

HOUSE FLOOR SUBSTITUTE FOR
HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 547

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
AMENDING INCOME TAX BRACKETS PURSUANT TO THE INCOME TAX ACT;
PROVIDING FOR THE INDEXING OF MODIFIED GROSS INCOME FOR
PURPOSES OF DETERMINING THE AMOUNT OF THE LOW-INCOME
COMPREHENSIVE TAX REBATE; EXTENDING THE SUNSET DATE FOR AN
INCOME TAX EXEMPTION FOR ARMED FORCES RETIREMENT PAY; AMENDING
PROVISIONS OF THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT;
INCREASING AND INDEXING THE AMOUNT OF THE CHILD INCOME TAX
CREDIT FOR CERTAIN TAXPAYERS; PROVIDING ADDITIONAL 2021 INCOME
TAX REBATES; REQUIRING ALL BUSINESS INCOME TO BE APPORTIONED BY
THE SINGLE SALES FACTOR; PROVIDING A TEMPORARY EXCEPTION TO THE
NEW APPORTIONMENT REQUIREMENTS; REDUCING THE RATES OF THE GROSS
RECEIPTS TAX AND THE COMPENSATING TAX; EXPANDING GROSS RECEIPTS
TAX AND GOVERNMENTAL GROSS RECEIPTS TAX DEDUCTIONS FOR THE SALE
OF PROFESSIONAL SERVICES; CREATING GROSS RECEIPTS TAX

.226050.3

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

1 DEDUCTIONS FOR THE SALE OF CHILD CARE ASSISTANCE THROUGH A
2 LICENSED CHILD CARE ASSISTANCE PROGRAM AND PRE-KINDERGARTEN
3 SERVICES BY FOR-PROFIT PRE-KINDERGARTEN PROVIDERS; CREATING A
4 GROSS RECEIPTS TAX DEDUCTION FOR ENVIRONMENTAL MODIFICATION
5 SERVICES MADE TO THE HOMES OF MEDICAID RECIPIENTS; AMENDING
6 DISTRIBUTIONS OF THE MOTOR VEHICLE EXCISE TAX.

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

9 SECTION 1. Section 7-2-5.13 NMSA 1978 (being Laws 2022,
10 Chapter 47, Section 6) is amended to read:

11 "7-2-5.13. EXEMPTION--ARMED FORCES RETIREMENT PAY.--

12 A. An individual who is an armed forces retiree may
13 claim an exemption in the following amounts of military
14 retirement pay includable, except for this exemption, in net
15 income:

16 (1) for taxable year 2022, ten thousand
17 dollars (\$10,000);

18 (2) for taxable year 2023, twenty thousand
19 dollars (\$20,000); and

20 (3) for taxable years 2024 through ~~2026~~
21 2031, thirty thousand dollars (\$30,000).

22 B. As used in this section, "armed forces retiree"
23 means a former member of the armed forces of the United States
24 who has qualified by years of service or disability to separate
25 from military service with lifetime benefits."

1 SECTION 2. Section 7-2-7 NMSA 1978 (being Laws 2005,
2 Chapter 104, Section 4, as amended) is amended to read:

3 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
4 Section 7-2-3 NMSA 1978 shall be at the following rates for any
5 taxable year beginning on or after January 1, [2021] 2024:

6 ~~[A. For married individuals filing separate~~
7 ~~returns:~~

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of
	excess over \$4,000
Over \$8,000 but not over \$12,000	\$196 plus 4.7% of
	excess over \$8,000
Over \$12,000 but not over \$157,500	\$384 plus 4.9% of
	excess over \$12,000
Over \$157,500	\$7,513.50 plus 5.9% of
	excess over \$157,500.

18 ~~B. For heads of household, surviving spouses and~~
19 ~~married individuals filing joint returns:~~

If the taxable income is:	The tax shall be:
Not over \$8,000	1.7% of taxable income
Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess
	over \$8,000
Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess
	over \$16,000

.226050.3

underscored material = new
[bracketed material] = delete

1 ~~Over \$24,000 but not over \$315,000~~ ~~\$768 plus 4.9% of~~
 2 ~~excess over \$24,000~~
 3 ~~Over \$315,000~~ ~~\$15,027 plus 5.9% of~~
 4 ~~excess over \$315,000.~~

5 ~~C. For single individuals and for estates and~~
 6 ~~trusts:~~

7	If the taxable income is:	The tax shall be:
8	Not over \$5,500	1.7% of taxable income
9	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
10		excess over \$5,500
11	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
12		excess over \$11,000
13	Over \$16,000 but not over \$210,000	\$504.50 plus 4.9% of
14		excess over \$16,000
15	Over \$210,000	\$10,010.50 plus 5.9% of
16		excess over \$210,000.]

17 A. For married individuals filing joint returns,
 18 heads of household and surviving spouses:

19	<u>For taxable income:</u>	<u>The tax shall be:</u>
20	<u>Not over \$8,000</u>	<u>1.5% of taxable income</u>
21	<u>Over \$8,000 but not over \$25,000</u>	<u>\$120 plus 3.2% of excess</u>
22		<u>over \$8,000</u>
23	<u>Over \$25,000 but not over \$50,000</u>	<u>\$664 plus 4.3% of excess</u>
24		<u>over \$25,000</u>
25	<u>Over \$50,000 but not over \$100,000</u>	<u>\$1,739 plus 4.7% of</u>

underscored material = new
 [bracketed material] = delete

1 excess over \$50,000
 2 Over \$100,000 but not over \$200,000 \$4,089 plus 4.9% of
 3 excess over \$100,000
 4 Over \$200,000 \$8,989 plus 5.9% of
 5 excess over \$200,000.

6 B. For single individuals and for estates and
 7 trusts:

8	<u>For taxable income:</u>	<u>The tax shall be:</u>
9	<u>Not over \$5,500</u>	<u>1.5% of taxable income</u>
10	<u>Over \$5,500 but not over \$16,500</u>	<u>\$82.50 plus 3.2% of</u>
11		<u>excess over \$5,500</u>
12	<u>Over \$16,500 but not over \$33,500</u>	<u>\$434.50 plus 4.3% of</u>
13		<u>excess over \$16,500</u>
14	<u>Over \$33,500 but not over \$66,500</u>	<u>\$1,165.50 plus 4.7% of</u>
15		<u>excess over \$33,500</u>
16	<u>Over \$66,500 but not over \$133,500</u>	<u>\$2,716.50 plus 4.9% of</u>
17		<u>excess over \$66,500</u>
18	<u>Over \$133,500</u>	<u>\$5,999.50 plus 5.9% of</u>
19		<u>excess over \$133,500.</u>

20 C. For married individuals filing separate returns:

21	<u>For taxable income:</u>	<u>The tax shall be:</u>
22	<u>Not over \$4,000</u>	<u>1.5% of taxable income</u>
23	<u>Over \$4,000 but not over \$12,500</u>	<u>\$60.00 plus 3.2% of</u>
24		<u>excess over \$4,000</u>
25	<u>Over \$12,500 but not over \$25,000</u>	<u>\$332 plus 4.3% of excess</u>

.226050.3

underscored material = new
[bracketed material] = delete

1		<u>over \$12,500</u>
2	<u>Over \$25,000 but not over \$50,000</u>	<u>\$869.50 plus 4.7% of</u>
3		<u>excess over \$25,000</u>
4	<u>Over \$50,000 but not over \$100,000</u>	<u>\$2,044.50 plus 4.9% of</u>
5		<u>excess over \$50,000</u>
6	<u>Over \$100,000</u>	<u>\$4,494.50 plus 5.9% of</u>
7		<u>excess over \$100,000.</u>

8 D. The tax on the sum of any lump-sum amounts
9 included in net income is an amount equal to five multiplied by
10 the difference between:

- 11 (1) the amount of tax due on the taxpayer's
- 12 taxable income; and
- 13 (2) the amount of tax that would be due on an
- 14 amount equal to the taxpayer's taxable income and twenty
- 15 percent of the taxpayer's lump-sum amounts included in net
- 16 income."

17 SECTION 3. Section 7-2-14 NMSA 1978 (being Laws 1972,
18 Chapter 20, Section 2, as amended) is amended to read:

19 "7-2-14. LOW-INCOME COMPREHENSIVE TAX REBATE.--

20 A. Except as otherwise provided in Subsection B of
21 this section, any resident who files an individual New Mexico
22 income tax return and who is not a dependent of another
23 individual may claim a tax rebate for a portion of state and
24 local taxes to which the resident has been subject during the
25 taxable year for which the return is filed. The tax rebate may

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

1 be claimed even though the resident has no income taxable under
2 the Income Tax Act. Married individuals who file separate
3 returns for a taxable year in which they could have filed a
4 joint return may each claim only one-half of the tax rebate
5 that would have been allowed on a joint return.

6 B. No claim for the tax rebate provided in this
7 section shall be filed by a resident who was an inmate of a
8 public institution for more than six months during the taxable
9 year for which the tax rebate could be claimed or who was not
10 physically present in New Mexico for at least six months during
11 the taxable year for which the tax rebate could be claimed.

12 C. For the purposes of this section, the total
13 number of exemptions for which a tax rebate may be claimed or
14 allowed is determined by adding the number of federal
15 exemptions allowable for federal income tax purposes for each
16 individual included in the return who is domiciled in New
17 Mexico plus two additional exemptions for each individual
18 domiciled in New Mexico included in the return who is sixty-
19 five years of age or older plus one additional exemption for
20 each individual domiciled in New Mexico included in the return
21 who, for federal income tax purposes, is blind plus one
22 exemption for each minor child or stepchild of the resident who
23 would be a dependent for federal income tax purposes if the
24 public assistance contributing to the support of the child or
25 stepchild was considered to have been contributed by the

.226050.3

1 resident.

2 D. Except as provided in [~~Subsection F~~] Subsections
 3 F and G of this section, the tax rebate provided for in this
 4 section may be claimed in the amount shown in the following
 5 table:

6 Modified gross income is: And the total number
 7 of exemptions is:

8	But Not							6 or
9	Over	Over	1	2	3	4	5	More
10	[\$ 0	\$ 1,000	\$ 195	\$ 260	\$ 325	\$ 390	\$ 455	\$ 520
11	1,000	1,500	220	315	405	505	570	675
12	1,500	2,500	220	315	405	505	570	705
13	2,500	7,500	220	315	405	505	570	730
14	7,500	8,000	205	310	390	495	575	730
15	8,000	9,000	185	285	375	480	575	700
16	9,000	10,000	170	250	340	425	510	665
17	10,000	11,500	145	210	275	360	445	600
18	11,500	13,000	130	185	235	295	365	480
19	13,000	14,500	115	170	220	275	315	390
20	14,500	16,500	105	155	185	235	285	335
21	16,500	18,000	100	130	165	210	250	300
22	18,000	19,500	90	115	145	180	220	260
23	19,500	21,000	80	105	140	165	185	230
24	21,000	23,000	80	105	140	165	185	230
25	23,000	24,500	75	100	120	145	170	195

.226050.3

underscored material = new
 [bracketed material] = delete

1	24,500	26,000	65	90	115	140	155	180
2	26,000	27,500	55	80	105	130	140	170
3	27,500	29,500	50	75	100	115	130	155
4	29,500	31,000	40	55	80	100	115	130
5	31,000	32,500	35	50	65	80	100	105
6	32,500	34,000	25	40	50	65	80	90
7	34,000	36,000	15	35	40	55	65	75]
8	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 210</u>	<u>\$ 280</u>	<u>\$ 350</u>	<u>\$ 420</u>	<u>\$ 490</u>	<u>\$ 560</u>
9	<u>1,000</u>	<u>1,500</u>	<u>240</u>	<u>340</u>	<u>435</u>	<u>545</u>	<u>615</u>	<u>730</u>
10	<u>1,500</u>	<u>2,500</u>	<u>240</u>	<u>340</u>	<u>435</u>	<u>545</u>	<u>615</u>	<u>760</u>
11	<u>2,500</u>	<u>8,000</u>	<u>240</u>	<u>340</u>	<u>435</u>	<u>545</u>	<u>615</u>	<u>790</u>
12	<u>8,000</u>	<u>8,500</u>	<u>220</u>	<u>335</u>	<u>420</u>	<u>535</u>	<u>620</u>	<u>790</u>
13	<u>8,500</u>	<u>9,500</u>	<u>200</u>	<u>310</u>	<u>405</u>	<u>520</u>	<u>620</u>	<u>755</u>
14	<u>9,500</u>	<u>11,000</u>	<u>185</u>	<u>270</u>	<u>365</u>	<u>460</u>	<u>550</u>	<u>720</u>
15	<u>11,000</u>	<u>12,500</u>	<u>155</u>	<u>225</u>	<u>295</u>	<u>390</u>	<u>480</u>	<u>650</u>
16	<u>12,500</u>	<u>14,000</u>	<u>140</u>	<u>200</u>	<u>255</u>	<u>320</u>	<u>395</u>	<u>520</u>
17	<u>14,000</u>	<u>15,500</u>	<u>125</u>	<u>185</u>	<u>240</u>	<u>295</u>	<u>340</u>	<u>420</u>
18	<u>15,500</u>	<u>18,000</u>	<u>115</u>	<u>165</u>	<u>200</u>	<u>255</u>	<u>310</u>	<u>360</u>
19	<u>18,000</u>	<u>19,500</u>	<u>110</u>	<u>140</u>	<u>180</u>	<u>225</u>	<u>270</u>	<u>325</u>
20	<u>19,500</u>	<u>21,000</u>	<u>95</u>	<u>125</u>	<u>155</u>	<u>195</u>	<u>240</u>	<u>280</u>
21	<u>21,000</u>	<u>22,500</u>	<u>85</u>	<u>115</u>	<u>150</u>	<u>180</u>	<u>200</u>	<u>250</u>
22	<u>22,500</u>	<u>25,000</u>	<u>85</u>	<u>115</u>	<u>150</u>	<u>180</u>	<u>200</u>	<u>250</u>
23	<u>25,000</u>	<u>26,500</u>	<u>80</u>	<u>110</u>	<u>130</u>	<u>155</u>	<u>185</u>	<u>210</u>
24	<u>26,500</u>	<u>28,000</u>	<u>70</u>	<u>95</u>	<u>125</u>	<u>150</u>	<u>165</u>	<u>195</u>
25	<u>28,000</u>	<u>29,500</u>	<u>60</u>	<u>85</u>	<u>115</u>	<u>140</u>	<u>150</u>	<u>185</u>

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

.226050.3

1	<u>29,500</u>	<u>32,000</u>	<u>55</u>	<u>80</u>	<u>110</u>	<u>125</u>	<u>140</u>	<u>165</u>
2	<u>32,000</u>	<u>33,500</u>	<u>45</u>	<u>60</u>	<u>85</u>	<u>110</u>	<u>125</u>	<u>140</u>
3	<u>33,500</u>	<u>35,000</u>	<u>40</u>	<u>55</u>	<u>70</u>	<u>85</u>	<u>110</u>	<u>115</u>
4	<u>35,000</u>	<u>36,500</u>	<u>25</u>	<u>45</u>	<u>55</u>	<u>70</u>	<u>85</u>	<u>95</u>
5	<u>36,500</u>	<u>39,000</u>	<u>15</u>	<u>40</u>	<u>45</u>	<u>60</u>	<u>70</u>	<u>80.</u>

6 E. If a taxpayer's modified gross income is zero,
 7 the taxpayer may claim a credit in the amount shown in the
 8 first row of the table appropriate for the taxpayer's number of
 9 exemptions as adjusted by the provisions of Subsection F of
 10 this section.

11 F. For the [~~2022~~] 2024 taxable year and each
 12 subsequent taxable year, the amount of rebate shown in the
 13 table in Subsection D of this section shall be adjusted to
 14 account for inflation. The department shall make the
 15 adjustment by multiplying each amount of rebate by a fraction,
 16 the numerator of which is the consumer price index ending
 17 during the prior taxable year and the denominator of which is
 18 the consumer price index ending in tax year [~~2021~~] 2022. The
 19 result of the multiplication shall be rounded down to the
 20 nearest one dollar (\$1.00), except that if the result would be
 21 an amount less than the corresponding amount for the preceding
 22 taxable year, then no adjustment shall be made.

23 G. For the 2024 taxable year and each subsequent
 24 taxable year, the amount of modified gross income shown in the
 25 table in Subsection D of this section shall be adjusted to

underscored material = new
 [bracketed material] = delete

1 account for inflation. The department shall make the
 2 adjustment by multiplying each amount of modified gross income
 3 by a fraction, the numerator of which is the consumer price
 4 index ending during the prior taxable year and the denominator
 5 of which is the consumer price index ending in tax year 2022.
 6 The result of the multiplication shall be rounded down to the
 7 nearest one hundred dollars (\$100), except that if the result
 8 would be an amount less than the corresponding amount for the
 9 preceding taxable year, then no adjustment shall be made.

10 ~~[G.]~~ H. The tax rebates provided for in this
 11 section may be deducted from the taxpayer's New Mexico income
 12 tax liability for the taxable year. If the tax rebates exceed
 13 the taxpayer's income tax liability, the excess shall be
 14 refunded to the taxpayer.

15 ~~[H.]~~ I. For purposes of this section:

16 (1) "consumer price index" means the consumer
 17 price index for all urban consumers published by the United
 18 States department of labor for the month ending September 30;
 19 and

20 (2) "dependent" means "dependent" as defined
 21 by Section 152 of the Internal Revenue Code of 1986, as that
 22 section may be amended or renumbered, but also includes any
 23 minor child or stepchild of the resident who would be a
 24 dependent for federal income tax purposes if the public
 25 assistance contributing to the support of the child or

.226050.3

1 stepchild was considered to have been contributed by the
2 resident."

3 SECTION 4. Section 7-2-18.22 NMSA 1978 (being Laws 2007,
4 Chapter 361, Section 2) is amended to read:

5 "7-2-18.22. [~~TAX CREDIT~~] RURAL HEALTH CARE PRACTITIONER
6 TAX CREDIT.--

7 A. A taxpayer who files an individual New Mexico
8 tax return, who is not a dependent of another individual, who
9 is an eligible health care practitioner and who has provided
10 health care services in New Mexico in a rural health care
11 underserved area in a taxable year may claim a credit against
12 the tax liability imposed by the Income Tax Act. The credit
13 provided in this section may be referred to as the "rural
14 health care practitioner tax credit".

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

17 (1) five thousand dollars (\$5,000) for [~~all~~]
18 eligible health care practitioners who are physicians,
19 osteopathic physicians, dentists, clinical psychologists,
20 podiatrists and optometrists who qualify pursuant to the
21 provisions of this section [~~except the credit shall not~~
22 ~~exceed~~]; and

23 (2) three thousand dollars (\$3,000) for [~~all~~]
24 eligible health care practitioners who are pharmacists, dental
25 hygienists, physician assistants, [~~certified nurse-midwives~~]

.226050.3

1 certified registered nurse anesthetists, certified nurse
 2 practitioners, [~~and~~] clinical nurse specialists, registered
 3 nurses, midwives, licensed clinical social workers, licensed
 4 independent social workers, professional mental health
 5 counselors, professional clinical mental health counselors,
 6 marriage and family therapists, professional art therapists,
 7 alcohol and drug abuse counselors and physical therapists who
 8 qualify pursuant to the provisions of this section.

9 C. To qualify for the rural health care
 10 practitioner tax credit, an eligible health care practitioner
 11 shall have provided health care during [~~a~~] the taxable year for
 12 which the credit is claimed for at least [~~two thousand eighty~~]
 13 one thousand five hundred eighty-four hours at a practice site
 14 located in an approved rural health care underserved area. An
 15 eligible rural health care practitioner who provided health
 16 care services for at least [~~one thousand forty~~] seven hundred
 17 ninety-two hours but less than [~~two thousand eighty~~] one
 18 thousand five hundred eighty-four hours at a practice site
 19 located in an approved rural health care underserved area
 20 during [~~a~~] the taxable year for which the credit is claimed is
 21 eligible for one-half of the credit amount.

22 D. Before an eligible health care practitioner may
 23 claim the rural health care practitioner tax credit, the
 24 practitioner shall submit an application to the department of
 25 health that describes the practitioner's clinical practice and

.226050.3

1 contains additional information that the department of health
2 may require. The department of health shall determine whether
3 an eligible health care practitioner qualifies for the rural
4 health care practitioner tax credit and shall issue a
5 certificate to each qualifying eligible health care
6 practitioner. The department of health shall provide the
7 taxation and revenue department appropriate information for all
8 eligible health care practitioners to whom certificates are
9 issued.

10 E. A taxpayer claiming the credit provided by this
11 section shall submit a copy of the certificate issued by the
12 department of health with the taxpayer's New Mexico income tax
13 return for the taxable year. If the amount of the credit
14 claimed exceeds a taxpayer's tax liability for the taxable year
15 in which the credit is being claimed, the excess may be carried
16 forward for three consecutive taxable years.

17 F. A taxpayer allowed a tax credit pursuant to this
18 section shall report the amount of the credit to the department
19 in a manner required by the department.

20 G. The department shall compile an annual report on
21 the tax credit provided by this section that shall include the
22 number of taxpayers approved by the department to receive the
23 credit, the aggregate amount of credits approved and any other
24 information necessary to evaluate the credit. The department
25 shall present the report to the revenue stabilization and tax

underscored material = new
[bracketed material] = delete

1 policy committee and the legislative finance committee with an
 2 analysis of the cost of the tax credit.

3 [F.] H. As used in this section:

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

5 ~~[(a) a certified nurse-midwife licensed~~
 6 ~~by the board of nursing as a registered nurse and licensed by~~
 7 ~~the public health division of the department of health to~~
 8 ~~practice nurse-midwifery as a certified nurse-midwife;~~

9 ~~(b)] (a) a dentist or dental hygienist~~
 10 licensed pursuant to the Dental Health Care Act;

11 (b) a midwife licensed by the department
 12 of health;

13 (c) an optometrist licensed pursuant to
 14 the provisions of the Optometry Act;

15 (d) an osteopathic physician [~~licensed~~
 16 ~~pursuant to the provisions of Chapter 61, Article 10 NMSA 1978]~~
 17 or an osteopathic physician assistant licensed pursuant to the
 18 provisions of the [~~Osteopathic Physicians' Assistants~~] Medical
 19 Practice Act;

20 (e) a physician or physician assistant
 21 licensed pursuant to the provisions of [~~Chapter 61, Article 6~~
 22 ~~NMSA 1978~~] the Medical Practice Act;

23 (f) a podiatrist licensed pursuant to
 24 the provisions of the Podiatry Act;

25 (g) a clinical psychologist licensed

.226050.3

1 pursuant to the provisions of the Professional Psychologist
2 Act; ~~[and]~~

3 (h) a registered nurse ~~[in advanced~~
4 ~~practice who has been prepared through additional formal~~
5 ~~education as provided in Sections 61-3-23.2 through 61-3-23.4~~
6 ~~NMSA 1978 to function beyond the scope of practice of~~
7 ~~professional registered nursing, including certified nurse~~
8 ~~practitioners, certified registered nurse anesthetists and~~
9 ~~clinical nurse specialists]~~ licensed pursuant to the provisions
10 of the Nursing Practice Act;

11 (i) a pharmacist licensed pursuant to
12 the provisions of the Pharmacy Act;

13 (j) a licensed clinical social worker or
14 a licensed independent social worker licensed pursuant to the
15 provisions of the Social Work Practice Act;

16 (k) a professional mental health
17 counselor, a professional clinical mental health counselor, a
18 marriage and family therapist, an alcohol and drug abuse
19 counselor or a professional art therapist licensed pursuant to
20 the provisions of the Counseling and Therapy Practice Act; and

21 (l) a physical therapist licensed
22 pursuant to the provisions of the Physical Therapy Act;

23 (2) "health care underserved area" means a
24 geographic area or practice location in which it has been
25 determined by the department of health, through the use of

1 indices and other standards set by the department of health,
 2 that sufficient health care services are not being provided;

3 (3) "practice site" means a private practice,
 4 public health clinic, hospital, public or private nonprofit
 5 primary care clinic or other health care service location in a
 6 health care underserved area; and

7 (4) "rural" means ~~[an area or location~~
 8 ~~identified by the department of health as falling outside of an~~
 9 ~~urban area]~~ a rural county or an unincorporated area of a
 10 partially rural county, as designated by the health resources
 11 and services administration of the United States department of
 12 health and human services."

13 SECTION 5. Section 7-2-18.34 NMSA 1978 (being Laws 2022,
 14 Chapter 47, Section 5) is amended to read:

15 "7-2-18.34. CHILD INCOME TAX CREDIT.--

16 A. For taxable years [~~beginning January 1, 2023~~
 17 ~~and]~~ prior to January 1, 2032, a taxpayer who is a resident and
 18 is not a dependent of another individual may apply for, and the
 19 department may allow, a credit against the taxpayer's tax
 20 liability imposed pursuant to the Income Tax Act for each
 21 qualifying child of the taxpayer. The tax credit provided by
 22 this section may be referred to as the "child income tax
 23 credit".

24 B. Except as provided in Subsection D of this
 25 section, the child income tax credit may be claimed as shown in

.226050.3

underscored material = new
 [bracketed material] = delete

1 the following table:

2	Adjusted gross income is		Amount of credit per
3	Over	But not over	qualifying child is
4	\$ 0	\$ 25,000	[\$175] <u>\$600</u>
5	25,000	50,000	[150] <u>400</u>
6	50,000	75,000	[125] <u>200</u>
7	75,000	100,000	100
8	100,000	200,000	75
9	200,000	350,000	50
10	350,000		25.

11 C. If a taxpayer's adjusted gross income is less
12 than zero, the taxpayer may claim a tax credit in the amount
13 shown in the first row of the table provided in Subsection B of
14 this section.

15 D. For the 2024 taxable year and each subsequent
16 taxable year, the amount of credit shown in the table in
17 Subsection B of this section shall be adjusted to account for
18 inflation. The department shall make the adjustment by
19 multiplying each amount of credit by a fraction, the numerator
20 of which is the consumer price index ending during the prior
21 taxable year and the denominator of which is the consumer price
22 index ending in tax year 2022. The result of the
23 multiplication shall be rounded down to the nearest one dollar
24 (\$1.00), except that if the result would be an amount less than
25 the corresponding amount for the preceding taxable year, then

.226050.3

underscored material = new
[bracketed material] = delete

1 no adjustment shall be made.

2 ~~[D.]~~ E. To receive a child income tax credit, a
3 taxpayer shall apply to the department on forms and in the
4 manner prescribed by the department.

5 ~~[E.]~~ F. That portion of a child income tax credit
6 that exceeds a taxpayer's tax liability in the taxable year in
7 which the credit is claimed shall be refunded.

8 ~~[F.]~~ G. Married individuals filing separate returns
9 for a taxable year for which they could have filed a joint
10 return may each claim only one-half of the child income tax
11 credit that would have been claimed on a joint return.

12 ~~[G.]~~ H. A taxpayer allowed a tax credit pursuant to
13 this section shall report the amount of the credit to the
14 department in a manner required by the department.

15 ~~[H.]~~ I. The department shall compile an annual
16 report on the child income tax credit that shall include the
17 number of taxpayers approved by the department to receive the
18 credit, the aggregate amount of credits approved and any other
19 information necessary to evaluate the effectiveness of the
20 credit. The department shall compile and present the annual
21 report to the revenue stabilization and tax policy committee
22 and the legislative finance committee with an analysis of the
23 cost of the tax credit.

24 ~~[I.]~~ J. As used in this section:

25 (1) "consumer price index" means the consumer

1 price index for all urban consumers published by the United
2 States department of labor for the month ending September 30;
3 and

4 (2) "qualifying child" means "qualifying
5 child" as defined by Section 152(c) of the Internal Revenue
6 Code, as that section may be amended or renumbered, but
7 includes any minor child or stepchild of the taxpayer who would
8 be a qualifying child for federal income tax purposes if the
9 public assistance contributing to the support of the child or
10 stepchild was considered to have been contributed by the
11 taxpayer."

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

14 "[NEW MATERIAL] ADDITIONAL 2021 INCOME TAX REBATES.--

15 A. A resident who files an individual New Mexico
16 income tax return for taxable year 2021 and who is not a
17 dependent of another individual is eligible for a tax rebate
18 pursuant to this section in the following amounts:

19 (1) one thousand dollars (\$1,000) for heads of
20 household, surviving spouses and married individuals filing
21 joint returns; and

22 (2) five hundred dollars (\$500) for single
23 individuals and married individuals filing separate returns.

24 B. The rebates shall be made as soon as practicable
25 after a return is received; provided that a rebate shall not be

1 allowed for a return filed after May 31, 2024.

2 C. The rebates provided by this section may be
 3 deducted from the taxpayer's New Mexico income tax liability
 4 for taxable year 2021. If the amount of rebate exceeds the
 5 taxpayer's income tax liability, the excess shall be refunded
 6 to the taxpayer.

7 D. The department may require a taxpayer to claim a
 8 rebate provided by this section on forms and in a manner
 9 required by the department."

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

12 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--

13 A. Except as provided in [~~Subsections~~] Subsection B
 14 [~~and C~~] of this section, all business income shall be
 15 apportioned to this state by multiplying the income by [~~a~~
 16 ~~fraction, the numerator of which is the property factor plus~~
 17 ~~the payroll factor plus~~] the sales factor. [~~and the denominator~~
 18 ~~of which is three.~~

19 B. ~~If eighty percent or more of the New Mexico~~
 20 ~~numerators of the property and payroll factors for a filing~~
 21 ~~group, or for a taxpayer that is not a member of a filing~~
 22 ~~group, are employed in manufacturing or operating a computer~~
 23 ~~processing facility, the filing group or the taxpayer may elect~~
 24 ~~to have business income apportioned to this state by~~
 25 ~~multiplying the income by the sales factor for the taxable~~

.226050.3

underscored material = new
 [bracketed material] = delete

1 year.

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

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

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

18 ~~(2) if the election is made for a taxable year~~
19 ~~beginning on or after January 1, 2020, to the taxable year in~~
20 ~~which the election is made and to each taxable year thereafter~~
21 ~~until the taxpayer notifies the department, in writing, that~~
22 ~~the election is terminated, except that the taxpayer shall not~~
23 ~~terminate the election until the method of apportioning~~
24 ~~business income provided by Subsection B or C of this section~~
25 ~~has been used by the taxpayer for at least three consecutive~~

1 ~~taxable years, including a total of at least thirty-six~~
2 ~~calendar months; and~~

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

7 ~~E. For purposes of this section:~~

8 ~~(1) "filing group" means "filing group" as~~
9 ~~that term is defined in the Corporate Income and Franchise Tax~~
10 ~~Act;~~

11 ~~(2) "headquarters operation" means:~~

12 ~~(a) the center of operations of a~~
13 ~~business: 1) where corporate staff employees are physically~~
14 ~~employed; 2) where the centralized functions are primarily~~
15 ~~performed, including administrative, planning, managerial,~~
16 ~~human resources, purchasing, information technology and~~
17 ~~accounting, but not including operating a call center; 3) the~~
18 ~~function and purpose of which is to manage and direct most~~
19 ~~aspects and functions of the business operations within a~~
20 ~~subdivided area of the United States; 4) from which final~~
21 ~~authority over regional or subregional offices, operating~~
22 ~~facilities and any other offices of the business are issued;~~
23 ~~and 5) including national and regional headquarters if the~~
24 ~~national headquarters is subordinate only to the ownership of~~
25 ~~the business or its representatives and the regional~~

.226050.3

1 ~~headquarters is subordinate to the national headquarters; or~~

2 ~~(b) the center of operations of a~~
3 ~~business: 1) the function and purpose of which is to manage~~
4 ~~and direct most aspects of one or more centralized functions;~~
5 ~~and 2) from which final authority over one or more centralized~~
6 ~~functions is issued;~~

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

10 ~~(a) construction;~~
11 ~~(b) farming;~~
12 ~~(c) power generation; provided that for~~
13 ~~taxable years beginning prior to January 1, 2024,~~

14 ~~"manufacturing" includes electricity generation at a facility~~
15 ~~that does not require location approval and a certificate of~~
16 ~~convenience and necessity prior to commencing construction or~~
17 ~~operation of the facility pursuant to the Public Utility Act;~~

18 ~~(d) processing natural resources,~~
19 ~~including hydrocarbons; or~~
20 ~~(e) processing or preparation of meals~~
21 ~~for immediate consumption; and~~

22 ~~(4) "operating a computer processing facility"~~
23 ~~means managing the necessary and ancillary activities for the~~
24 ~~operation of a facility primarily used to process data or~~
25 ~~information, but does not include managing the operation of~~

underscored material = new
[bracketed material] = delete

1 ~~facilities that are predominantly used to support sales of~~
 2 ~~tangible property or the provision of banking, financial or~~
 3 ~~professional services.]~~

4 B. For a taxable year prior to January 1, 2027, all
 5 business income of a taxpayer that is a railroad shall be
 6 apportioned to this state by multiplying the income by a
 7 fraction, the numerator of which is the property factor plus
 8 the payroll factor plus the sales factor and the denominator of
 9 which is three."

10 SECTION 8. Section 7-9-4 NMSA 1978 (being Laws 1966,
 11 Chapter 47, Section 4, as amended) is amended to read:

12 "7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS
 13 "GROSS RECEIPTS TAX".--

14 A. For the privilege of engaging in business, an
 15 excise tax equal to the following percentages of gross receipts
 16 is imposed on any person engaging in business in New Mexico:

17 (1) prior to July 1, [~~2023, five~~] 2024, four
 18 and five-eighths percent; and

19 (2) beginning July 1, [~~2023, four and seven-~~
 20 ~~eighths~~] 2024, four and three-eighths percent, except as
 21 provided in Subsection C of this section.

22 B. The tax imposed by this section shall be
 23 referred to as the "gross receipts tax".

24 C. If, for any single fiscal year occurring after
 25 fiscal year 2025 and prior to fiscal year 2030, gross receipts

.226050.3

underscored material = new
 [bracketed material] = delete

1 tax revenues are less than ninety-five percent of the gross
2 receipts tax revenues for the previous fiscal year, as
3 determined by the secretary of finance and administration, the
4 rate of the gross receipts tax shall be [~~five and one-eighth~~
5 four and three-fourths percent beginning on the July 1
6 following the determination made by the secretary of finance
7 and administration.

8 D. On or before February 1 of each year, until the
9 rate of the gross receipts tax is adjusted to [~~five and one-~~
10 ~~eighth~~] four and three-fourths percent pursuant to Subsection C
11 of this section, the secretary of finance and administration
12 shall make a determination for the purposes of Subsection C of
13 this section. If the rate of tax is adjusted pursuant to that
14 subsection, the secretary shall certify to the secretary of
15 taxation and revenue that the rate of the gross receipts tax
16 shall be [~~five and one-eighth~~] four and three-fourths percent,
17 effective on the following July 1.

18 E. As used in this section, "gross receipts tax
19 revenues" means the net receipts attributable to the gross
20 receipts tax and distributed to the general fund."

21 SECTION 9. Section 7-9-7 NMSA 1978 (being Laws 1966,
22 Chapter 47, Section 7, as amended) is amended to read:

23 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS
24 "COMPENSATING TAX".--

25 A. For the privilege of making taxable use of

1 tangible personal property in New Mexico, there is imposed on
 2 the person using the property an excise tax equal to [~~five~~]
 3 four and five-eighths percent prior to July 1, [~~2023~~] 2024 and
 4 four and [~~seven-eighths~~] three-eighths percent beginning July
 5 1, [~~2023~~] 2024, except as provided in Subsection G of this
 6 section, of the value of tangible property that was:

7 (1) manufactured by the person using the
 8 property in the state; or

9 (2) acquired in a transaction for which the
 10 seller's receipts were not subject to the gross receipts tax.

11 B. For the purpose of Subsection A of this section,
 12 value of tangible personal property shall be the adjusted basis
 13 of the property for federal income tax purposes determined as
 14 of the time of acquisition or introduction into this state or
 15 of conversion of the property to taxable use, whichever is
 16 later. If no adjusted basis for federal income tax purposes is
 17 established for the property, a reasonable value of the
 18 property shall be used.

19 C. For the privilege of making taxable use of a
 20 license or franchise in New Mexico, there is imposed on the
 21 person using the license or franchise an excise tax equal to
 22 the rate provided in Subsection A or G of this section, as
 23 applicable, against the value of the license or franchise in
 24 its use in this state. The department by rule, ruling or
 25 instruction shall fairly apportion, where appropriate, the

.226050.3

underscored material = new
 [bracketed material] = delete

1 value of a license or franchise to its value in use in New
2 Mexico. The tax shall apply only to the value of a license or
3 franchise used in New Mexico where the license or franchise was
4 acquired in a transaction the receipts from which were not
5 subject to the gross receipts tax.

6 D. For the privilege of making taxable use of
7 services in New Mexico, there is imposed on the person using
8 the services an excise tax equal to the rate provided in
9 Subsection A or G of this section, as applicable, against the
10 value of the services at the time the services were performed
11 or the product of the service was acquired. For use of
12 services to be a taxable use pursuant to this subsection, the
13 services shall have been acquired in a transaction the receipts
14 from which were not subject to the gross receipts tax.

15 E. For purposes of this section, receipts are not
16 subject to the gross receipts tax if the person responsible for
17 the gross receipts tax on those receipts lacked nexus in New
18 Mexico or the receipts were exempt or allowed to be deducted
19 pursuant to the Gross Receipts and Compensating Tax Act.

20 F. The tax imposed by this section shall be
21 referred to as the "compensating tax".

22 G. If the gross receipts tax is increased to [~~five~~
23 ~~and one-eighth~~] four and three-fourths percent pursuant to
24 Subsection C of Section 7-9-4 NMSA 1978, the rate of the
25 compensating tax shall be [~~five and one-eighth~~] four and three-

.226050.3

1 fourths percent.

2 H. As used in this section, "taxable use" means use
3 by a person who acquires tangible personal property, a license,
4 a franchise or a service, and the use of which would not have
5 qualified for an exemption or deduction pursuant to the Gross
6 Receipts and Compensating Tax Act."

7 SECTION 10. Section 7-9-46.1 NMSA 1978 (being Laws 2022,
8 Chapter 47, Section 14) is amended to read:

9 "7-9-46.1. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS
10 RECEIPTS--SALES OF PROFESSIONAL SERVICES [~~TO MANUFACTURERS~~].--

11 A. Receipts from selling professional services may
12 be deducted from gross receipts or from governmental gross
13 receipts if:

14 (1) the sale is made to a [~~person engaged in~~
15 ~~the business of manufacturing who delivers~~] sole
16 proprietorship, a limited liability company, a partnership or a
17 corporation;

18 (2) the sale is made to a taxpayer registered
19 with the department for payment of the gross receipts tax or
20 with an equivalent tax program in another state, or is
21 registered as a business in another state; or

22 (3) the purchaser presents a nontaxable
23 transaction certificate to the seller or provides alternative
24 evidence pursuant to Section 7-9-43 NMSA 1978. [~~The~~
25 ~~professional services shall be related to the product that the~~

.226050.3

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

1 ~~buyer is in the business of manufacturing.~~

2 ~~B. The purpose of the deductions provided in this~~
3 ~~section is to encourage manufacturing businesses to locate in~~
4 ~~New Mexico and to reduce the tax burden, including reducing~~
5 ~~pyramiding, on the professional services that are purchased by~~
6 ~~manufacturing businesses in New Mexico.~~

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

10 ~~[D.] C.~~ The department shall compile an annual
11 report on the deduction provided by this section that shall
12 include the number of taxpayers that claimed the deduction, the
13 aggregate amount of deductions claimed and any other
14 information necessary to evaluate the effectiveness of the
15 deduction. The department shall compile and present the report
16 to the revenue stabilization and tax policy committee and the
17 legislative finance committee with an analysis of the cost of
18 the deduction and whether the deduction is performing the
19 purpose for which it was created.

20 ~~[E.] D.~~ As used in this section:

21 (1) "accounting services" means the systematic
22 and comprehensive recording of financial transactions
23 pertaining to a business entity and the process of summarizing,
24 analyzing and reporting these transactions to oversight
25 agencies or tax collection entities, including certified public

1 auditing, attest services and preparing financial statements,
2 bookkeeping, tax return preparation, advice and consulting and,
3 where applicable, representing taxpayers before tax collection
4 agencies. "Accounting services" does not include, except as
5 provided with respect to financial management services,
6 investment advice, wealth management advice or consulting or
7 any tax return preparation, advice, counseling or
8 representation for individuals, regardless of whether those
9 individuals are owners of pass-through entities, such as
10 partnerships, limited liability companies or S corporations;

11 (2) "architectural services" means services
12 related to the art and science of designing and building
13 structures for human habitation or use and includes planning,
14 providing preliminary studies, designs, specifications and
15 working drawings and providing for general administration of
16 construction contracts;

17 (3) "engineering services" means consultation,
18 the production of a creative work, investigation, evaluation,
19 planning and design, the performance of studies and reviewing
20 planning documents when performed by, or under the supervision
21 of, a licensed engineer, including the design, development and
22 testing of mechanical, electrical, hydraulic, chemical,
23 pneumatic or thermal machinery or equipment, industrial or
24 commercial work systems or processes and military equipment.
25 "Engineering services" does not include medical or medical

.226050.3

1 laboratory services, any engineering performed in connection
2 with a construction service or the design and installation of
3 computer or computer network infrastructure;

4 (4) "information technology services" means
5 separately stated services for installing and maintaining a
6 business's computers and computer network, including performing
7 computer network design; installing, repairing, maintaining or
8 restoring computer networks, hardware or software; and
9 performing custom software programming or making custom
10 modifications to existing software programming. "Information
11 technology services" does not include:

12 (a) agreements for software maintenance
13 and [~~update agreements~~] updates, unless made in conjunction
14 with custom programming;

15 (b) services performed on or for
16 computers, servers, chilling equipment and pre-programmed
17 software; or

18 (c) data processing services or the
19 processing or storage of information to compile and produce
20 records of transactions for retrieval or use, including data
21 entry, data retrieval, data searches and information
22 compilation [~~or~~

23 ~~(d) access to telecommunications or~~
24 ~~internet~~];

25 (5) "legal services" means services performed

1 by a licensed attorney or under the supervision of a licensed
 2 attorney for a client, regardless of the attorney's form of
 3 business entity or whether the services are prepaid, including
 4 legal representation before courts or administrative agencies;
 5 drafting legal documents, such as contracts or patent
 6 applications; legal research; advising and counseling;
 7 arbitration; mediation; and notary public and other ancillary
 8 legal services performed for a client in conjunction with and
 9 under the supervision of a licensed attorney. "Legal services"
 10 does not include lobbying or government relations services,
 11 title insurance agent services, licensing or selling legal
 12 software or legal document templates, insurance investigation
 13 services or any legal representation involving financial crimes
 14 or tax evasion in New Mexico; [~~and~~]

15 (6) "payroll services" means managing and
 16 administering employee payroll, benefits and compensation,
 17 including employee withholding; and

18 [~~(6)~~] (7) "professional services" means
 19 accounting services, architectural services, engineering
 20 services, information technology services, [~~and~~] legal services
 21 and payroll services."

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

24 "[NEW MATERIAL] DEDUCTIONS--GROSS RECEIPTS--CHILD CARE
 25 ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE PROGRAM--

.226050.3

underscored material = new
 [bracketed material] = delete

1 PRE-KINDERGARTEN SERVICES BY FOR-PROFIT PRE-KINDERGARTEN
2 PROVIDERS.--

3 A. Prior to July 1, 2033, receipts from the sale of
4 child care assistance services by a taxpayer pursuant to a
5 contract or grant with the early childhood education and care
6 department to provide such services through a licensed child
7 care assistance program may be deducted from gross receipts.

8 B. Prior to July 1, 2033, receipts of for-profit
9 pre-kindergarten providers for the sale of pre-kindergarten
10 services pursuant to the Pre-Kindergarten Act may be deducted
11 from gross receipts.

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 department shall compile an annual report on
16 the deductions provided by this section that shall include the
17 number of taxpayers that claimed each deduction, the aggregate
18 amount of deductions claimed and any other information
19 necessary to evaluate the effectiveness of the deductions. The
20 department shall present 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 deductions.

24 E. As used in this section:

25 (1) "child care assistance" means "child care

1 assistance" or "early childhood care assistance", as those
 2 terms are defined in the Early Childhood Care Accountability
 3 Act; and

4 (2) "licensed child care assistance program"
 5 means "licensed child care program", "licensed early childhood
 6 care program" or "licensed exempt child care program", as those
 7 terms are defined in the Early Childhood Care Accountability
 8 Act."

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

11 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--
 12 ENVIRONMENTAL MODIFICATIONS FOR MEDICAID RECIPIENTS.--

13 A. Prior to July 1, 2033, receipts of an eligible
 14 provider for environmental modification services reimbursed by
 15 the medical assistance division may be deducted from gross
 16 receipts.

17 B. 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 C. The department shall compile an annual report on
 21 the deductions provided by this section that shall include the
 22 number of taxpayers that claimed each deduction, the aggregate
 23 amount of deductions claimed and any other information
 24 necessary to evaluate the effectiveness of the deductions. The
 25 department shall present the report to the revenue

.226050.3

1 stabilization and tax policy committee and the legislative
2 finance committee with an analysis of the cost of the
3 deductions.

4 D. As used in this section:

5 (1) "eligible provider" means a provider who
6 meets requirements of the medical assistance division to
7 provide environmental modifications pursuant to a waiver
8 granted by the federal department of health and human services
9 to provide home and community-based services to recipients;

10 (2) "environmental modifications" include the
11 purchasing and installing of equipment or making physical
12 adaptations to a recipient's residence that are necessary to
13 ensure the health, welfare and safety of the recipient or
14 enhance the recipient's access to the home environment and
15 increase the recipient's ability to act independently;

16 (3) "medicaid" means the medical assistance
17 program established pursuant to Title 19 of the federal Social
18 Security Act and regulations issued pursuant to that act;

19 (4) "medical assistance division" means the
20 medical assistance division of the human services department;
21 and

22 (5) "recipient" means a person whom the
23 department has determined to be eligible to receive medicaid-
24 related services and who meets the financial and medical level
25 of care criteria to receive medical assistance division

.226050.3

1 services through one of the division's waiver programs granted
2 by the federal department of health and human services."

3 SECTION 13. Section 7-14-10 NMSA 1978 (being Laws 1988,
4 Chapter 73, Section 20, as amended) is amended to read:

5 "7-14-10. DISTRIBUTION OF PROCEEDS.--The receipts from
6 the tax and any associated interest and penalties shall be
7 deposited in the "motor vehicle suspense fund", hereby created
8 in the state treasury. As of the end of each month, the net
9 receipts attributable to the tax and associated penalties and
10 interest shall be distributed as follows:

11 A. ~~[fifty-nine and thirty-nine hundredths]~~ prior to
12 July 1, 2024:

13 (1) fifty-three and fourteen hundredths
14 percent to the general fund;

15 ~~[B.]~~ (2) twenty-one and eighty-six hundredths
16 percent to the state road fund; and

17 ~~[C. eighteen and seventy-five hundredths]~~

18 (3) twenty-five percent to the transportation
19 project fund; and

20 B. beginning July 1, 2024:

21 (1) seventy-five percent to the state road
22 fund; and

23 (2) twenty-five percent to the transportation
24 project fund."

25 SECTION 14. APPLICABILITY.--

.226050.3

underscored material = new
[bracketed material] = delete

1 A. The provisions of Sections 3 through 5 of this
2 act apply to taxable years beginning on or after January 1,
3 2023.

4 B. The provisions of Section 7 of this act apply to
5 taxable years beginning on or after January 1, 2024.

6 **SECTION 15. EFFECTIVE DATE.--**

7 A. The effective date of the provisions of Section
8 6 of this act is April 1, 2023.

9 B. The effective date of the provisions of Sections
10 8 through 13 of this act is July 1, 2023.

11 C. The effective date of the provisions of Sections
12 2 and 7 of this act is January 1, 2024.

underscoring = new
~~bracketed~~ = delete