

New Mexico Proposed Tax Code Changes for 2023

223541.2

Gross Receipts Tax (GRT)

- Improve transparency by correctly attributing the 1.225% municipal share of the state tax to the municipalities tax rate
 - Automatic shift – 1.225% added to all muni rates; no vote, etc. needed
 - Lower state rate by 1.225%
- Remove the most egregious form of pyramiding, business-to-business professional services

Motor Vehicle Excise Tax (MVET)

- Address significant statewide road infrastructure problems by sending 50% of MVET to the state road fund, and 50% to locals (Transportation Project Fund), as has been done in the past. (Currently most of the MVET goes to the state general fund.)

Liquor Excise Tax

- Distribute all Liquor Excise Tax revenue to state and county DWI treatment and prevention programs (60%), drug court programs (10%), and to the state as a match for Medicaid expenditures (30%)
 - When the Liquor Excise Tax was adopted, the liquor industry agreed to support it in exchange for the revenue being dedicated to specific programs, but the state has been putting most of it in the General Fund; this makes good on the deal

Corporate Income Tax (CIT)

- Reduce CIT brackets from two to a single CIT bracket
 - The rationale for multiple personal income tax brackets does not apply to corporations. States with 'adult' taxes codes have only one CIT bracket
- Complete adoption of Single Sales Factor apportionment for all industries
 - Currently only manufacturing and corporate headquarters benefit from Single Sales Factor apportionment