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SENATE BILL 247

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

INTRODUCED BY

Timothy Z. Jennings

AN ACT

RELATING TO TAXATION; AMENDING THE TAX ADMINISTRATION ACT TO
PHASE OUT DISTRIBUTIONS TO MUNICIPALITIES AND COUNTIES THAT ARE
BASED ON THE GROSS RECEIPTS TAX DEDUCTION FOR THE SALE OF FOOD.

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

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

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

A. Subject to the adjustment pursuant to Subsection
C of this section, a distribution pursuant to Section 7-1-6.1
NMSA 1978 shall be made to a municipality in an amount, subject
to any increase or decrease made pursuant to Section 7-1-6.15
NMSA 1978, equal to the sum of:

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1 (1) for a municipality having a population of
2 less than ten thousand according to the most recent federal
3 decennial census and having per capita taxable gross receipts
4 for the previous calendar year that are less than the average
5 per capita taxable gross receipts for all municipalities for
6 that same calendar year:

7 (a) the total deductions claimed
8 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
9 from business locations attributable to the municipality
10 multiplied by the sum of the combined rate of all municipal
11 local option gross receipts taxes in effect in the municipality
12 for the month plus one and two hundred twenty-five thousandths
13 percent; and

14 (b) the total deductions claimed
15 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
16 from business locations attributable to the municipality
17 multiplied by the sum of the combined rate of all municipal
18 local option gross receipts taxes in effect in the municipality
19 for the month plus one and two hundred twenty-five thousandths
20 percent; or

21 (2) for a municipality not described in
22 Paragraph (1) of this subsection:

23 (a) the total deductions claimed
24 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
25 from business locations attributable to the municipality

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1 multiplied by the sum of the combined rate of all municipal
2 local option gross receipts taxes in effect in the municipality
3 on January 1, 2007 plus one and two hundred twenty-five
4 thousandths percent; and

5 (b) the total deductions claimed
6 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
7 from business locations attributable to the municipality
8 multiplied by the sum of the combined rate of all municipal
9 local option gross receipts taxes in effect in the municipality
10 on January 1, 2007 plus one and two hundred twenty-five
11 thousandths percent.

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

19 C. Beginning in fiscal year 2011, the products of
20 the calculations in Subparagraph (a) of Paragraph (1) of
21 Subsection A of this section and Subparagraph (a) of Paragraph
22 (2) of Subsection A of this section shall each be reduced as
23 follows:

24 (1) by twenty percent for distributions on or
25 after July 1, 2010 but before July 1, 2011;

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1 (2) by forty percent for distributions on or
2 after July 1, 2011 but before July 1, 2012;

3 (3) by sixty percent for distributions on or
4 after July 1, 2012 but before July 1, 2013;

5 (4) by eighty percent for distributions on or
6 after July 1, 2013 but before July 1, 2014; and

7 (5) by one hundred percent for distributions
8 on or after July 1, 2014.

9 [~~E.~~] D. For the purposes of this section, "business
10 locations attributable to the municipality" means business
11 locations:

12 (1) within the municipality;

13 (2) on land owned by the state, commonly known
14 as the "state fairgrounds", within the exterior boundaries of
15 the municipality;

16 (3) outside the boundaries of the municipality
17 on land owned by the municipality; and

18 (4) on an Indian reservation or pueblo grant
19 in an area that is contiguous to the municipality and in which
20 the municipality performs services pursuant to a contract
21 between the municipality and the Indian tribe or Indian pueblo
22 if:

23 (a) the contract describes an area in
24 which the municipality is required to perform services and
25 requires the municipality to perform services that are

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1 substantially the same as the services the municipality
2 performs for itself; and

3 (b) the governing body of the
4 municipality has submitted a copy of the contract to the
5 secretary.

6 ~~[D-]~~ E. A distribution pursuant to this section may
7 be adjusted for a distribution made to a tax increment
8 development district with respect to a portion of a gross
9 receipts tax increment dedicated by a municipality pursuant to
10 the Tax Increment for Development Act."

11 Section 2. Section 7-1-6.47 NMSA 1978 (being Laws 2004,
12 Chapter 116, Section 2, as amended) is amended to read:

13 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD
14 DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

15 A. Subject to the adjustment pursuant to Subsection
16 C of this section, a distribution pursuant to Section 7-1-6.1
17 NMSA 1978 shall be made to a county in an amount, subject to
18 any increase or decrease made pursuant to Section 7-1-6.15 NMSA
19 1978, equal to the sum of:

20 (1) for a county having a population of less
21 than forty-eight thousand according to the most recent federal
22 decennial census:

23 (a) the total deductions claimed
24 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
25 from business locations within a municipality in the county

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1 multiplied by the combined rate of all county local option
2 gross receipts taxes in effect for the month that are imposed
3 throughout the county;

4 (b) the total deductions claimed
5 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
6 from business locations in the county but not within a
7 municipality multiplied by the combined rate of all county
8 local option gross receipts taxes in effect for the month that
9 are imposed in the county area not within a municipality;

10 (c) the total deductions claimed
11 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
12 from business locations within a municipality in the county
13 multiplied by the combined rate of all county local option
14 gross receipts taxes in effect for the month that are imposed
15 throughout the county; and

16 (d) the total deductions claimed
17 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
18 from business locations in the county but not within a
19 municipality multiplied by the combined rate of all county
20 local option gross receipts taxes in effect for the month that
21 are imposed in the county area not within a municipality; or

22 (2) for a county not described in Paragraph
23 (1) of this subsection:

24 (a) the total deductions claimed
25 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers

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1 from business locations within a municipality in the county
2 multiplied by the combined rate of all county local option
3 gross receipts taxes in effect on January 1, 2007 that are
4 imposed throughout the county;

5 (b) the total deductions claimed
6 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
7 from business locations in the county but not within a
8 municipality multiplied by the combined rate of all county
9 local option gross receipts taxes in effect on January 1, 2007
10 that are imposed in the county area not within a municipality;

11 (c) the total deductions claimed
12 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
13 from business locations within a municipality in the county
14 multiplied by the combined rate of all county local option
15 gross receipts taxes in effect on January 1, 2007 that are
16 imposed throughout the county; and

17 (d) the total deductions claimed
18 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
19 from business locations in the county but not within a
20 municipality multiplied by the combined rate of all county
21 local option gross receipts taxes in effect on January 1, 2007
22 that are imposed in the county area not within a municipality.

23 B. The distribution pursuant to Subsection A of
24 this section is in lieu of revenue that would have been
25 received by the county but for the deductions provided by

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1 Sections 7-9-92 and 7-9-93 NMSA 1978. The distribution shall
2 be considered gross receipts tax revenue and shall be used by
3 the county in the same manner as gross receipts tax revenue,
4 including payment of gross receipts tax revenue bonds.

5 C. Beginning in fiscal year 2011, the products of
6 the calculations in Subparagraph (a) of Paragraph (1) of
7 Subsection A of this section and Subparagraph (a) of Paragraph
8 (2) of Subsection A of this section shall each be reduced as
9 follows:

10 (1) by twenty percent for distributions on or
11 after July 1, 2010 but before July 1, 2011;

12 (2) by forty percent for distributions on or
13 after July 1, 2011 but before July 1, 2012;

14 (3) by sixty percent for distributions on or
15 after July 1, 2012 but before July 1, 2013;

16 (4) by eighty percent for distributions on or
17 after July 1, 2013 but before July 1, 2014; and

18 (5) by one hundred percent for distributions
19 on or after July 1, 2014.

20 [~~C.~~] D. A distribution pursuant to this section may
21 be adjusted for a distribution made to a tax increment
22 development district with respect to a portion of a gross
23 receipts tax increment dedicated by a county pursuant to the
24 Tax Increment for Development Act."

25 Section 3. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2010.

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