

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**Analysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply:

Original  Amendment   
Correction  Substitute

Date 1/19/2024

Bill No: SB119

Sponsor: Peter Wirth Agency Name and Code: Economic Development Dept. 41900  
Short Title: Flat Corporate Income Tax Rate Person Writing: Joel Salas  
Phone: (505)490-7962 Email: joel.salas@edd.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Senate Bill 119 (SB119) amends the corporate income tax rates, NMSA 1978, Section 7-2A-5. The bill creates a flat corporate income tax rate of 5.9% for all income levels, removing the lower tax rate of 4.8% for corporations with taxable income below \$500,000. The new tax rate will begin with taxable years beginning January 1, 2025.

**FISCAL IMPLICATIONS**

**SIGNIFICANT ISSUES**

SB119 will increase the tax liability of corporations by \$5,500 whose taxable income is over \$500,000 and up to \$5,500 for corporations whose incomes fall below \$500,000. Increasing tax liabilities of lower income businesses in New Mexico could, in some cases, slow their growth and put additional strains on the companies.

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**