a  
4 separation tank, including the forebay and other separator  
5 basins, skimmers, weirs, grit chambers and sludge hoppers.

6 "Oil-water separator" includes slop oil facilities and  
7 associated tanks, storage vessels and auxiliary equipment  
8 located between individual drain systems and the oil-water  
9 separator. "Oil-water separator" does not include storage  
10 vessels or auxiliary equipment that do not come in contact with  
11 or store oily wastewater; and

12 R. "produced water" means a fluid that is an  
13 incidental byproduct from drilling for or the production of  
14 products."

15 SECTION 124. Section 7-31-4 NMSA 1978 (being Laws 1959,  
16 Chapter 54, Section 4, as amended) is amended to read:

17 "7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY DEPARTMENT--  
18 RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--

19 A. There is [~~levied~~] imposed and shall be collected  
20 by the department a privilege tax on [~~the business of every~~  
21 ~~person severing products in this state~~] all products that are  
22 severed and sold. The measure of the tax shall be:

23 (1) on oil and on oil and other liquid  
24 hydrocarbons removed from natural gas at or near the wellhead,  
25 except as provided in Paragraphs (4) and (5) of this

.228781.3SA

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

1 subsection, and on slop oil, sediment oil and skim oil,  
2 wherever removed and recovered, three and [~~fifteen hundredths~~]  
3 ~~fifteen-hundredths~~ percent of the taxable value determined  
4 pursuant to Section 7-31-5 NMSA 1978;

5 (2) on carbon dioxide, helium and non-  
6 hydrocarbon gases, three and [~~fifteen hundredths~~] fifteen-  
7 hundredths percent of the taxable value determined pursuant to  
8 Section 7-31-5 NMSA 1978;

9 (3) on natural gas, except as provided in  
10 Paragraphs (6) and (7) of this subsection, four percent of the  
11 taxable value determined pursuant to Section 7-31-5 NMSA 1978;

12 (4) on the oil and on other liquid  
13 hydrocarbons removed from natural gas at or near the wellhead  
14 from a stripper well property, one and fifty-eight hundredths  
15 percent of the taxable value determined pursuant to Section  
16 7-31-5 NMSA 1978, provided that the average annual taxable  
17 value of oil was equal to or less than fifteen dollars (\$15.00)  
18 per barrel in the calendar year preceding July 1 of the fiscal  
19 year in which the tax rate is to be imposed;

20 (5) on the oil and on other liquid  
21 hydrocarbons removed from natural gas at or near the wellhead  
22 from a stripper well property, two and thirty-six hundredths  
23 percent of the taxable value determined pursuant to Section  
24 7-31-5 NMSA 1978, provided that the average annual taxable  
25 value of oil was greater than fifteen dollars (\$15.00) per

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 barrel but not more than eighteen dollars (\$18.00) per barrel  
2 in the calendar year preceding July 1 of the fiscal year in  
3 which the tax rate is to be imposed;

4 (6) on the natural gas removed from a  
5 stripper well property, two percent of the taxable value  
6 determined pursuant to Section 7-31-5 NMSA 1978, provided that  
7 the average annual taxable value of natural gas was equal to or  
8 less than one dollar fifteen cents (\$1.15) per thousand cubic  
9 feet in the calendar year preceding July 1 of the fiscal year  
10 in which the tax rate is to be imposed; and

11 (7) on the natural gas removed from a  
12 stripper well property, three percent of the taxable value  
13 determined pursuant to Section 7-31-5 NMSA 1978, provided that  
14 the average annual taxable value of natural gas was greater  
15 than one dollar fifteen cents (\$1.15) per thousand cubic feet  
16 but not more than one dollar thirty-five cents (\$1.35) per  
17 thousand cubic feet in the calendar year preceding July 1 of  
18 the fiscal year in which the tax rate is to be imposed.

19 B. Every interest owner, for the purpose of levying  
20 this tax, is deemed to be in the business of severing products  
21 and is liable for this tax to the extent of [~~his~~] the owner's  
22 interest in the value of the products or to the extent of [~~his~~]  
23 the owner's interest as may be measured by the value of the  
24 products.

25 C. Any Indian tribe, Indian pueblo or Indian is

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 liable for this tax to the extent authorized or permitted by  
2 law."

3 SECTION 125. Section 7-31-6 NMSA 1978 (being Laws 1959,  
4 Chapter 54, Section 6) is amended to read:

5 "7-31-6. VALUE MAY BE DETERMINED BY [~~COMMISSION~~]  
6 DEPARTMENT--STANDARD.--

7 A. The [~~commission~~] department may determine the  
8 value of products severed from a production unit when:

9 [~~A.~~] (1) the operator and purchaser are  
10 affiliated persons; [~~or when~~

11 ~~B.]~~ (2) the sale and purchase of products is  
12 not an arm's length transaction; or [~~when~~

13 ~~C.]~~ (3) products are severed and removed from  
14 a production unit and a value as defined in [~~this~~] the Oil and  
15 Gas Emergency School Tax Act is not established for such  
16 products.

17 B. The value determined by the [~~commission~~]  
18 department shall be commensurate with the actual price received  
19 for products of like quality, character and use which are  
20 severed in the same field or area."

21 SECTION 126. Section 7-31-8 NMSA 1978 (being Laws 1959,  
22 Chapter 54, Section 8) is amended to read:

23 "7-31-8. PRODUCTS ON WHICH TAX HAS BEEN LEVIED--  
24 REGULATION BY [~~COMMISSION~~] DEPARTMENT.--This tax shall not be  
25 levied more than once on the same product. Reporting of

.228781.3SA



underscoring material = new  
[bracketed material] = delete

1 products on which this tax has been paid shall be subject to  
2 the regulation of the [~~commission~~] department."

3 SECTION 127. Section 7-31-9 NMSA 1978 (being Laws 1959,  
4 Chapter 54, Section 9) is amended to read:

5 "7-31-9. OPERATOR OR PURCHASER TO WITHHOLD INTEREST  
6 OWNER'S TAX--~~COMMISSION~~ DEPARTMENT MAY REQUIRE WITHHOLDING OF  
7 TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR  
8 PURCHASER TO BE REIMBURSED.--

9 A. Any operator making a monetary payment to an  
10 interest owner for [~~his~~] the interest owner's portion of the  
11 value of products from a production unit shall withhold from  
12 such payment the amount of tax due from any interest owner.

13 B. Any purchaser who, by express or implied  
14 agreement with the operator, makes a monetary payment to an  
15 interest owner for [~~his~~] the interest owner's portion of the  
16 value of products from a production unit shall withhold from  
17 such payment the amount of tax due from the interest owner.

18 C. The [~~commission~~] department may require any  
19 purchaser making a monetary payment to an interest owner for  
20 [~~his~~] the interest owner's portion of the value of products  
21 from a production unit to withhold from such payment the amount  
22 of tax due from the interest owner.

23 D. Any operator or purchaser who pays any tax due  
24 from an interest owner shall be entitled to reimbursement from  
25 the interest owner for the tax so paid, and may take credit for

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 such amount from any monetary payment to the interest owner for  
2 the value of products."

3 SECTION 128. Section 7-31-10 NMSA 1978 (being Laws 1959,  
4 Chapter 54, Section 10, as amended) is amended to read:

5 "7-31-10. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL  
6 INFORMATION.--Each operator shall, in the form and manner  
7 required by the [~~division, make~~] department, file a return [~~to~~]  
8 with the [~~division~~] department showing the total value, volume  
9 and kind of products sold from each production unit for each  
10 calendar month. All taxes due or to be remitted by the  
11 operator shall accompany this return. The return shall be  
12 filed on or before the twenty-fifth day of the second month  
13 after the calendar month for which the return is required. Any  
14 additional report or information the [~~division~~] department may  
15 deem necessary for the proper administration of the Oil and Gas  
16 Emergency School Tax Act may be required."

17 SECTION 129. Section 7-31-11 NMSA 1978 (being Laws 1959,  
18 Chapter 54, Section 11, as amended) is amended to read:

19 "7-31-11. PURCHASER'S REPORT--TAX REMITTANCE--ADDITIONAL  
20 INFORMATION.--Each purchaser shall, in the form and manner  
21 required by the [~~division, make~~] department, file a return to  
22 the [~~division~~] department showing the total value, volume and  
23 kind of products purchased by [~~him~~] the purchaser from each  
24 production unit for each calendar month. All taxes due or to  
25 be remitted by the purchaser shall accompany this return. The

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 return shall be filed on or before the twenty-fifth day of the  
2 second month after the calendar month for which the return is  
3 required. Any additional reports or information the ~~[division]~~  
4 department may deem necessary for the proper administration of  
5 the Oil and Gas Emergency School Tax Act may be required."

6 SECTION 130. Section 7-31-26 NMSA 1978 (being Laws 1991,  
7 Chapter 9, Section 38) is amended to read:

8 "7-31-26. ADVANCE PAYMENT REQUIRED.--

9 A. Any person required to make payment of tax  
10 pursuant to Section 7-31-10 or 7-31-11 NMSA 1978 shall make the  
11 advance payment required by this section.

12 B. For the purposes of this section:

13 (1) "advance payment" means the payment  
14 required to be made by this section in addition to any oil and  
15 gas emergency school tax, penalty or interest due; and

16 (2) "average tax" means the aggregate amount  
17 of tax, ~~[net of]~~ less any refunds or credits, paid by a person  
18 ~~[during]~~ for the twelve-month period ending ~~[March 31]~~ the last  
19 day of February pursuant to the Oil and Gas Emergency School  
20 Tax Act divided by the number of months during that period for  
21 which the person made payment.

22 C. Each year, prior to July 1, ~~[each person~~  
23 ~~required to pay tax pursuant to the Oil and Gas Emergency~~  
24 ~~School Tax Act shall compute the average tax for the period~~  
25 ~~ending March 31 of that year]~~ the department shall compute the

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 advance payment required to be made pursuant to this section,  
2 compute the average tax for the filing periods February through  
3 January of the subsequent year for each person required to pay  
4 tax pursuant to the Oil and Gas Emergency School Tax Act and  
5 provide a tax statement to each person required to pay tax  
6 pursuant to the Oil and Gas Emergency School Tax Act. The  
7 average tax calculated for a year shall be used during the  
8 twelve-month period beginning with July of that year and ending  
9 with June of the following year as the basis for making the  
10 advance payments required by Subsection D of this section.

11 D. [~~Every month, beginning with July 1991, every~~]  
12 Annually, by the twenty-fifth of the month in which a person  
13 files or amends that person's first return pursuant to the Oil  
14 and Gas Emergency School Tax Act and after receiving the tax  
15 statement provided by the department, a person required to pay  
16 tax in a month pursuant to the Oil and Gas Emergency School Tax  
17 Act shall pay, in addition to any amount of tax, interest or  
18 penalty due, an advance payment in an amount equal to the  
19 applicable average tax, except:

20 (1) if the person is making a final return  
21 under the Oil and Gas Emergency School Tax Act, no advance  
22 payment pursuant to this subsection is due for that return; and

23 (2) as provided in Subsection F of this  
24 section.

25 E. [~~Every month, beginning with tax payments in~~

underscored material = new  
[bracketed material] = delete

1 ~~August 1991, every]~~ Annually, by the twenty-fifth of the month  
2 in which a person files or amends that person's first return  
3 pursuant to the Oil and Gas Emergency School Tax Act and after  
4 receiving the tax statement provided by the department, a  
5 person required to pay tax pursuant to the Oil and Gas  
6 Emergency School Tax Act may claim a credit equal to the amount  
7 of advance payment made in the previous [~~month~~] year, except as  
8 provided in Subsection F of this section.

9 F. If, in any [~~month~~] year, a person is not  
10 required to pay tax pursuant to the Oil and Gas Emergency  
11 School Tax Act, that person is not required to pay the advance  
12 payment and may not claim a credit pursuant to Subsection E of  
13 this section; provided that, in any succeeding month when the  
14 person has liability under the Oil and Gas Emergency School Tax  
15 Act, the person may claim a credit for any advance payment made  
16 and not credited.

17 G. In the event that the date by which a person is  
18 required to pay the tax pursuant to the Oil and Gas Emergency  
19 School Tax Act is accelerated to a date earlier than the  
20 twenty-fifth day of the second month following the month of  
21 production, the advance payment provision contained in this  
22 section is [~~null and~~] void and any money held as advance  
23 payments shall be credited to the taxpayers' accounts."

24 SECTION 131. Section 7-32-2 NMSA 1978 (being Laws 1959,  
25 Chapter 55, Section 2, as amended) is amended to read:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 "7-32-2. DEFINITIONS.--As used in the Oil and Gas Ad  
2 Valorem Production Tax Act:

3 A. [~~"commission"~~] "department" [~~or "division"~~]  
4 means the taxation and revenue department, the secretary of  
5 taxation and revenue or any employee of the department  
6 exercising authority lawfully delegated to that employee by the  
7 secretary;

8 B. "production unit" means a unit of property  
9 designated by the department from which products of common  
10 ownership are severed;

11 C. "severance" means the taking from the soil,  
12 produced water, tank bottoms or an oil-water separator of any  
13 product, including accumulations of product, in any manner  
14 whatsoever;

15 D. "value" means the actual price received for  
16 products at the production unit, except as otherwise provided  
17 in the Oil and Gas Ad Valorem Production Tax Act;

18 E. "product" or "products" means oil, including  
19 crude oil, slop oil or skim oil and condensate; natural gas;  
20 liquid hydrocarbon, including ethane, propane, isobutene,  
21 normal butane and pentanes plus, individually or any  
22 combination thereof; and non-hydrocarbon gases, including  
23 carbon dioxide and helium;

24 F. "operator" means any person:

25 (1) engaged in the severance of products from

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 a production unit; or

2 (2) owning an interest in any product at the  
3 time of severance who receives a portion or all of such product  
4 for the person's interest;

5 G. "purchaser" means a person who is the first  
6 purchaser of:

7 (1) a product after severance from a  
8 production unit, except as otherwise provided in the Oil and  
9 Gas Ad Valorem Production Tax Act; or

10 (2) slop oil, sediment oil or skim oil and  
11 condensate, including the first purchaser of slop oil, sediment  
12 oil or skim oil from a person other than an operator or at a  
13 production unit;

14 H. "person" means any individual, estate, trust,  
15 receiver, business trust, corporation, firm, copartnership,  
16 cooperative, joint venture, association or other group or  
17 combination acting as a unit, and the plural as well as the  
18 singular number;

19 I. "interest owner" means a person owning an entire  
20 or fractional interest of whatsoever kind or nature in the  
21 products at the time of severance from a production unit or who  
22 has a right to a monetary payment that is determined by the  
23 value of such products;

24 J. "assessed value" means the value against which  
25 tax rates are applied;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 K. "tax" means the oil and gas ad valorem  
2 production tax; [~~and~~]

3 L. "volume" means the quantity of product severed  
4 reported using:

5 (1) oil, condensate and slop oil in barrels;

6 and

7 (2) natural gas, liquid hydrocarbons, helium  
8 and carbon dioxide in thousand cubic feet at a pressure base of  
9 fifteen and twenty-five thousandths pounds per square inch;

10 M. "sediment oil" means an accumulation of products  
11 that is not merchantable other than through an oil and gas  
12 lease;

13 N. "skim oil" means oil or oil condensate recovered  
14 from a produced water gathering system prior to injection or  
15 other disposal of the water;

16 O. "slop oil" means floating oil and solids that  
17 accumulate on the surface of an oil-water separator;

18 P. "oil-water separator" means wastewater treatment  
19 equipment used to separate oil from water consisting of a  
20 separation tank, including the forebay and other separator  
21 basins, skimmers, weirs, grit chambers and sludge hoppers.

22 "Oil-water separator" includes slop oil facilities and  
23 associated tanks, storage vessels and auxiliary equipment  
24 located between individual drain systems and the oil-water  
25 separator. "Oil-water separator" does not include storage

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 vessels or auxiliary equipment that do not come in contact with  
2 or store oily wastewater; and

3 Q. "produced water" means a fluid that is an  
4 incidental byproduct from drilling for or the production of  
5 products."

6 SECTION 132. Section 7-32-4 NMSA 1978 (being Laws 1959,  
7 Chapter 55, Section 4, as amended) is amended to read:

8 "7-32-4. AD VALOREM TAX LEVIED--COLLECTED BY [~~DIVISION~~]  
9 ~~DEPARTMENT~~--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN  
10 LIABILITY.--There is levied and shall be collected by the  
11 [~~division~~] department an ad valorem tax on the assessed value  
12 of products which are severed and sold to a purchaser from each  
13 production unit, or in the case of slop oil, sediment oil and  
14 skim oil from any location, at the rate certified to the  
15 [~~division~~] department by the department of finance and  
16 administration under the provisions of Section 7-37-7 NMSA  
17 1978. Such rate shall be levied for each month following its  
18 certification and shall be levied monthly thereafter until a  
19 new rate is certified. Every interest owner shall be liable  
20 for this tax to the extent of [~~his~~] the interest owner's  
21 interest in the value of such products or to the extent of  
22 [~~his~~] the interest owner's interest as may be measured by the  
23 value of such products. Provided, any Indian tribe, Indian  
24 pueblo or Indian shall be liable for this tax to the extent  
25 authorized or permitted by law."

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           SECTION 133. Section 7-32-6 NMSA 1978 (being Laws 1959,  
2 Chapter 55, Section 6) is amended to read:

3           "7-32-6. VALUE MAY BE DETERMINED BY [~~COMMISSION~~]  
4 DEPARTMENT--STANDARD.--The [~~commission~~] department may  
5 determine the value of products severed from a production unit  
6 when:

7           A. the operator and purchaser are affiliated  
8 persons; [~~or when~~]

9           B. the sale and purchase of products is not an  
10 arm's length transaction; or [~~when~~]

11           C. products are severed and removed from a  
12 production unit and a value as defined in [~~this~~] the Oil and  
13 Gas Ad Valorem Production Tax Act is not established for such  
14 products.

15           The value determined by the [~~commission~~] department shall  
16 be commensurate with the actual price received for products of  
17 like quality, character and use which are severed in the same  
18 field or area."

19           SECTION 134. Section 7-32-8 NMSA 1978 (being Laws 1959,  
20 Chapter 55, Section 8) is amended to read:

21           "7-32-8. PRODUCTS ON WHICH TAX HAS BEEN LEVIED--  
22 REGULATION BY [~~COMMISSION~~] DEPARTMENT.--This tax shall not be  
23 levied more than once on the same product. Reporting of  
24 products on which this tax has been paid shall be subject to  
25 the regulation of the [~~commission~~] department."

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           SECTION 135. Section 7-32-9 NMSA 1978 (being Laws 1959,  
2 Chapter 55, Section 9) is amended to read:

3           "7-32-9. OPERATOR OR PURCHASER TO WITHHOLD INTEREST  
4 OWNER'S TAX--~~[COMMISSION]~~ DEPARTMENT MAY REQUIRE WITHHOLDING OF  
5 TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR  
6 PURCHASER TO BE REIMBURSED.--

7           A. Any operator making a monetary payment to an  
8 interest owner for ~~[his]~~ the interest owner's portion of the  
9 value of products from a production unit shall withhold from  
10 such payment the amount of tax due from any interest owner.

11           B. Any purchaser, who by express or implied  
12 agreement with the operator, makes a monetary payment to an  
13 interest owner for ~~[his]~~ the interest owner's portion of the  
14 value of products from a production unit shall withhold from  
15 such payment the amount of tax due from the interest owner.

16           C. The ~~[commission]~~ department may require any  
17 purchaser making a monetary payment to an interest owner for  
18 ~~[his]~~ the interest owner's portion of the value of products  
19 from a production unit to withhold from such payment the amount  
20 of tax due from the interest owner.

21           D. Any operator or purchaser who pays any tax due  
22 from an interest owner shall be entitled to reimbursement from  
23 the interest owner for the tax so paid and may take credit for  
24 such amount from any monetary payment to the interest owner for  
25 the value of products."

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           SECTION 136. Section 7-32-10 NMSA 1978 (being Laws 1959,  
2 Chapter 55, Section 10, as amended) is amended to read:

3           "7-32-10. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL  
4 INFORMATION.--Each operator shall, in the form and manner  
5 required by the [~~division, make~~] department, file a return [~~to~~]  
6 with the [~~division~~] department showing the total value, volume  
7 and kind of products sold from each production unit for each  
8 calendar month. All taxes due or to be remitted by the  
9 operator shall accompany this return. The return shall be  
10 filed on or before the twenty-fifth day of the second month  
11 after the calendar month for which the return is required. Any  
12 additional report or information the [~~division~~] department may  
13 deem necessary for the proper administration of the Oil and Gas  
14 Ad Valorem Production Tax Act may be required."

15           SECTION 137. Section 7-32-11 NMSA 1978 (being Laws 1959,  
16 Chapter 55, Section 11, as amended) is amended to read:

17           "7-32-11. PURCHASER'S REPORT--TAX REMITTANCE--ADDITIONAL  
18 INFORMATION.--Each purchaser shall, in the form and manner  
19 required by the [~~division, make~~] department, file a return to  
20 the [~~division~~] department showing the total value, volume and  
21 kind of products purchased by [~~him~~] the purchaser from each  
22 production unit for each calendar month. All taxes due or to  
23 be remitted by the purchaser shall accompany this return. The  
24 return shall be filed on or before the twenty-fifth day of the  
25 second month after the calendar month for which the return is

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 required. Any additional reports or information the [~~division~~]  
2 department may deem necessary for the proper administration of  
3 the Oil and Gas Ad Valorem Production Tax Act may be required."

4 SECTION 138. Section 7-32-13 NMSA 1978 (being Laws 1959,  
5 Chapter 55, Section 13, as amended) is amended to read:

6 "7-32-13. [~~DIVISION~~] DEPARTMENT SHALL PREPARE SCHEDULES  
7 AND FORWARD TO ASSESSORS [~~ASSESSOR SHALL DELIVER SCHEDULE TO~~  
8 ~~TREASURER~~] AND TREASURERS.--By the last day of each month, the  
9 [~~division~~] department shall prepare and certify a schedule to  
10 the respective counties in which production units are located.  
11 The schedules shall reflect the accounting of the preceding  
12 month and shall list each production unit and by production  
13 unit show the assessed value, taxing district, extension of tax  
14 levies, tax payments and other information as the [~~director of~~  
15 ~~the division~~] department deems appropriate. The schedules  
16 shall be forwarded to the assessors and treasurers of the  
17 respective counties. [~~who~~] Upon receipt, [~~thereof~~] an assessor  
18 shall accept them as the assessment of property as required in  
19 the Oil and Gas Ad Valorem Production Tax Act and [~~shall~~  
20 ~~deliver them to the~~] a county treasurer shall accept them as  
21 the oil and gas ad valorem schedule for the county."

22 SECTION 139. Section 7-32-28 NMSA 1978 (being Laws 1991,  
23 Chapter 9, Section 39) is amended to read:

24 "7-32-28. ADVANCE PAYMENT REQUIRED.--

25 A. Any person required to make payment of tax

underscored material = new  
[bracketed material] = delete

1 pursuant to Section 7-32-10 or 7-32-11 NMSA 1978 shall make the  
2 advance payment required by this section.

3 B. For the purposes of this section:

4 (1) "advance payment" means the payment  
5 required to be made by this section in addition to any oil and  
6 gas ad valorem production tax, penalty or interest due; and

7 (2) "average tax" means the aggregate amount  
8 of tax, ~~[net of]~~ less any refunds or credits, paid by a person  
9 during the twelve-month period ending March 31 pursuant to the  
10 Oil and Gas Ad Valorem Production Tax Act divided by the number  
11 of months during that period for which the person made payment.

12 C. Each year, prior to July 1, ~~[each person~~  
13 ~~required to pay tax pursuant to the Oil and Gas Ad Valorem~~  
14 ~~Production Tax Act shall compute the average tax for the period~~  
15 ~~ending March 31 of that year]~~ the department shall compute the  
16 advance payment required to be made pursuant to this section,  
17 compute the average tax for the filing periods February through  
18 January of the subsequent year for each person required to pay  
19 tax pursuant to the Oil and Gas Ad Valorem Production Tax Act  
20 and provide a tax statement to each person required to pay tax  
21 pursuant to the Oil and Gas Ad Valorem Production Tax Act. The  
22 average tax calculated for a year shall be used during the  
23 twelve-month period beginning with July of that year and ending  
24 with June of the following year as the basis for making the  
25 advance payments required by Subsection D of this section.

.228781.3SA

underscored material = new  
[bracketed material] = delete

1           D. ~~[Every month, beginning with July 1991, every]~~  
2     Annually, by the twenty-fifth of the month in which a person  
3     files or amends that person's first return pursuant to the Oil  
4     and Gas Ad Valorem Production Tax Act and after receiving the  
5     tax statement provided by the department, a person required to  
6     pay tax in a month pursuant to the Oil and Gas Ad Valorem  
7     Production Tax Act shall pay, in addition to any amount of tax,  
8     interest or penalty due, an advance payment in an amount equal  
9     to the applicable average tax, except:

10           (1) if the person is making a final return  
11     under the Oil and Gas Ad Valorem Production Tax Act, no advance  
12     payment pursuant to this subsection is due for that return; and

13           (2) as provided in Subsection F of this  
14     section.

15           E. ~~[Every month, beginning with tax payments due in~~  
16     ~~August 1991, every]~~ Annually, by the twenty-fifth of the month  
17     in which a person files or amends that person's first return  
18     pursuant to the Oil and Gas Ad Valorem Production Tax Act and  
19     after receiving the tax statement provided by the department, a  
20     person required to pay tax pursuant to the Oil and Gas Ad  
21     Valorem Production Tax Act may claim a credit equal to the  
22     amount of advance payment made in the previous [~~month~~] year,  
23     except as provided in Subsection F of this section.

24           F. If, in any [~~month~~] year, a person is not  
25     required to pay tax pursuant to the Oil and Gas Ad Valorem

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Production Tax Act, that person is not required to pay the  
2 advance payment and may not claim a credit pursuant to  
3 Subsection E of this section; provided that, in any succeeding  
4 month when the person has liability under the Oil and Gas Ad  
5 Valorem Production Tax Act, the person may claim a credit for  
6 any advance payment made and not credited.

7 G. In the event that the date by which a person is  
8 required to pay the tax pursuant to the Oil and Gas Ad Valorem  
9 Production Tax Act is accelerated to a date earlier than the  
10 twenty-fifth day of the second month following the month of  
11 production, the advance payment provision contained in this  
12 section is ~~[null and]~~ void and any money held as advance  
13 payments shall be credited to the taxpayers' accounts."

14 SECTION 140. Section 7-33-4 NMSA 1978 (being Laws 1963,  
15 Chapter 179, Section 4, as amended) is amended to read:

16 "7-33-4. PRIVILEGE TAX LEVIED--COLLECTED BY DEPARTMENT--  
17 RATE.--

18 A. There is levied and shall be collected by the  
19 department a privilege tax on processors for the privilege of  
20 operating a natural gas processing plant in New Mexico. This  
21 tax may be referred to as the "natural gas processors tax".

22 B. The tax shall be imposed on the amount of mmbtus  
23 of natural gas delivered to the processor at the inlet of the  
24 natural gas processing plant after subtracting the mmbtu  
25 deductions authorized in Subsection ~~[E]~~ D of this section. The

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 tax shall be imposed at the rate per mmbtu determined in  
2 Subsection C [~~or D~~] of this section [~~as applicable~~].

3 [~~G.~~ The tax rate for the six-month period beginning  
4 on January 1, 1999 shall be determined by multiplying the rate  
5 of sixty-five hundredths of one cent (\$.0065) per mmbtu by a  
6 fraction, the numerator of which is the annual average taxable  
7 value per mcf of natural gas produced in New Mexico during the  
8 1997 calendar year and the denominator of which is one dollar  
9 thirty-three cents (\$1.33) per mcf. The resulting tax rate  
10 shall be rounded to the nearest one-hundredth of one cent per  
11 mmbtu.

12 ~~D.~~ C. The tax rate [~~for each fiscal year beginning~~  
13 ~~on or after July 1, 1999~~] shall be determined by multiplying  
14 the rate of sixty-five hundredths of one cent (\$.0065) per  
15 mmbtu by a fraction, the numerator of which is the annual  
16 average taxable value per mcf of natural gas produced in New  
17 Mexico during the preceding calendar year and the denominator  
18 of which is one dollar thirty-three cents (\$1.33) per mcf. The  
19 resulting tax rate shall be rounded to the nearest one-  
20 hundredth of one cent per mmbtu.

21 [~~E.~~ D. A processor may deduct from the amount of  
22 mmbtus of natural gas subject to the tax the mmbtus of natural  
23 gas that are:

24 (1) used for natural gas processing by the  
25 processor;

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 (2) returned to the lease from which ~~[it is]~~  
2 they are produced;

3 (3) legally flared by the processor; or

4 (4) lost as a result of natural gas  
5 processing plant malfunctions or other incidences of force  
6 majeur.

7 ~~[F.]~~ E. On or before ~~[June 15, 1999 and]~~ June 15 of  
8 each ~~[succeeding]~~ year, the department shall inform each  
9 processor in writing of the tax rate applicable for the  
10 succeeding fiscal year.

11 ~~[G.]~~ F. Any Indian nation, tribe or pueblo or  
12 Indian is liable for the tax to the extent authorized or  
13 permitted by law."

14 **SECTION 141.** Section 7-34-2 NMSA 1978 (being Laws 1969,  
15 Chapter 119, Section 2, as amended) is amended to read:

16 "7-34-2. DEFINITIONS.--As used in the Oil and Gas  
17 Production Equipment Ad Valorem Tax Act:

18 A. ~~["commission"]~~ "department" ~~[or "division"]~~  
19 means the taxation and revenue department, the secretary of  
20 taxation and revenue or any employee of the department  
21 exercising authority lawfully delegated to that employee by the  
22 secretary;

23 B. "person" means any individual, estate, trust,  
24 receiver, business trust, corporation, firm, copartnership,  
25 cooperative, joint venture, association or other group or

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 combination acting as a unit;

2 C. "operator" means any person engaged in the  
3 severance of products from a production unit;

4 D. "product" means oil, natural gas or liquid  
5 hydrocarbon, individually or any combination thereof, carbon  
6 dioxide, helium or a non-hydrocarbon gas;

7 E. "severance" means taking any product from the  
8 soil in any manner;

9 F. "production unit" means a unit of property  
10 designated by the department from which products of common  
11 ownership are severed;

12 G. "equipment" means wells and nonmobile equipment  
13 used at a production unit in connection with severance,  
14 treatment or storage of production unit products;

15 H. "value" means the actual price received for  
16 products at the production unit as established under the Oil  
17 and Gas Ad Valorem Production Tax Act;

18 I. "assessed value" means the value against which  
19 tax rates are applied; and

20 J. "tax" means the oil and gas production equipment  
21 ad valorem tax."

22 SECTION 142. Section 7-34-3 NMSA 1978 (being Laws 1969,  
23 Chapter 119, Section 3, as amended) is amended to read:

24 "7-34-3. METHOD OF DETERMINING ASSESSED VALUE.--

25 A. Annually the [~~commission~~] department shall

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 compute the value of products of each production unit for the  
2 previous calendar year.

3 B. The taxable value of equipment of each  
4 production unit is an amount equal to twenty-seven percent of  
5 the value of products of each production unit.

6 C. The assessed value of equipment of each  
7 production unit shall be determined by applying the uniform  
8 assessment ratio to the taxable value of equipment of each  
9 production unit."

10 SECTION 143. Section 7-34-4 NMSA 1978 (being Laws 1969,  
11 Chapter 119, Section 4, as amended) is amended to read:

12 "7-34-4. AD VALOREM TAX LEVIED.--An ad valorem tax is  
13 levied on the assessed value of the equipment at each  
14 production unit. The tax shall be at the rate certified to the  
15 [~~division~~] department by the department of finance and  
16 administration under the provisions of Section 7-37-7 NMSA  
17 1978."

18 SECTION 144. Section 7-34-5 NMSA 1978 (being Laws 1969,  
19 Chapter 119, Section 5, as amended) is amended to read:

20 "7-34-5. OIL AND GAS PRODUCTION EQUIPMENT AD VALOREM TAX  
21 TO BE EXCLUSIVE MEASURE OF AD VALOREM TAX LIABILITY.--The tax  
22 levied by Section 7-34-4 NMSA 1978 shall be the full and  
23 exclusive measure of ad valorem tax liability for equipment  
24 used at a production unit [~~for the calendar year 1969 and all~~  
25 ~~subsequent years~~]. Any other ad valorem tax on equipment used

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 at a production unit is void."

2 SECTION 145. Section 7-34-6 NMSA 1978 (being Laws 1969,  
3 Chapter 119, Section 6) is amended to read:

4 "7-34-6. TAX STATEMENT--TAX DUE DATE.--Annually the  
5 [~~commission~~] department shall compute the assessed value of  
6 equipment for each production unit and extend the applicable  
7 rates against the assessed value to determine the amount of tax  
8 due. The [~~commission~~] department shall prepare a tax statement  
9 for each production unit showing the production unit  
10 identification, the taxing district in which it is located,  
11 calendar-year value, assessed value, district rates and the  
12 amount of tax due. The tax statement shall be sent to the  
13 operator on or before [~~October 15th~~] November 1 and payment  
14 shall be made to the [~~commission~~] department on or before  
15 November 30."

16 SECTION 146. Section 7-34-7 NMSA 1978 (being Laws 1969,  
17 Chapter 119, Section 7) is amended to read:

18 "7-34-7. [~~COMMISSION~~] DEPARTMENT SHALL REPORT TO  
19 COUNTY--TAX [~~ROLL~~] SCHEDULE.--On or before December 30, the  
20 [~~commission~~] department shall deliver a [~~report~~] tax schedule  
21 to each county in which production units are located,  
22 identifying each production unit, the taxing district in which  
23 it is located, the value, assessed value, district rates and  
24 the amount of tax paid."

25 SECTION 147. Section 7-40-5 NMSA 1978 (being Laws 2018,

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 57, Section 5) is amended to read:

2 "7-40-5. EXEMPTIONS.--Exempted from the taxes imposed  
3 pursuant to the Insurance Premium Tax Act are:

4 A. premiums attributable to insurance or contracts  
5 purchased by the state or a political subdivision for the  
6 state's or political subdivision's active or retired employees;

7 B. payments received by a health maintenance  
8 organization from the federal secretary of health and human  
9 services pursuant to a risk-sharing contract issued under the  
10 provisions of 42 U.S.C. Section 1395mm(g);

11 C. any business transacted pursuant to the  
12 provisions of the Service Contract Regulation Act;

13 ~~[D. the premiums from each policy or plan issued or  
14 offered pursuant to the Minimum Healthcare Protection Act  
15 during the first three years of the issuance of the master  
16 policy or individual policy; and~~

17 ~~E.]~~ D. the money collected and placed in trust  
18 pursuant to Section 59A-49-6 NMSA 1978; and

19 E. premiums from supplemental health care plans  
20 issued by an insurer that has been granted exemption from the  
21 federal income tax by the United States commissioner of  
22 internal revenue as an organization described in Section  
23 501(c)(3) of the United States Internal Revenue Code of 1986,  
24 as amended or renumbered."

25 SECTION 148. Section 14-8-4 NMSA 1978 (being Laws 1901,  
.228781.3SA

underscored material = new  
[bracketed material] = delete

1 Chapter 62, Section 18, as amended) is amended to read:

2 "14-8-4. ACKNOWLEDGMENT NECESSARY FOR RECORDING--  
3 EXCEPTIONS--RECORDING OF DUPLICATES.--

4 A. Any original instrument of writing duly  
5 acknowledged may be filed and recorded. Any instrument of  
6 writing not duly acknowledged may not be filed and recorded or  
7 considered of record, though so entered, unless otherwise  
8 provided in this section.

9 B. For purposes of this section, "acknowledged"  
10 means notarized by a person empowered to perform notarial acts  
11 pursuant to the Revised Uniform Law on Notarial Acts.

12 C. The following documents need not be acknowledged  
13 but may be filed and recorded:

14 (1) court-certified copies of a court order,  
15 judgment or other judicial decree;

16 (2) court-certified transcripts of any money  
17 judgment obtained in a court of New Mexico or, pursuant to  
18 Section 14-9-9 NMSA 1978, in the United States district court  
19 for the district of New Mexico;

20 (3) land patents and land office receipts;

21 (4) notice of lis pendens filed pursuant to  
22 Section 38-1-14 NMSA 1978;

23 (5) provisional orders creating improvement  
24 districts pursuant to Section 4-55A-7 NMSA 1978;

25 (6) notices of levy on real estate under

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 execution or writ of attachment when filed by a peace officer  
2 pursuant to Section 39-4-4 NMSA 1978;

3 (7) surveys of land that do not create a  
4 division of land but only show existing tracts of record when  
5 filed by a professional surveyor pursuant to Section 61-23-28.2  
6 NMSA 1978;

7 (8) certified copies of foreign wills,  
8 marriages or birth certificates duly authenticated; ~~[and]~~

9 (9) instruments of writing in any manner  
10 affecting lands in the state filed pursuant to Section 14-9-7  
11 NMSA 1978, when these instruments have been duly executed by an  
12 authorized public officer; and

13 (10) notices of lien filed pursuant to  
14 Section 7-1-38 NMSA 1978.

15 D. If an original instrument of writing is  
16 unavailable but, if it were available, could be filed and  
17 recorded in accordance with this section, a duplicate of that  
18 instrument shall be accepted for filing and recording if  
19 accompanied by an affidavit executed pursuant to this  
20 subsection. The affidavit shall:

21 (1) provide the name, telephone number and  
22 mailing address of the affiant;

23 (2) provide information regarding the  
24 execution of the instrument, consideration paid, delivery or  
25 other information establishing that the original instrument, if

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 it were available, would be entitled to be recorded pursuant to  
2 Subsection A of this section;

3 (3) specify the reason the duplicate is filed  
4 and recorded in place of the original instrument;

5 (4) include a statement that the duplicate is  
6 a true and correct copy of the original instrument; and

7 (5) be acknowledged and made under oath  
8 confirming that the statements set forth in the affidavit are  
9 true and correct and of the personal knowledge of the affiant.

10 E. The filing of a duplicate instrument in  
11 accordance with Subsection D of this section shall not incur a  
12 fee in addition to the fee, if any, charged for filing an  
13 original instrument. When the clerk records the instrument,  
14 the grantor and grantee shall be those of the duplicate  
15 instrument and the name of the affiant shall be indexed under  
16 miscellaneous information.

17 F. Any filing or recording permitted or required  
18 under the provisions of the Uniform Commercial Code need not  
19 comply with the requirements of this section.

20 G. Instruments acknowledged on behalf of a  
21 corporation need not have the corporation's seal affixed  
22 thereto in order to be filed and recorded."

23 **SECTION 149.** Section 24A-8-2 NMSA 1978 (being Laws 2024,  
24 Chapter 41, Section 2) is amended to read:

25 "24A-8-2. DEFINITIONS.--As used in the Health Care

.228781.3SA

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

1 Delivery and Access Act:

2 A. "assessed days" means the number of inpatient  
3 hospital days exclusive of medicare days for each eligible  
4 hospital, with data sources to be defined by the authority and  
5 updated no less frequently than every three years;

6 B. "assessed outpatient revenue" means net patient  
7 revenue exclusive of medicare outpatient revenue for outpatient  
8 services, with data sources to be defined by the authority and  
9 updated no less frequently than every three years;

10 C. "assessment" means the health care delivery and  
11 access assessment;

12 D. "assessment amount" means the assessment amount  
13 owed by an eligible hospital;

14 E. "assessment rate" means the amount per assessed  
15 day and the percentage of assessed outpatient revenue  
16 calculated by the authority;

17 F. "authority" means the health care authority  
18 [~~department~~];

19 G. "average commercial rate" means the average rate  
20 paid by commercial insurers as provided by the centers for  
21 medicare and medicaid services;

22 H. "centers for medicare and medicaid services"  
23 means the centers for medicare and medicaid services of the  
24 United States department of health and human services;

25 I. "eligible hospital" means a non-federal facility

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 licensed as a hospital by the [~~department of health~~] authority,  
2 excluding a state university teaching hospital or a state-owned  
3 special hospital;

4 J. "general acute care hospital" means a hospital  
5 other than a special hospital;

6 K. "hospital" means a facility providing emergency  
7 or urgent care, inpatient medical care and nursing care for  
8 acute illness, injury, surgery or obstetrics. "Hospital"  
9 includes a facility licensed by the [~~department of health~~]  
10 authority as a critical access hospital, rural emergency  
11 hospital, general hospital, long-term acute care hospital,  
12 psychiatric hospital, rehabilitation hospital, limited services  
13 hospital or special hospital;

14 L. "inpatient hospital services" means services  
15 that:

16 (1) are ordinarily furnished in a hospital  
17 for the care and treatment of inpatients;

18 (2) are furnished under the direction of a  
19 physician, advanced practice clinician or dentist;

20 (3) are furnished in an institution that:

21 (a) is maintained primarily for the care  
22 and treatment of patients;

23 (b) is licensed or formally approved as  
24 a hospital by an officially designated authority for state  
25 standard-setting;

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 (c) meets the requirements for  
2 participation in medicare as a hospital; and

3 (d) has in effect a utilization review  
4 plan, applicable to all medicaid patients, that meets federal  
5 requirements; and

6 (4) are not skilled nursing facility services  
7 or immediate care facility services furnished by a hospital  
8 with a swing-bed approval;

9 M. "managed care organization" means a person or  
10 organization that has entered into a comprehensive risk-based  
11 contract with the authority to provide health care services,  
12 including inpatient and outpatient hospital services, to  
13 medicaid beneficiaries;

14 N. "medicaid" means the medical assistance program  
15 established pursuant to Title 19 of the federal Social Security  
16 Act and regulations promulgated pursuant to that act;

17 O. "medicaid-directed payment program" means the  
18 health care delivery and access medicaid-directed payment  
19 program created pursuant to Section ~~[5 of the Health Care~~  
20 ~~Delivery and Access Act]~~ 24A-8-5 NMSA 1978 providing additional  
21 medicaid funding for hospital services provided through  
22 medicaid managed care organizations, as directed by the  
23 authority and approved by the centers for medicare and medicaid  
24 services;

25 P. "medicare days" means the number of inpatient

.228781.3SA

1 days provided by an eligible hospital during the year to  
2 patients covered under Title 18 of the federal Social Security  
3 Act;

4 Q. "medicare outpatient revenue" means the amount  
5 of net revenue received by an eligible hospital for outpatient  
6 hospital services provided to patients covered under Title 18  
7 of the federal Social Security Act;

8 R. "net patient revenue" means total net revenue  
9 received by a hospital for inpatient and outpatient hospital  
10 services in a year, as determined by the authority;

11 S. "New Mexico medicaid program" means the medicaid  
12 program established pursuant to Section 27-2-12 NMSA 1978;

13 T. "outpatient hospital services" means preventive,  
14 diagnostic, therapeutic, rehabilitative or palliative services  
15 that are furnished:

16 (1) to outpatients;

17 (2) by or under the direction of a physician,  
18 advanced practice clinician or dentist; and

19 (3) by an institution that:

20 (a) is licensed or formally approved as  
21 a hospital by an officially designated authority for state  
22 standard-setting; and

23 (b) meets the requirements for  
24 participation in medicare as a hospital;

25 U. "quality incentive payments" means the portion

underscored material = new  
[bracketed material] = delete

1 of the medicaid-directed payment program paid to hospitals  
2 based on value-based quality measurements and performance  
3 evaluation criteria, as established by the authority pursuant  
4 to Section [~~5 of the Health Care Delivery and Access Act~~]  
5 24A-8-5 NMSA 1978;

6 V. "rehabilitation hospital" means a facility  
7 licensed as a rehabilitation hospital by the [~~department of~~  
8 ~~health~~] authority;

9 W. "rural emergency hospital" means a facility  
10 licensed as a rural emergency hospital by the [~~department of~~  
11 ~~health~~] authority;

12 X. "rural hospital" means a hospital that is  
13 located in a county that has a population of one hundred  
14 twenty-five thousand or fewer according to the most recent  
15 federal decennial census;

16 Y. "secretary" means the secretary of health care  
17 authority;

18 Z. "small urban hospital" means a hospital that is  
19 located in a county that has a population greater than one  
20 hundred twenty-five thousand and that has fewer than fifteen  
21 licensed inpatient beds as of January 1, 2024;

22 AA. "special hospital" means a facility licensed as  
23 a special hospital by the [~~department of health~~] authority; and

24 BB. "uniform rate increase" means the portion of  
25 the medicaid-directed payment program paid to hospitals as a

.228781.3SA

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

1 uniform dollar or percentage increase."

2 SECTION 150. Section 24A-8-3 NMSA 1978 (being Laws 2024,  
3 Chapter 41, Section 3) is amended to read:

4 "24A-8-3. HEALTH CARE DELIVERY AND ACCESS ASSESSMENT--  
5 RATE AND CALCULATION--NOTIFICATION.--

6 A. Except as otherwise provided in Subsection C of  
7 this section, an assessment is imposed on inpatient hospital  
8 services and outpatient hospital services provided by an  
9 eligible hospital. The assessment rate and assessment amounts  
10 shall be annually calculated by the authority pursuant to  
11 Subsection D of this section, and the taxation and revenue  
12 department shall collect the assessment. The inpatient  
13 assessment shall be based on assessed days and the outpatient  
14 assessment shall be based on assessed outpatient revenue. The  
15 assessment provided by this section may be referred to as the  
16 "health care delivery and access assessment".

17 B. The rate of the health care delivery and access  
18 assessment on a rural hospital and special hospital shall be  
19 reduced by fifty percent, and the rate of the assessment on a  
20 small urban hospital shall be reduced by ninety percent;  
21 provided that the amount of the assessment qualifies for a  
22 waiver of the uniformity requirement for provider assessment  
23 from the centers for medicare and medicaid services. The  
24 authority may adjust these percentages and establish  
25 eligibility requirements as necessary to qualify for the

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 waiver.

2 C. The health care delivery and access assessment  
3 shall not be imposed for any period for which the centers for  
4 medicare and medicaid services has not approved a necessary  
5 waiver or other applicable authorization required to ensure  
6 that the assessment is a permissible source of non-federal  
7 funding for medicaid program expenditures, or for which the  
8 centers for medicare and medicaid services has not approved the  
9 distribution of the medicaid-directed payment program payments.

10 D. The authority shall annually calculate the  
11 health care delivery and access assessment amount to be paid by  
12 each eligible hospital and shall annually notify the taxation  
13 and revenue department and all hospitals of the applicable  
14 rates. The authority shall calculate the assessment amount by  
15 applying the assessment rate to an eligible hospital's assessed  
16 days and assessed outpatient revenue so that total revenue from  
17 the assessment will equal the lesser of:

18 (1) the amount needed, in combination with  
19 other funds deposited or expected to be deposited in the health  
20 care delivery and access fund for the subsequent fiscal year,  
21 including unexpended and unencumbered money in the fund, to  
22 provide sufficient funding for:

23 (a) the non-federal share of medicaid-  
24 directed payment program payments for inpatient and outpatient  
25 hospital services for eligible hospitals at a level such that

.228781.3SA



underscored material = new  
[bracketed material] = delete

1 the total reimbursement for medicaid managed care patients,  
2 including any other inpatient or outpatient hospital directed  
3 payments, is equivalent to the average commercial rate or such  
4 other maximum level as may be set by the centers for medicare  
5 and medicaid services; and

6 (b) the purposes of the health care  
7 delivery and access fund; or

8 (2) the amount specified in Section  
9 1903(w)(4)(C)(ii) of the federal Social Security Act, above  
10 which an indirect guarantee is determined to exist, with such  
11 amount determined each year based on the most recent available  
12 net patient revenue data.

13 E. The authority shall notify an eligible hospital  
14 and the taxation and revenue department of [its applicable] the  
15 health care delivery and access assessment amount for the  
16 eligible hospital pursuant to the following schedule:

17 (1) by November 1, 2024 for the period  
18 beginning on July 1, 2024 and ending on December 31, 2024;  
19 provided that the assessment amount shall be based on assessed  
20 days and assessed outpatient revenue for a full year; and

21 (2) by November 1 of the preceding calendar  
22 year for each calendar year thereafter.

23 ~~[F. The assessment imposed for the six-month period~~  
24 ~~identified in Paragraph (1) of Subsection E of this section~~  
25 ~~shall be based on assessed days and assessed outpatient revenue~~

.228781.3SA

underscoring material = new  
[bracketed material] = delete

1 ~~for a full year.~~

2 ~~G.]~~ F. The authority may require hospitals,  
3 regardless of whether they are eligible hospitals, to report  
4 information or data necessary to implement and administer the  
5 Health Care Delivery and Access Act. If the authority requires  
6 such reporting, it shall specify the frequency and due dates.

7 ~~[H.]~~ G. The authority shall determine how the  
8 health care delivery and access assessment is applied to newly  
9 created hospitals and hospitals that are merged, acquired or  
10 closed.

11 ~~[I.]~~ H. A hospital shall not specifically list the  
12 cost of the health care delivery and access assessment on any  
13 invoice, claim or statement sent to a patient, insurer, self-  
14 insured employer program or other responsible party."

15 **SECTION 151.** Section 24A-8-6 NMSA 1978 (being Laws 2024,  
16 Chapter 41, Section 6) is amended to read:

17 "24A-8-6. DUE DATES--HEALTH CARE DELIVERY AND ACCESS  
18 ASSESSMENT--DIRECTED PAYMENTS.--

19 A. ~~[For the period from July 1, 2024 through~~  
20 ~~December 31, 2024]~~ Except as provided in Subsection B of this  
21 section, a hospital shall pay the health care delivery and  
22 access assessment to the taxation and revenue department as  
23 follows:

24 (1) for the period from July 1, 2024 through  
25 December 31, 2024:

.228781.3SA

underscored material = new  
[bracketed material] = delete

1                                   [~~(1)~~] (a) sixty percent of the  
2 assessment by March 10, 2025 [~~for the uniform rate increase~~];  
3 and

4                                   [~~(2)~~] (b) forty percent of the  
5 assessment by May 10, 2025 [~~for the quality incentive payment~~];  
6 and

7                                   [B.] (2) for calendar year 2025 and  
8 thereafter: [~~a hospital shall pay the assessment to the~~  
9 ~~taxation and revenue department as follows~~

10                                   ~~(1)~~] (a) fifteen percent of the  
11 assessment seventy days after the end of each calendar quarter  
12 [~~for the uniform rate increase for that quarter~~]; and

13                                   [~~(2)~~] (b) forty percent of the  
14 assessment by May 10 of the subsequent year. [~~for the quality~~  
15 ~~incentive payment unless~~]

16                                   B. If approval by the centers for medicare and  
17 medicaid services of the medicaid-directed payment program for  
18 that year has not been received by the health care delivery and  
19 access assessment's due date, [~~in which case~~] the due date for  
20 [~~that~~] the assessment shall be forty-five days after such  
21 approval is received.

22                                   C. [~~An assessment shall not be due earlier than~~  
23 ~~forty-five days after the date the centers for medicare and~~  
24 ~~medicaid services approves the necessary authorization sought~~  
25 ~~by the secretary pursuant to Section 12 of this 2024 act for~~

underscored material = new  
[bracketed material] = delete

1 ~~the applicable period.]~~ In the event that approval by the  
2 centers for medicare and medicaid services has not been  
3 received in time for a hospital to pay the health care delivery  
4 and access assessment by the dates set out in Subsection A of  
5 this section, the authority shall notify the taxation and  
6 revenue department of the date that such approval is received,  
7 of the dates on which the assessments are now due and that no  
8 interest or penalty on the assessment shall accrue prior to  
9 those due dates.

10 D. The authority shall make directed payments to a  
11 managed care organization as follows:

12 (1) for the period beginning on July 1, 2024  
13 and ending on December 31, 2024, the authority shall transfer  
14 the uniform rate increase funding to a managed care  
15 organization in one installment by March 15, 2025 and the  
16 quality incentive payment by May 15, 2025; and

17 (2) for calendar years 2025 and thereafter,  
18 the authority shall transfer the uniform rate increase funding  
19 to the managed care organization on a quarterly basis no later  
20 than seventy-five days after the end of the quarter and the  
21 quality incentive payment by May 15 of the subsequent calendar  
22 year.

23 ~~[E. If the assessment due date has been postponed~~  
24 ~~due to a delay in approval by the centers for medicare and~~  
25 ~~medicaid services, the payments shall be due five days after~~

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 ~~the extended assessment due date.~~

2 F.] E. The authority shall require a managed care  
3 organization to make directed payments to hospitals no more  
4 than fifteen days after receipt of such payments from the  
5 authority."

6 SECTION 152. Section 52-5-19 NMSA 1978 (being Laws 1987,  
7 Chapter 235, Section 52, as amended) is amended to read:

8 "52-5-19. FEE FOR FUNDING ADMINISTRATION--WORKERS'  
9 COMPENSATION ADMINISTRATION FUND CREATED.--

10 A. [~~Beginning with the calendar quarter ending~~  
11 ~~September 30, 2004 and~~] For each calendar quarter, [~~thereafter~~]  
12 there is assessed against each employer who is required or  
13 elects to be covered by the Workers' Compensation Act a fee  
14 equal to two dollars thirty cents (\$2.30) multiplied by the  
15 number of employees covered by the Workers' Compensation Act  
16 that the employer has on the last working day of each quarter.  
17 At the same time, there is assessed against each employee  
18 covered by the Workers' Compensation Act on the last working  
19 day of each quarter a fee of two dollars (\$2.00), which shall  
20 be deducted from the wages of the employee by the employer and  
21 remitted along with the fee assessed on the employer. The fees  
22 shall be remitted [~~by the last~~] on or before the twenty-fifth  
23 day of the month following the end of the calendar quarter for  
24 which they are due.

25 B. The taxation and revenue department may deduct

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 from the gross fees collected an amount not to exceed five  
2 percent of the gross fees collected to reimburse the department  
3 for costs of administration.

4 C. The taxation and revenue department shall pay  
5 over the net fees collected to the state treasurer to be  
6 deposited by ~~him~~ the treasurer in a fund hereby created and  
7 to be known as the "workers' compensation administration fund".  
8 Expenditures shall be made from this fund on vouchers signed by  
9 the director for the necessary expenses of the workers'  
10 compensation administration; provided that an amount equal to  
11 thirty cents (\$.30) per employee of the fee assessed against an  
12 employer shall be distributed from the workers' compensation  
13 administration fund to the uninsured employers' fund.

14 D. The workers' compensation fee authorized in this  
15 section shall be administered and enforced by the taxation and  
16 revenue department under the provisions of the Tax  
17 Administration Act."

18 SECTION 153. Section 67-3-8.1 NMSA 1978 (being Laws  
19 2003, Chapter 150, Section 3, as amended) is amended to read:

20 "67-3-8.1. SECRETARY--AUTHORITY TO ENTER INTO  
21 INTERGOVERNMENTAL AGREEMENT--GASOLINE TAX SHARING AGREEMENT--  
22 QUALIFIED TRIBE.--

23 A. The secretary may enter into an  
24 intergovernmental agreement that may be referred to as a  
25 "gasoline tax sharing agreement" with a qualified tribe to

.228781.3SA

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

1 receive forty percent of the gasoline tax revenue paid on two  
2 million five hundred thousand gallons of gasoline each month in  
3 exchange for the qualified tribe's agreement that the qualified  
4 tribe or a registered Indian tribal distributor owned by the  
5 qualified tribe shall not:

6 (1) distribute gasoline for resale outside of  
7 the boundaries of that registered Indian tribal distributor's  
8 Indian reservation, pueblo grant or trust land located in New  
9 Mexico; and

10 (2) claim all or part of the deduction  
11 authorized in Subsection F of Section 7-13-4 NMSA 1978.

12 B. The term of a gasoline tax sharing agreement  
13 entered into pursuant to this section shall be for a period of  
14 up to twenty years. The secretary and a qualified tribe with a  
15 gasoline tax sharing agreement shall report, at the midpoint of  
16 the term of the agreement, to the legislative finance committee  
17 and to the revenue stabilization and tax policy committee on  
18 the status of the agreement.

19 C. A gasoline tax sharing agreement entered into  
20 pursuant to this section shall be construed solely as an  
21 agreement between the two party governments and shall not  
22 alter or affect the government-to-government relations between  
23 the state and any other tribe.

24 D. Nothing in this section or in a gasoline tax  
25 sharing agreement entered into pursuant to this section shall

.228781.3SA

underscored material = new  
[bracketed material] = delete

1 be construed as creating rights in a third party.

2 E. Copies of gasoline tax sharing agreements shall  
3 be promptly transmitted to the secretary of taxation and  
4 revenue upon signing by the representatives of the governments  
5 that are parties to the agreement.

6 F. As used in this section:

7 (1) "qualified tribe" means the Pueblo of  
8 Nambe or the Pueblo of Santo Domingo, as long as it owns one  
9 hundred percent of a registered Indian tribal distributor  
10 pursuant to the Gasoline Tax Act, that qualifies for a  
11 deduction pursuant to Subsection F of Section 7-13-4 NMSA 1978;  
12 and

13 (2) "tribe" means an Indian nation, tribe or  
14 pueblo located in New Mexico."

15 SECTION 154. Laws 2024, Chapter 41, Section 13 is  
16 amended to read:

17 "SECTION 13. DELAYED REPEAL.--Sections 1 through 7, 9  
18 and 11 of this act are repealed effective July 1, 2030."

19 SECTION 155. REPEALING CERTAIN SECTIONS OF LAWS 2024.--  
20 Laws 2024, Chapter 41, Sections 8 and 10 are repealed.

21 SECTION 156. REPEAL.--Sections 7-1-6.6, 7-1-6.24,  
22 7-1-6.34, 7-1-6.35, 7-1-6.48 through 7-1-6.50, 7-1-6.59,  
23 7-1-6.60, 7-1-15.2, 7-2-7.2, 7-2-7.3, 7-2-18.7, 7-2-18.11,  
24 7-2-18.14, 7-2-18.19, 7-2-18.23, 7-2-18.30, 7-2-23, 7-2-24.1  
25 through 7-2-28, 7-2-29 through 7-2-30.9, 7-2-30.11, 7-2-31,

.228781.3SA



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

1 7-2A-14, 7-2A-17.1, 7-2A-21, 7-2A-29, 7-2D-1 through 7-2D-14,  
2 7-2F-1, 7-2F-2.1, 7-2F-6 through 7-2F-11, 7-2H-1 through  
3 7-2H-4, 7-9-10, 7-9-74, 7-9-79.2, 7-9-118, 7-9A-2.1, 7-9F-12,  
4 7-9J-1 through 7-9J-8 and 7-13-10 NMSA 1978 (being Laws 1983,  
5 Chapter 211, Section 11; Laws 1987, Chapter 265, Section 3;  
6 Laws 1992, Chapter 108, Sections 3 and 2; Laws 2005, Chapter  
7 56, Section 1; Laws 2005, Chapter 87, Section 1; Laws 2005,  
8 Chapter 220, Section 1; Laws 2009, Chapter 175, Section 1; Laws  
9 2010, Chapter 31, Section 2; Laws 1998, Chapter 105, Section 1;  
10 Laws 2005 (1st S.S.), Chapter 3, Sections 3 and 4; Laws 2000,  
11 Chapter 64, Section 1 and Laws 2000, Chapter 78, Section 1;  
12 Laws 2003, Chapter 400, Section 1; Laws 2006, Chapter 93,  
13 Section 1; Laws 2007, Chapter 204, Section 3; Laws 2008 (2nd  
14 S.S.), Chapter 3, Section 1; Laws 2018, Chapter 36, Section 1;  
15 Laws 1981, Chapter 343, Section 1; Laws 1992, Chapter 108,  
16 Section 4; Laws 2021, Chapter 90, Section 1; Laws 1987, Chapter  
17 257, Section 3; Laws 1987, Chapter 265, Sections 1 and 2; Laws  
18 2005, Chapter 56, Section 2; Laws 2005, Chapter 87, Section 2;  
19 Laws 2005, Chapter 220, Section 2; Laws 2009, Chapter 175,  
20 Section 2; Laws 2012, Chapter 7, Section 1; Laws 2012, Chapter  
21 57, Section 1; Laws 2013, Chapter 49, Section 2; Laws 2015,  
22 Chapter 50, Section 1; Laws 2015, Chapter 82, Section 1; Laws  
23 2018, Chapter 51, Section 1; Laws 1992, Chapter 108, Section 1;  
24 Laws 1983, Chapter 218, Section 1; Laws 2003, Chapter 400,  
25 Section 2; Laws 2007, Chapter 204, Section 4; Laws 2018,

.228781.3SA

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

1 Chapter 36, Section 2; Laws 1993, Chapter 313, Sections 1, 2  
2 and 4 through 14; Laws 2002, Chapter 36, Section 1; Laws 2015,  
3 Chapter 143, Sections 4 through 10; Laws 2008, Chapter 89,  
4 Sections 1 through 4; Laws 1966, Chapter 47, Section 10; Laws  
5 1971, Chapter 217, Section 2; Laws 2007, Chapter 204, Section  
6 9; Laws 2021, Chapter 4, Section 3; Laws 2001, Chapter 57,  
7 Section 2 and Laws 2001, Chapter 337, Section 2; Laws 2000 (2nd  
8 S.S.), Chapter 22, Section 12; Laws 2007, Chapter 204, Sections  
9 11 through 18; and Laws 1977, Chapter 342, Section 5, as  
10 amended) are repealed.

11 SECTION 157. ADDITIONAL REPEAL.--That version of Section  
12 7-2-7 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3, Section  
13 2) is repealed.

14 SECTION 158. DELAYED REPEAL.--Section 7-1-6.66 NMSA 1978  
15 (being Laws 2021, Chapter 4, Section 1) is repealed effective  
16 January 1, 2028.

17 SECTION 159. EFFECTIVE DATE.--

18 A. The effective date of the provisions of Sections  
19 1 through 15, 17 through 34, 36, 38, 62, 68 through 117, 119  
20 through 121, 123 through 129, 131 through 138, 140 through 148,  
21 153, 156 and 157 is July 1, 2025.

22 B. The effective date of the provisions of Sections  
23 16, 35, 37, 39 through 61, 63 through 67, 118, 122, 130, 139  
24 and 152 is January 1, 2026.