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SENATE BILL 125

49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010

INTRODUCED BY

Stephen H. Fischmann

AN ACT

RELATING TO TAXATION; REQUIRING REVIEW OF TAX EXEMPTIONS,
CREDITS, DEDUCTIONS AND EXCLUSIONS AT FIVE-YEAR INTERVALS.

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

Section 1. Section 2-16-3 NMSA 1978 (being Laws 1994,
Chapter 90, Section 3) is amended to read:

"2-16-3. DUTIES.--

A. After its ~~[appointment]~~ members are appointed,
the revenue stabilization and tax policy committee shall hold
one organizational meeting to develop a workplan and budget for
the ensuing interim.

B. The workplan and budget shall be submitted to
the New Mexico legislative council for approval.

C. Upon approval of the workplan and budget by the
New Mexico legislative council, the committee shall examine the

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1 statutes, constitutional provisions, regulations and court
2 decisions governing revenue stabilization and tax policy in New
3 Mexico and recommend legislation or changes if any are found to
4 be necessary to each session of the legislature.

5 D. The revenue stabilization and tax policy
6 committee shall develop a five-year schedule to review tax
7 incentives, including tax exemptions, credits, deductions and
8 exclusions, to determine if the incentive is effective and
9 essential and merits the tax expenditure that results from the
10 use of the incentive. An incentive that the committee finds to
11 be effective and essential and for which the tax expenditure is
12 determined to be justified may be recommended to the
13 legislature for a five-year extension. An incentive that the
14 committee fails to find to be effective or essential or for
15 which the tax expenditure is not justified shall be submitted
16 to the legislature for repeal. If the incentive has a repeal
17 date specified in statute, the committee may choose to review
18 that credit on a cycle that coincides with the repeal date.

19 E. The revenue stabilization and tax policy
20 committee shall include in its proposed budget a request for
21 adequate funds to contract for an independent review to be
22 completed annually on the tax incentives scheduled for review
23 in that year.

24 F. As used in this section:

25 (1) "effective" means accomplishing the

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1 purpose for which the exemption, credit, deduction or exclusion
2 was adopted;

3 (2) "essential" means providing a critical
4 function either in the tax base or as an economic tool in the
5 state; and

6 (3) "tax expenditure" means revenue foregone
7 by the state due to the use by taxpayers or others of tax
8 exemptions, credits, deductions, exclusions or other forms of
9 tax incentives."

10 Section 2. A new section of the Tax Administration Act is
11 enacted to read:

12 "[NEW MATERIAL] INCENTIVES--CREDITS, DEDUCTIONS,
13 EXEMPTIONS OR EXCLUSIONS--REVIEW.--

14 A. Unless otherwise stated in the law creating a
15 tax exemption, credit, deduction or exclusion, beginning in
16 2010, every tax exemption, credit, deduction or exclusion that
17 is created, applied to a taxpayer's liability or used to
18 determine a taxpayer's liability and administered pursuant to
19 the provisions of the Tax Administration Act shall be
20 identified by the department and a list shall be provided to
21 the revenue stabilization and tax policy committee to schedule
22 for review on a five-year cycle beginning in the year the
23 exemption, credit, deduction or exclusion goes into effect, to
24 determine if the tax exemption, credit, deduction or exclusion
25 is effective or essential. The committee shall review the tax

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1 exemption, credit, deduction or exclusion to determine if the
2 amount of the tax expenditure attributable to the exemption,
3 credit, deduction or exclusion is an acceptable loss of state
4 revenue.

5 B. As used in this section:

6 (1) "effective" means accomplishing the
7 purpose for which the exemption, credit, deduction or exclusion
8 was adopted;

9 (2) "essential" means providing a critical
10 function either in the tax base or as an economic tool in the
11 state; and

12 (3) "tax expenditure" means revenue foregone
13 by the state due to the use by taxpayers or others of tax
14 exemptions, credits, deductions, exclusions or other forms of
15 tax incentives."

16 Section 3. A new section of the Income Tax Act is enacted
17 to read:

18 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
19 CREDITS AND DEDUCTIONS REQUIRED--EXCEPTION.--

20 A. Every tax exemption, credit or deduction that is
21 applied to a taxpayer's liability or used to determine a
22 taxpayer's liability pursuant to the Income Tax Act shall be
23 reviewed by the revenue stabilization and tax policy committee,
24 on a five-year cycle to be established by the committee, to
25 determine if the exemption, credit or deduction is effective or

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1 essential. The committee shall review the tax exemption,
2 credit or deduction to determine if the amount of the tax
3 expenditure attributable to the exemption, credit or deduction
4 is an acceptable loss of state revenue.

5 B. Tax exemptions, credits or deductions that the
6 revenue stabilization and tax policy committee determines not
7 to be effective or essential shall be presented for repeal to
8 the legislature in the legislative session following the
9 review.

10 C. The revenue stabilization and tax policy
11 committee may review a tax exemption, credit or deduction on a
12 periodic basis other than every five years if, in the language
13 creating the exemption, credit or deduction, a termination date
14 is set that exceeds five years from the date of implementation
15 of the exemption, credit or deduction; however, the committee
16 may choose to review the exemption, credit or deduction on a
17 five-year cycle regardless of the termination date in statute.

18 D. As used in this section:

19 (1) "effective" means accomplishing the
20 purpose for which the tax exemption, credit or deduction was
21 adopted;

22 (2) "essential" means providing a critical
23 function either in the tax base or as an economic tool in the
24 state; and

25 (3) "tax expenditure" means revenue foregone

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1 by the state due to the use by taxpayers or others of tax
2 exemptions, credits, deductions, exclusions or other forms of
3 tax incentives."

4 Section 4. A new section of the Corporate Income and
5 Franchise Tax Act is enacted to read:

6 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
7 CREDITS AND DEDUCTIONS REQUIRED--EXCEPTION.--

8 A. Every tax exemption, credit or deduction that is
9 applied to a taxpayer's liability or used to determine a
10 taxpayer's liability pursuant to the Corporate Income and
11 Franchise Tax Act shall be reviewed by the revenue
12 stabilization and tax policy committee, on a five-year cycle to
13 be established by the committee, to determine if the exemption,
14 credit or deduction is effective or essential. The committee
15 shall review the tax exemption, credit or deduction to
16 determine if the amount of the tax expenditure attributable to
17 the exemption, credit or deduction is an acceptable loss of
18 state revenue.

19 B. Tax exemptions, credits or deductions that the
20 revenue stabilization and tax policy committee determines not
21 to be effective or essential shall be presented for repeal or
22 amendment to the legislature in the legislative session
23 following the review.

24 C. The revenue stabilization and tax policy
25 committee may review a tax exemption, credit or deduction on a

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1 periodic basis other than every five years if, in the language
2 creating the exemption, credit or deduction, a termination date
3 is set that exceeds five years from the date of implementation
4 of the exemption, credit or deduction; however, the committee
5 may choose to review the exemption, credit or deduction on a
6 five-year cycle regardless of the termination date in statute.

7 D. As used in this section:

8 (1) "effective" means accomplishing the
9 purpose for which the tax exemption, credit or deduction was
10 adopted;

11 (2) "essential" means providing a critical
12 function either in the tax base or as an economic tool in the
13 state; and

14 (3) "tax expenditure" means revenue foregone
15 by the state due to the use by taxpayers or others of tax
16 exemptions, credits, deductions, exclusions or other forms of
17 tax incentives."

18 Section 5. A new section of the Withholding Tax Act is
19 enacted to read:

20 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX CREDITS AND
21 DEDUCTIONS THAT MAY BE CLAIMED AGAINST WITHHOLDING TAX
22 REMITTANCES.--

23 A. Every tax credit or deduction that may be
24 applied to a withholder's liability or used to determine a
25 withholder's liability determined pursuant to the Withholding

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1 Tax Act shall be reviewed by the revenue stabilization and tax
2 policy committee, on a five-year cycle beginning in 2010, to
3 determine if the credit or deduction is effective or essential.
4 The committee shall review the tax credit or deduction to
5 determine if the amount of the tax expenditure attributable to
6 the credit or deduction is an acceptable loss of state revenue.

7 B. Tax credits or deductions that the revenue
8 stabilization and tax policy committee determines not to be
9 either effective or essential shall be presented for repeal to
10 the legislature in the legislative session following the
11 review.

12 C. The revenue stabilization and tax policy
13 committee may review a tax credit or deduction every five years
14 even if, in the language creating the tax credit or deduction,
15 a termination date is set that establishes a repeal date that
16 exceeds five years from the date of implementation of the
17 credit or deduction; however, the committee may choose to
18 review the credit or deduction on a five-year cycle regardless
19 of the termination date in statute.

20 D. As used in this section:

21 (1) "effective" means accomplishing the
22 purpose for which the tax credit or deduction was adopted;

23 (2) "essential" means providing a critical
24 function either in the tax base or as an economic tool in the
25 state; and

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1 (3) "tax expenditure" means revenue foregone
2 by the state due to the use by taxpayers or others of tax
3 exemptions, credits, deductions, exclusions or other forms of
4 tax incentives."

5 Section 6. A new section of the Gross Receipts and
6 Compensating Tax Act is enacted to read:

7 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
8 CREDITS AND DEDUCTIONS REQUIRED--EXCEPTION.--

9 A. Every tax exemption, credit or deduction that is
10 applied to a taxpayer's liability or used to determine a
11 taxpayer's liability pursuant to the Gross Receipts and
12 Compensating Tax Act shall be reviewed by the revenue
13 stabilization and tax policy committee every five years, on a
14 five-year cycle to be established by the committee, to
15 determine if the exemption, credit or deduction is effective or
16 essential. The committee shall review the tax exemption,
17 credit or deduction to determine if the amount of the tax
18 expenditure attributable to the exemption, credit or deduction
19 is an acceptable loss of state revenue.

20 B. Tax exemptions, credits or deductions that the
21 revenue stabilization and tax policy committee determines not
22 to be effective or essential shall be presented for repeal or
23 amendment to the legislature in the legislative session
24 following the review.

25 C. The revenue stabilization and tax policy

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1 committee may review a tax exemption, credit or deduction on a
2 periodic basis other than every five years if, in the language
3 creating the exemption, credit or deduction, a termination date
4 is set that exceeds five years from the date of implementation
5 of the exemption, credit or deduction; however, the committee
6 may choose to review the exemption, credit or deduction on a
7 five-year cycle regardless of the termination date in statute.

8 D. As used in this section:

9 (1) "effective" means accomplishing the
10 purpose for which the tax exemption, credit or deduction was
11 adopted;

12 (2) "essential" means providing a critical
13 function either in the tax base or as an economic tool in the
14 state; and

15 (3) "tax expenditure" means revenue foregone
16 by the state due to the use by taxpayers or others of tax
17 exemptions, credits, deductions, exclusions or other forms of
18 tax incentives."

19 Section 7. A new section of the Interstate
20 Telecommunications Gross Receipts Tax Act is enacted to read:

21 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
22 CREDITS AND DEDUCTIONS REQUIRED--EXCEPTION.--

23 A. Every tax exemption, credit or deduction that is
24 applied to a taxpayer's liability or used to determine a
25 taxpayer's liability pursuant to the Interstate

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1 Telecommunications Gross Receipts Tax Act shall be reviewed by
2 the revenue stabilization and tax policy committee every five
3 years, on a five-year cycle to be established by the committee,
4 to determine if the exemption, credit or deduction is effective
5 or essential. The revenue stabilization and tax policy
6 committee shall review the tax exemption, credit or deduction
7 to determine if the amount of the tax expenditure attributable
8 to the exemption, credit or deduction is an acceptable loss of
9 state revenue.

10 B. Tax exemptions, credits or deductions that the
11 revenue stabilization and tax policy committee determines not
12 to be effective or essential shall be presented for repeal or
13 amendment to the legislature in the legislative session
14 following the review.

15 C. The revenue stabilization and tax policy
16 committee may review a tax exemption, credit or deduction on a
17 periodic basis other than every five years if, in the language
18 creating the exemption, credit or deduction, a termination date
19 is set that exceeds five years from the date of implementation
20 of the exemption, credit or deduction; however, the committee
21 may choose to review the exemption, credit or deduction on a
22 five-year cycle regardless of the termination date in statute.

23 D. As used in this section:

24 (1) "effective" means accomplishing the
25 purpose for which the tax exemption, credit or deduction was

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1 adopted;

2 (2) "essential" means providing a critical
3 function either in the tax base or as an economic tool in the
4 state; and

5 (3) "tax expenditure" means revenue foregone
6 by the state due to the use by taxpayers or others of tax
7 exemptions, credits, deductions, exclusions or other forms of
8 tax incentives."

9 Section 8. A new section of the Gasoline Tax Act is
10 enacted to read:

11 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
12 CREDITS AND DEDUCTIONS REQUIRED--EXCEPTION.--

13 A. Every tax exemption, credit or deduction that is
14 applied to a taxpayer's liability or used to determine a
15 taxpayer's liability pursuant to the Gasoline Tax Act shall be
16 reviewed by the revenue stabilization and tax policy committee
17 every five years, on a five-year cycle to be established by the
18 committee, to determine if the exemption, credit or deduction
19 is effective or essential. The committee shall review the tax
20 exemption, credit or deduction to determine if the amount of
21 the tax expenditure attributable to the exemption, credit or
22 deduction is an acceptable loss of state revenue.

23 B. Tax exemptions, credits or deductions that the
24 revenue stabilization and tax policy committee determines not
25 to be effective or essential shall be presented for repeal or

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1 amendment to the legislature in the legislative session
2 following the review.

3 C. The revenue stabilization and tax policy
4 committee may review a tax exemption, credit or deduction on a
5 periodic basis other than every five years if, in the language
6 creating the exemption, credit or deduction, a termination date
7 is set that exceeds five years from the date of implementation
8 of the exemption, credit or deduction; however, the committee
9 may choose to review the exemption, credit or deduction on a
10 five-year cycle regardless of the termination date in statute.

11 D. As used in this section:

12 (1) "effective" means accomplishing the
13 purpose for which the tax exemption, credit or deduction was
14 adopted;

15 (2) "essential" means providing a critical
16 function either in the tax base or as an economic tool in the
17 state; and

18 (3) "tax expenditure" means revenue foregone
19 by the state due to the use by taxpayers or others of tax
20 exemptions, credits, deductions, exclusions or other forms of
21 tax incentives."

22 Section 9. A new section of the Motor Vehicle Excise Tax
23 Act is enacted to read:

24 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS AND
25 CREDITS REQUIRED--EXCEPTION.--

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1 A. Every tax exemption or credit that is applied to
2 a taxpayer's liability or used to determine a taxpayer's
3 liability pursuant to the Motor Vehicle Excise Tax Act shall be
4 reviewed by the revenue stabilization and tax policy committee
5 every five years, on a five-year cycle to be established by the
6 committee, to determine if the tax exemption or credit is
7 effective or essential. The committee shall review the tax
8 exemption or credit to determine if the amount of the tax
9 expenditure attributable to the exemption or credit is an
10 acceptable loss of state revenue.

11 B. Tax exemptions or credits that the revenue
12 stabilization and tax policy committee determines not to be
13 effective or essential shall be presented for repeal or
14 amendment to the legislature in the legislative session
15 following the review.

16 C. The revenue stabilization and tax policy
17 committee may review a tax exemption or credit on a periodic
18 basis other than every five years if, in the language creating
19 the exemption or credit, a termination date is set that exceeds
20 five years from the date of implementation of the exemption or
21 credit; however, the committee may choose to review the
22 exemption or credit on a five-year cycle regardless of the
23 termination date in statute.

24 D. As used in this section:

25 (1) "effective" means accomplishing the

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1 purpose for which the tax exemption or credit was adopted;
2 (2) "essential" means providing a critical
3 function either in the tax base or as an economic tool in the
4 state; and

5 (3) "tax expenditure" means revenue foregone
6 by the state due to the use by taxpayers or others of tax
7 exemptions, credits, deductions, exclusions or other forms of
8 tax incentives."

9 Section 10. A new section of the Leased Vehicle Gross
10 Receipts Tax Act is enacted to read:

11 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
12 DEDUCTIONS AND EXCLUSIONS REQUIRED--EXCEPTION.--

13 A. Every tax exemption, deduction or exclusion that
14 is applied to a taxpayer's liability or used to determine a
15 taxpayer's liability pursuant to the Leased Vehicle Gross
16 Receipts Tax Act shall be reviewed by the revenue stabilization
17 and tax policy committee every five years, on a five-year cycle
18 to be established by the committee, to determine if the tax
19 exemption, deduction or exclusion is effective or essential.
20 The committee shall review the tax exemption, deduction or
21 exclusion to determine if the amount of the tax expenditure
22 attributable to the exemption, deduction or exclusion is an
23 acceptable loss of state revenue.

24 B. Tax exemptions, deductions or exclusions that
25 the revenue stabilization and tax policy committee determines

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1 not to be effective or essential shall be presented for repeal
2 or amendment to the legislature in the legislative session
3 following the review.

4 C. The revenue stabilization and tax policy
5 committee may review a tax exemption, deduction or exclusion on
6 a periodic basis other than every five years if, in the
7 language creating the exemption, deduction or exclusion, a
8 termination date is set that exceeds five years from the date
9 of implementation of the exemption, deduction or exclusion;
10 however, the committee may choose to review the exemption,
11 deduction or exclusion on a five-year cycle regardless of the
12 termination date in statute.

13 D. As used in this section:

14 (1) "effective" means accomplishing the
15 purpose for which the tax exemption, deduction or exclusion was
16 adopted;

17 (2) "essential" means providing a critical
18 function either in the tax base or as an economic tool in the
19 state; and

20 (3) "tax expenditure" means revenue foregone
21 by the state due to the use by taxpayers or others of tax
22 exemptions, credits, deductions, exclusions or other forms of
23 tax incentives."

24 Section 11. A new section of the Weight Distance Tax Act
25 is enacted to read:

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1 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS AND
2 EXCLUSIONS REQUIRED--EXCEPTION.--

3 A. Every tax exemption or exclusion that is applied
4 to a taxpayer's liability or used to determine a taxpayer's
5 liability pursuant to the Weight Distance Tax Act shall be
6 reviewed by the revenue stabilization and tax policy committee
7 every five years, on a five-year cycle to be established by the
8 committee, to determine if the tax exemption or exclusion is
9 effective or essential. The committee shall review the tax
10 exemption or exclusion to determine if the amount of the tax
11 expenditure attributable to the exemption or exclusion is an
12 acceptable loss of state revenue.

13 B. Tax exemptions or exclusions that the revenue
14 stabilization and tax policy committee determines not to be
15 effective or essential shall be presented for repeal or
16 amendment to the legislature in the legislative session
17 following the review.

18 C. The revenue stabilization and tax policy
19 committee may review a tax exemption or exclusion on a periodic
20 basis other than every five years if, in the language creating
21 the exemption or exclusion, a termination date is set that
22 exceeds five years from the date of implementation of the
23 exemption or exclusion; however, the committee may choose to
24 review the exemption or exclusion on a five-year cycle
25 regardless of the termination date in statute.

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D. As used in this section:

(1) "effective" means accomplishing the purpose for which the tax exemption or exclusion was adopted;

(2) "essential" means providing a critical function either in the tax base or as an economic tool in the state; and

(3) "tax expenditure" means revenue forgone by the state due to the use by taxpayers or others of tax exemptions, credits, deductions, exclusions or other forms of tax incentives."

Section 12. A new section of the Special Fuels Supplier Tax Act is enacted to read:

"[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS, CREDITS, DEDUCTIONS AND EXCLUSIONS REQUIRED--EXCEPTION.--

A. Every tax exemption, credit, deduction or exclusion that is applied to a taxpayer's liability or used to determine a taxpayer's liability pursuant to the Special Fuels Supplier Tax Act shall be reviewed by the revenue stabilization and tax policy committee every five years, on a five-year cycle to be established by the committee, to determine if the tax exemption, credit, deduction or exclusion is effective or essential. The committee shall review the tax exemption, credit, deduction or exclusion to determine if the amount of the tax expenditure attributable to the exemption, credit, deduction or exclusion is an acceptable loss of state revenue.

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1 B. Tax exemptions, credits, deductions or
2 exclusions that the revenue stabilization and tax policy
3 committee determines not to be effective or essential shall be
4 presented for repeal or amendment to the legislature in the
5 legislative session following the review.

6 C. The revenue stabilization and tax policy
7 committee may review a tax exemption, credit, deduction or
8 exclusion on a periodic basis other than every five years if,
9 in the language creating the exemption, credit, deduction or
10 exclusion, a termination date is set that exceeds five years
11 from the date of implementation of the exemption, credit,
12 deduction or exclusion; however, the committee may choose to
13 review the exemption, credit, deduction or exclusion on a five-
14 year cycle regardless of the termination date in statute.

15 D. As used in this section:

16 (1) "effective" means accomplishing the
17 purpose for which the tax exemption, credit, deduction or
18 exclusion was adopted;

19 (2) "essential" means providing a critical
20 function either in the tax base or as an economic tool in the
21 state; and

22 (3) "tax expenditure" means revenue foregone
23 by the state due to the use by taxpayers or others of tax
24 exemptions, credits, deductions, exclusions or other forms of
25 tax incentives."

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1 Section 13. Section 7-16B-1 NMSA 1978 (being Laws 1995,
2 Chapter 16, Section 1) is amended to read:

3 "7-16B-1. SHORT TITLE.--~~[Sections 1 through 10 of this~~
4 ~~act]~~ Chapter 7, Article 16B NMSA 1978 may be cited as the
5 "Alternative Fuel Tax Act"."

6 Section 14. A new section of the Alternative Fuel Tax
7 Act is enacted to read:

8 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS AND
9 EXCLUSIONS REQUIRED--EXCEPTION.--

10 A. Every tax exemption or exclusion that is applied
11 to a taxpayer's liability or used to determine a taxpayer's
12 liability pursuant to the Alternative Fuel Tax Act shall be
13 reviewed by the revenue stabilization and tax policy committee
14 every five years, on a five-year cycle to be established by the
15 committee, to determine if the tax exemption or exclusion is
16 effective or essential. The committee shall review the tax
17 exemption or exclusion to determine if the amount of the tax
18 expenditure attributable to the exemption or exclusion is an
19 acceptable loss of state revenue.

20 B. Tax exemptions or exclusions that the revenue
21 stabilization and tax policy committee determines not to be
22 effective or essential shall be presented for repeal or
23 amendment to the legislature in the legislative session
24 following the review.

25 C. The revenue stabilization and tax policy

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1 committee may review a tax exemption or exclusion on a periodic
2 basis other than every five years if, in the language creating
3 the exemption or exclusion, a termination date is set that
4 exceeds five years from the date of implementation of the
5 exemption or exclusion; however, the committee may choose to
6 review the exemption or exclusion on a five-year cycle
7 regardless of the termination date in statute.

8 D. As used in this section:

9 (1) "effective" means accomplishing the
10 purpose for which the tax exemption or exclusion was adopted;

11 (2) "essential" means providing a critical
12 function either in the tax base or as an economic tool in the
13 state; and

14 (3) "tax expenditure" means revenue foregone
15 by the state due to the use by taxpayers or others of tax
16 exemptions, credits, deductions, exclusions or other forms of
17 tax incentives."

18 Section 15. A new section of the Liquor Excise Tax Act
19 is enacted to read:

20 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX EXEMPTIONS,
21 CREDITS, DEDUCTIONS AND EXCLUSIONS REQUIRED--EXCEPTION.--

22 A. Every tax exemption, credit, deduction or
23 exclusion that is applied to a taxpayer's liability or used to
24 determine a taxpayer's liability pursuant to the Liquor Excise
25 Tax Act shall be reviewed by the revenue stabilization and tax

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1 policy committee every five years, on a five-year cycle to be
2 established by the committee, to determine if the tax
3 exemption, credit, deduction or exclusion is effective or
4 essential. The committee shall review the tax exemption,
5 credit, deduction or exclusion to determine if the amount of
6 the tax expenditure attributable to the exemption, credit,
7 deduction or exclusion is an acceptable loss of state revenue.

8 B. Tax exemptions, credits, deductions or
9 exclusions that the revenue stabilization and tax policy
10 committee determines not to be effective or essential shall be
11 presented for repeal or amendment to the legislature in the
12 legislative session following the review.

13 C. The revenue stabilization and tax policy
14 committee may review a tax exemption, credit, deduction or
15 exclusion on a periodic basis other than every five years if,
16 in the language creating the exemption, credit, deduction or
17 exclusion, a termination date is set that exceeds five years
18 from the date of implementation of the exemption, credit,
19 deduction or exclusion; however, the committee may choose to
20 review the exemption, credit, deduction or exclusion on a five-
21 year cycle regardless of the termination date in statute.

22 D. As used in this section:

23 (1) "effective" means accomplishing the
24 purpose for which the tax exemption, credit, deduction or
25 exclusion was adopted;

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1 (2) "essential" means providing a critical
2 function either in the tax base or as an economic tool in the
3 state; and

4 (3) "tax expenditure" means revenue foregone
5 by the state due to the use by taxpayers or others of tax
6 exemptions, credits, deductions, exclusions or other forms of
7 tax incentives."

8 Section 16. A new section of the Resources Excise Tax
9 Act is enacted to read:

10 "[NEW MATERIAL] FIVE-YEAR REVIEW OF EXEMPTIONS,
11 DEDUCTIONS, CREDITS AND EXCLUSIONS REQUIRED--EXCEPTION.--

12 A. Every exemption, deduction, credit or exclusion
13 that is applied to a taxpayer's liability or used to determine
14 a taxpayer's liability pursuant to the Resources Excise Tax Act
15 shall be reviewed by the revenue stabilization and tax policy
16 committee every five years on a cycle to be established by the
17 committee to determine if the tax exemption, deduction, credit
18 or exclusion is effective or essential. The committee shall
19 review the tax exemption, credit, deduction or exclusion to
20 determine if the amount of the tax expenditure attributable to
21 the exemption, deduction, credit or exclusion is an acceptable
22 loss of state revenue.

23 B. Tax exemptions, credits, deductions or
24 exclusions that the revenue stabilization and tax policy
25 committee determines not to be effective or essential shall be

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1 presented for repeal or amendment to the legislature in the
2 legislative session following the review.

3 C. The revenue stabilization and tax policy
4 committee may review a tax exemption, credit, deduction or
5 exclusion on a periodic basis other than every five years if,
6 in the language creating the exemption, credit, deduction or
7 exclusion, a termination date is set that exceeds five years
8 from the date of implementation of the exemption, credit,
9 deduction or exclusion; however, the committee may choose to
10 review the exemption, credit, deduction or exclusion on a
11 five-year cycle regardless of the termination date in statute.

12 D. As used in this section:

13 (1) "effective" means accomplishing the
14 purpose for which the exemption, credit, deduction or exclusion
15 was adopted;

16 (2) "essential" means providing a critical
17 function either in the tax base or as an economic tool in the
18 state; and

19 (3) "tax expenditure" means revenue foregone
20 by the state due to the use by taxpayers or others of tax
21 exemptions, credits, deductions, exclusions or other forms of
22 tax incentives."

23 Section 17. A new section of the Severance Tax Act is
24 enacted to read:

25 "[NEW MATERIAL] FIVE-YEAR REVIEW OF EXEMPTIONS,

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underscoring material = new
[bracketed material] = delete

1 DEDUCTIONS, CREDITS AND EXCLUSIONS REQUIRED--EXCEPTION.--

2 A. Every exemption, credit, deduction or exclusion
3 that is applied to a taxpayer's liability or used to determine
4 a taxpayer's liability pursuant to the Severance Tax Act shall
5 be reviewed by the revenue stabilization and tax policy
6 committee every five years on a cycle to be established by the
7 committee to determine if the tax exemption, credit, deduction
8 or exclusion is effective or essential. The committee shall
9 review the tax exemption, credit, deduction or exclusion to
10 determine if the amount of the tax expenditure attributable to
11 the exemption, credit, deduction or exclusion is an acceptable
12 loss of state revenue.

13 B. Tax exemptions, credits, deductions or
14 exclusions that the revenue stabilization and tax policy
15 committee determines not to be effective or essential shall be
16 presented for repeal or amendment to the legislature in the
17 legislative session following the review.

18 C. The revenue stabilization and tax policy
19 committee may review a tax exemption, credit, deduction or
20 exclusion on a periodic basis other than every five years if,
21 in the language creating the exemption, credit, deduction or
22 exclusion, a termination date is set that exceeds five years
23 from the date of implementation of the exemption, credit,
24 deduction or exclusion; however, the committee may choose to
25 review the exemption, credit, deduction or exclusion on a

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1 five-year cycle regardless of the termination date in statute.

2 D. As used in this section:

3 (1) "effective" means accomplishing the
4 purpose for which the exemption, credit, deduction or exclusion
5 was adopted;

6 (2) "essential" means providing a critical
7 function either in the tax base or as an economic tool in the
8 state; and

9 (3) "tax expenditure" means revenue foregone
10 by the state due to the use by taxpayers or others of tax
11 exemptions, credits, deductions, exclusions or other forms of
12 tax incentives."

13 Section 18. A new section of the Oil and Gas Severance
14 Tax Act is enacted to read:

15 "[NEW MATERIAL] FIVE-YEAR REVIEW OF EXEMPTIONS,
16 DEDUCTIONS, CREDITS AND EXCLUSIONS REQUIRED--EXCEPTION.--

17 A. Every exemption, credit, deduction or exclusion
18 that is applied to a taxpayer's liability or used to determine
19 a taxpayer's liability pursuant to the Oil and Gas Severance
20 Tax Act shall be reviewed by the revenue stabilization and tax
21 policy committee every five years on a cycle to be established
22 by the committee to determine if the tax exemption, credit,
23 deduction or exclusion is effective or essential. The
24 committee shall review the tax exemption, credit, deduction or
25 exclusion to determine if the amount of the tax expenditure

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1 attributable to the exemption, credit, deduction or exclusion
2 is an acceptable loss of state revenue.

3 B. Tax exemptions, credits, deductions or
4 exclusions that the revenue stabilization and tax policy
5 committee determines not to be effective or essential shall be
6 presented for repeal or amendment to the legislature in the
7 legislative session following the review.

8 C. The revenue stabilization and tax policy
9 committee may review a tax exemption, credit, deduction or
10 exclusion on a periodic basis other than every five years if,
11 in the language creating the exemption, credit, deduction or
12 exclusion, a termination date is set that exceeds five years
13 from the date of implementation of the exemption, credit,
14 deduction or exclusion; however, the committee may choose to
15 review the exemption, credit, deduction or exclusion on a
16 five-year cycle regardless of the termination date in statute.

17 D. As used in this section:

18 (1) "effective" means accomplishing the
19 purpose for which the exemption, credit, deduction or exclusion
20 was adopted;

21 (2) "essential" means providing a critical
22 function either in the tax base or as an economic tool in the
23 state; and

24 (3) "tax expenditure" means revenue foregone
25 by the state due to the use by taxpayers or others of tax

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underscored material = new
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1 exemptions, credits, deductions, exclusions or other forms of
2 tax incentives."

3 Section 19. A new section of the Severance Tax Act is
4 enacted to read:

5 "[NEW MATERIAL] FIVE-YEAR REVIEW OF EXEMPTIONS,
6 DEDUCTIONS, CREDITS AND EXCLUSIONS REQUIRED--EXCEPTION.--

7 A. Every exemption, credit, deduction or exclusion
8 that is applied to a taxpayer's liability or used to determine
9 a taxpayer's liability pursuant to the Severance Tax Act shall
10 be reviewed by the revenue stabilization and tax policy
11 committee every five years on a cycle to be established by the
12 committee to determine if the tax exemption, credit, deduction
13 or exclusion is effective or essential. The committee shall
14 review the tax exemption, credit, deduction or exclusion to
15 determine if the amount of the tax expenditure attributable to
16 the exemption, credit, deduction or exclusion is an acceptable
17 loss of state revenue.

18 B. Tax exemptions, credits, deductions or
19 exclusions that the revenue stabilization and tax policy
20 committee determines not to be effective or essential shall be
21 presented for repeal or amendment to the legislature in the
22 legislative session following the review.

23 C. The revenue stabilization and tax policy
24 committee may review a tax exemption, credit, deduction or
25 exclusion on a periodic basis other than every five years if,

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underscored material = new
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1 in the language creating the exemption, credit, deduction or
2 exclusion, a termination date is set that exceeds five years
3 from the date of implementation of the exemption, credit,
4 deduction or exclusion; however, the committee may choose to
5 review the exemption, credit, deduction or exclusion on a
6 five-year cycle regardless of the termination date in statute.

7 D. As used in this section:

8 (1) "effective" means accomplishing the
9 purpose for which the exemption, credit, deduction or exclusion
10 was adopted;

11 (2) "essential" means providing a critical
12 function either in the tax base or as an economic tool in the
13 state; and

14 (3) "tax expenditure" means revenue foregone
15 by the state due to the use by taxpayers or others of tax
16 exemptions, credits, deductions, exclusions or other forms of
17 tax incentives."

18 Section 20. A new section of the Enhanced Oil Recovery
19 Act is enacted to read:

20 "[NEW MATERIAL] FIVE-YEAR REVIEW OF TAX INCENTIVE
21 REQUIRED--EXCEPTION.--

22 A. The tax incentive that is applied to a
23 taxpayer's liability or used to determine a taxpayer's
24 liability pursuant to the Enhanced Oil Recovery Act shall be
25 reviewed by the revenue stabilization and tax policy committee

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1 every five years on a cycle to be established by the committee
2 to determine if the tax incentive is effective or essential.
3 The committee shall review the tax incentive to determine if
4 the amount of the tax expenditure attributable to the incentive
5 is an acceptable loss of state revenue.

6 B. Tax incentives that the revenue stabilization
7 and tax policy committee determines not to be effective or
8 essential shall be presented for repeal or amendment to the
9 legislature in the legislative session following the review.

10 C. The revenue stabilization and tax policy
11 committee may review the tax incentive on a periodic basis
12 other than every five years if, in the language creating the
13 incentive, a termination date is set that exceeds five years
14 from the date of implementation of the incentive; however, the
15 committee may choose to review the incentive on a five-year
16 cycle regardless of the termination date in statute.

17 D. As used in this section:

18 (1) "effective" means accomplishing the
19 purpose for which the tax incentive was adopted;

20 (2) "essential" means providing a critical
21 function either in the tax base or as an economic or
22 environmental tool in the state; and

23 (3) "tax expenditure" means revenue foregone
24 by the state due the use by taxpayers or others of tax
25 incentives."

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1 Section 21. A new section of the Natural Gas and Crude
2 Oil Production Incentive Act is enacted to read:

3 "[NEW MATERIAL] FIVE-YEAR REVIEW OF THE TAX INCENTIVE
4 REQUIRED--EXCEPTION.--

5 A. The tax incentive that is applied to a
6 taxpayer's liability or used to determine a taxpayer's
7 liability pursuant to the Natural Gas and Crude Oil Production
8 Incentive Act shall be reviewed by the revenue stabilization
9 and tax policy committee every five years on a cycle to be
10 established by the committee to determine if the tax incentive
11 is effective or essential. The committee shall review the tax
12 incentive to determine if the amount of the tax expenditure
13 attributable to the tax incentive is an acceptable loss of
14 state revenue.

15 B. Tax incentives that the revenue stabilization
16 and tax policy committee determines not to be effective or
17 essential shall be presented for repeal or amendment to the
18 legislature in the legislative session following the review.

19 C. The revenue stabilization and tax policy
20 committee may review the tax incentive on a periodic basis
21 other than every five years if, in the language creating the
22 incentive, a termination date is set that exceeds five years
23 from the date of implementation of the incentive; however, the
24 committee may choose to review the incentive on a five-year
25 cycle regardless of the termination date in statute.

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D. As used in this section:

(1) "effective" means accomplishing the purpose for which the tax incentive was adopted;

(2) "essential" means providing a critical function either in the tax base or as an economic or environmental tool in the state; and

(3) "tax expenditure" means revenue foregone by the state due to the use by taxpayers or others of tax incentives."