

HOUSE FLOOR SUBSTITUTE FOR
HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 252

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

AN ACT

RELATING TO TAXATION; AMENDING THE INDUSTRIAL REVENUE BOND ACT
AND THE COUNTY INDUSTRIAL REVENUE BOND ACT TO INCLUDE CERTAIN
ELECTRIC ENERGY STORAGE FACILITIES AS ELIGIBLE PROJECTS;
REQUIRING THE PROVISION OF PAYMENT-IN-LIEU-OF-TAXES PAYMENTS TO
SCHOOL DISTRICTS IF A MUNICIPALITY OR COUNTY ACQUIRES ENERGY
STORAGE FACILITY PROJECTS; CREATING A FLAT INDIVIDUAL INCOME
TAX RATE; EXTENDING THE AMOUNT OF TIME TO MAKE A QUALIFIED
INVESTMENT AND BE ELIGIBLE FOR THE ANGEL INVESTMENT CREDIT;
ADDING CERTAIN HEALTH CARE PROVIDERS TO THE RURAL HEALTH CARE
PRACTITIONER TAX CREDIT; MODIFYING THE REQUIREMENTS FOR
RECEIVING THE TAX CREDIT; REQUIRING REPORTING OF THE TAX
CREDIT; CREATING THE HOME FIRE RECOVERY INCOME TAX CREDIT;
CREATING A GROSS RECEIPTS TAX DEDUCTION FOR ENVIRONMENTAL
MODIFICATION SERVICES MADE TO THE HOMES OF MEDICAID RECIPIENTS;
CREATING GROSS RECEIPTS TAX DEDUCTIONS FOR THE SALE OF CHILD

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1 CARE ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE
2 PROGRAM AND PRE-KINDERGARTEN SERVICES BY FOR-PROFIT
3 PRE-KINDERGARTEN PROVIDERS; PROVIDING A GROSS RECEIPTS TAX
4 DEDUCTION FOR SALES OF ENERGY STORAGE EQUIPMENT TO A GOVERNMENT
5 FOR THE PURPOSE OF INSTALLING AN ENERGY STORAGE FACILITY.
6

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

8 SECTION 1. Section 3-32-1 NMSA 1978 (being Laws 1965,
9 Chapter 300, Section 14-31-1, as amended) is amended to read:

10 "3-32-1. INDUSTRIAL REVENUE BOND ACT--DEFINITIONS.--

11 Wherever used in the Industrial Revenue Bond Act unless a
12 different meaning clearly appears in the context, the following
13 terms whether used in the singular or plural shall be given the
14 following respective interpretations:

15 A. "municipality" means a city, town or village in
16 New Mexico;

17 B. "project" means any land and building or other
18 improvements thereon, the acquisition by or for a New Mexico
19 corporation of the assets or stock of an existing business or
20 corporation located outside the state to be relocated within or
21 near the municipality in the state and all real and personal
22 properties deemed necessary in connection therewith, whether or
23 not now in existence, which shall be suitable for use by the
24 following or by any combination of two or more thereof:

25 (1) an industry for the manufacturing,

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1 processing or assembling of agricultural or manufactured
 2 products;

3 (2) a commercial enterprise in storing,
 4 warehousing, distributing or selling products of agriculture,
 5 mining or industry but does not include a facility designed for
 6 the sale of goods or commodities at retail or distribution to
 7 the public of electricity, gas, water or telephone or other
 8 services commonly classified as public utilities;

9 (3) a business in which all or part of the
 10 activities of the business involve the supplying of services to
 11 the general public or to governmental agencies or to a specific
 12 industry or customer but does not include an establishment
 13 primarily engaged in the sale of goods or commodities at
 14 retail;

15 (4) a water distribution or irrigation system,
 16 including without limitation, pumps, distribution lines,
 17 transmission lines, towers, dams and similar facilities and
 18 equipment, designed to provide water to a vineyard or winery;

19 (5) an electric generation or transmission
 20 facility, other than one for which both location approval and a
 21 certificate of convenience and necessity are required prior to
 22 commencing construction or operation of the facility, pursuant
 23 to the Public Utility Act; ~~and~~

24 (6) an energy storage facility, which is a
 25 facility that uses mechanical, chemical, thermal, kinetic or

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1 other processes to store energy for release at a later time to
2 integrate energy supply associated with renewable generation
3 across the electric grid; and

4 [~~6~~] (7) a 501(c)(3) corporation;

5 C. "governing body" means the board or body in
6 which the legislative powers of the municipality are vested;

7 D. "property" means any land, improvements thereon,
8 buildings and any improvements thereto, machinery and equipment
9 of any and all kinds necessary to the project, operating
10 capital and any other personal properties deemed necessary in
11 connection with the project;

12 E. "mortgage" means a mortgage or a mortgage and
13 deed of trust or the pledge and hypothecation of any assets as
14 collateral security;

15 F. "health care service" means the diagnosis or
16 treatment of sick or injured persons or medical research and
17 includes the ownership, operation, maintenance, leasing and
18 disposition of health care facilities such as hospitals,
19 clinics, laboratories, x-ray centers and pharmacies and, for
20 any small municipality only, office facilities for physicians;

21 G. "refinance a hospital or 501(c)(3) corporation
22 project" means the issuance of bonds by a municipality and the
23 use of all or substantially all of the proceeds to liquidate
24 any obligations previously incurred to finance or aid in
25 financing a project of a nonprofit corporation engaged in

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1 health care services, including nursing homes, or of a
 2 501(c)(3) corporation, which would constitute a project under
 3 the Industrial Revenue Bond Act had it been originally
 4 undertaken and financed by a municipality pursuant to the
 5 Industrial Revenue Bond Act; and

6 H. "501(c)(3) corporation" means a corporation that
 7 demonstrates to the taxation and revenue department that it has
 8 been granted exemption from the federal income tax as an
 9 organization described in Section 501(c)(3) of the Internal
 10 Revenue Code of 1986, as amended or renumbered."

11 SECTION 2. Section 3-32-6 NMSA 1978 (being Laws 1965,
 12 Chapter 300, Section 14-31-3, as amended) is amended to read:

13 "3-32-6. ADDITIONAL POWERS CONFERRED ON MUNICIPALITIES.--
 14 In addition to any other powers that it may now have, a
 15 municipality shall have the following powers:

16 A. to acquire, whether by construction, purchase,
 17 gift or lease, one or more projects that shall be located
 18 within this state and may be located within or without the
 19 municipality or partially within or partially without the
 20 municipality, but which shall not be located more than fifteen
 21 miles outside of the corporate limits of the municipality;
 22 provided that:

23 (1) urban transit buses qualifying as a
 24 project pursuant to Subsection B of Section 3-32-3 NMSA 1978
 25 need not be continuously located within this state, but the

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1 commercial enterprise using the urban transit buses for leasing
2 shall meet the location requirement of this subsection; and

3 (2) a municipality shall not acquire any
4 electricity generation [~~or~~] facility, transmission facility or
5 energy storage facility project unless the school districts
6 within the municipality in which the project is located receive
7 annual in-lieu tax payments; provided that the annual in-lieu
8 tax payments required by this paragraph shall be:

9 (a) payable to the school districts for
10 the period the municipality owns and leases the project;

11 (b) in an aggregate amount equal to the
12 amount received by the municipality multiplied by the
13 percentage determined by dividing the average of mills imposed
14 by the school districts within the municipality plus state debt
15 service mills as of the date of issuance of the bonds by the
16 average of the mills imposed by all entities levying taxes on
17 property in the municipality as of such date;

18 (c) divided among the school districts
19 located within the municipality, if there is more than one
20 school district in such municipality, and the in-lieu payment
21 shall be allocated as follows: 1) fifty percent allocated
22 equally among all school districts in which the project is
23 located; 2) forty percent allocated to the school districts
24 within the municipality in proportion to the area of each
25 school district within the municipality; and 3) ten percent

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1 allocated to the school districts in proportion to the average
2 of each school district's student membership pursuant to the
3 Public School Code reported on the second and third reporting
4 dates for the most recent school year for which data is
5 available as of the date of issuance of the bonds; and

6 (d) for each individual school district
7 located within the municipality, no less than the amount due to
8 the school district in the tax year immediately preceding the
9 issuance of the bonds from the property included in a project,
10 had such project not been created;

11 B. to sell or lease or otherwise dispose of any or
12 all of its projects upon such terms and conditions as the
13 governing body may deem advisable and as shall not conflict
14 with the provisions of the Industrial Revenue Bond Act;

15 C. to issue revenue bonds for the purpose of
16 defraying the cost of acquiring by construction and purchase,
17 or either, any project and to secure the payment of such bonds,
18 all as provided in the Industrial Revenue Bond Act. No
19 municipality shall have the power to operate any project as a
20 business or in any manner except as lessor;

21 D. to refinance one or more hospital or 501(c)(3)
22 corporation projects and to acquire any such hospital or
23 501(c)(3) corporation project whether by construction,
24 purchase, gift or lease, which hospital or 501(c)(3)
25 corporation project shall be located within this state and may

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1 be located within or without the municipality or partially
2 within or partially without the municipality, but which shall
3 not be located more than fifteen miles outside of the corporate
4 limits of the municipality, and to issue revenue bonds to
5 refinance and acquire a hospital or 501(c)(3) corporation
6 project and to secure the payment of such bonds, all as
7 provided in the Industrial Revenue Bond Act. A municipality
8 shall not have the power to operate a hospital or 501(c)(3)
9 corporation project as a business or in any manner except as
10 lessor; and

11 E. to refinance one or more projects of any private
12 institution of higher education and to acquire any such
13 project, whether by construction, purchase, gift or lease;
14 provided that the project shall be located within this state
15 and may be located within or without the municipality or
16 partially within or partially without the municipality, but the
17 project shall not be located more than fifteen miles outside of
18 the corporate limits of the municipality, and to issue revenue
19 bonds to refinance and acquire any project of any private
20 institution of higher education and to secure the payment of
21 such bonds. A municipality shall not have the power to operate
22 a project of a private institution of higher education as a
23 business or in any manner except as lessor."

24 SECTION 3. Section 4-59-2 NMSA 1978 (being Laws 1975,
25 Chapter 286, Section 2, as amended) is amended to read:

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1 "4-59-2. DEFINITIONS.--As used in the County Industrial
2 Revenue Bond Act, unless the context clearly indicates
3 otherwise:

4 A. "commission" means the governing body of a
5 county;

6 B. "county" means a county organized or
7 incorporated in New Mexico;

8 C. "501(c)(3) corporation" means a corporation that
9 demonstrates to the taxation and revenue department that it has
10 been granted exemption from the federal income tax as an
11 organization described in Section 501(c)(3) of the Internal
12 Revenue Code of 1986, as amended or renumbered;

13 D. "health care service" means the diagnosis or
14 treatment of sick or injured persons or medical research and
15 includes the ownership, operation, maintenance, leasing and
16 disposition of health care facilities, such as hospitals,
17 clinics, laboratories, x-ray centers and pharmacies;

18 E. "mortgage" means a mortgage or a mortgage and
19 deed of trust or the pledge and hypothecation of any assets as
20 collateral security;

21 F. "project" means any land and building or other
22 improvements thereon, the acquisition by or for a New Mexico
23 corporation of the assets or stock of an existing business or
24 corporation located outside the state to be relocated within a
25 county but, except as provided in Paragraph (1) of Subsection A

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1 of Section 4-59-4 NMSA 1978, not within the boundaries of any
2 incorporated municipality in the state, and all real and
3 personal properties deemed necessary in connection therewith,
4 whether or not now in existence, that shall be suitable for use
5 by the following or by any combination of two or more thereof:

6 (1) an industry for the manufacturing,
7 processing or assembling of agricultural or manufactured
8 products;

9 (2) a commercial enterprise that has received
10 a permit from the energy, minerals and natural resources
11 department for a mine that has not been in operation prior to
12 the issuance of bonds for the project for which the enterprise
13 will be involved;

14 (3) a commercial enterprise that has received
15 any necessary state permit for a refinery, treatment plant or
16 processing plant of energy products that was not in operation
17 prior to the issuance of bonds for the project for which the
18 enterprise will be involved;

19 (4) a commercial enterprise in storing,
20 warehousing, distributing or selling products of agriculture,
21 mining or industry, but does not include a facility designed
22 for the sale or distribution to the public of electricity, gas,
23 telephone or other services commonly classified as public
24 utilities, except for:

25 (a) water utilities; [~~and~~]

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1 (b) [~~any~~] an electric generation or
2 transmission facility, other than one for which both location
3 approval and a certificate of convenience and necessity are
4 required prior to commencing construction or operation of the
5 facility, pursuant to the Public Utility Act; and

6 (c) an energy storage facility, which is
7 a facility that uses mechanical, chemical, thermal, kinetic or
8 other processes to store energy for release at a later time to
9 integrate energy supply associated with renewable generation
10 across the electric grid;

11 (5) a business in which all or part of the
12 activities of the business involve the supplying of services to
13 the general public or to governmental agencies or to a specific
14 industry or customer;

15 (6) a nonprofit corporation engaged in health
16 care services;

17 (7) a mass transit or other transportation
18 activity involving the movement of passengers, an industrial
19 park, an office headquarters and a research facility;

20 (8) a water distribution or irrigation system,
21 including without limitation, pumps, distribution lines,
22 transmission lines, towers, dams and similar facilities and
23 equipment; and

24 (9) a 501(c)(3) corporation; and

25 G. "property" means any land, improvements thereon,

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1 buildings and any improvements thereto, machinery and equipment
2 of any and all kinds necessary to the project, operating
3 capital and any other personal properties deemed necessary in
4 connection with the project."

5 SECTION 4. Section 4-59-4 NMSA 1978 (being Laws 1975,
6 Chapter 286, Section 4, as amended) is amended to read:

7 "4-59-4. ADDITIONAL POWERS CONFERRED ON COUNTIES.--In
8 addition to any other powers that it may now have, each county
9 shall have the following powers:

10 A. to acquire, whether by construction, purchase,
11 gift or lease, one or more projects, which shall be located
12 within this state and shall be located within the county
13 outside the boundaries of any incorporated municipality;
14 provided, however, that:

15 (1) a class A county with a population of more
16 than three hundred thousand may acquire projects located
17 anywhere in the county; and

18 (2) a county shall not acquire any electricity
19 generation ~~[or]~~ facility, transmission facility or energy
20 storage facility project unless the school districts within the
21 county in which the project is located receive annual in-lieu
22 tax payments; provided that the annual in-lieu tax payments
23 required by this paragraph shall be:

24 (a) payable to the school districts for
25 the period the county owns and leases the project;

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1 (b) in an aggregate amount equal to the
2 amount received by the county multiplied by the percentage
3 determined by dividing the average of all of the mills imposed
4 by the school districts in the county, including the operating,
5 capital improvement, building improvement, education technology
6 and bond mills imposed by the school districts in the county
7 plus state debt service mills as of the date of issuance of the
8 bonds by the average of the mills imposed by all entities
9 levying taxes on property in the county as of such date;

10 (c) divided among the school districts
11 located within the county, and if there is more than one school
12 district in such county, the in-lieu payment shall be allocated
13 as follows: 1) fifty percent allocated equally among all
14 school districts in which the project is located; 2) forty
15 percent allocated to the school districts within the county in
16 proportion to the area of each school district within the
17 county; and 3) ten percent allocated to the school districts in
18 proportion to the average of each school district's student
19 membership pursuant to the Public School Code reported on the
20 second and third reporting dates for the most recent school
21 year for which data is available as of the date of issuance of
22 the bonds; and

23 (d) for each individual school district
24 located within the county, no less than the amount due to the
25 school district in the tax year immediately preceding the

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1 issuance of the bonds from the property included in a project,
2 had such project not been created;

3 B. to sell or lease or otherwise dispose of any or
4 all of its projects upon such terms and conditions as the
5 commission may deem advisable and as shall not conflict with
6 the provisions of the County Industrial Revenue Bond Act; and

7 C. to issue revenue bonds for the purpose of
8 defraying the cost of acquiring, by construction and purchase
9 or either, any project and to secure the payment of such bonds,
10 all as provided in the County Industrial Revenue Bond Act. No
11 county shall have the power to operate any project as a
12 business or in any manner except as lessor thereof."

13 SECTION 5. Section 7-2-7 NMSA 1978 (being Laws 2005,
14 Chapter 104, Section 4, as amended) is amended to read:

15 "7-2-7. INDIVIDUAL INCOME TAX ~~[RATES]~~ RATE.--The tax
16 imposed by Section 7-2-3 NMSA 1978 shall be ~~[at the following~~
17 ~~rates for any taxable year beginning on or after January 1,~~
18 ~~2021:~~

19 A. ~~For married individuals filing separate returns:~~

20	If the taxable income is:	The tax shall be:
21	Not over \$4,000	1.7% of taxable income
22	Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of
23		excess over \$4,000
24	Over \$8,000 but not over \$12,000	\$196 plus 4.7% of
25		excess over \$8,000

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1 ~~Over \$12,000 but not over \$157,500~~ ~~\$384 plus 4.9% of~~
 2 ~~excess over \$12,000~~
 3 ~~Over \$157,500~~ ~~\$7,513.50 plus 5.9% of~~
 4 ~~excess over \$157,500.~~

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

7	If the taxable income is:	The tax shall be:
8	Not over \$8,000	1.7% of taxable income
9	Over \$8,000 but not over \$16,000	\$136 plus 3.2% of
10		excess over \$8,000
11	Over \$16,000 but not over \$24,000	\$392 plus 4.7% of
12		excess over \$16,000
13	Over \$24,000 but not over \$315,000	\$768 plus 4.9% of
14		excess over \$24,000
15	Over \$315,000	\$15,027 plus 5.9% of
16		excess over \$315,000.

17 ~~C. For single individuals and for estates and~~
 18 ~~trusts:~~

19	If the taxable income is:	The tax shall be:
20	Not over \$5,500	1.7% of taxable income
21	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
22		excess over \$5,500
23	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
24		excess over \$11,000
25	Over \$16,000 but not over \$210,000	\$504.50 plus 4.9% of

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1 ~~excess over \$16,000~~
 2 ~~Over \$210,000~~ ~~\$10,010.50 plus 5.9% of~~
 3 ~~excess over \$210,000.~~

4 ~~D. The tax on the sum of any lump-sum amounts~~
 5 ~~included in net income is an amount equal to five multiplied by~~
 6 ~~the difference between:~~

7 ~~(1) the amount of tax due on the taxpayer's~~
 8 ~~taxable income; and~~

9 ~~(2) the amount of tax that would be due on an~~
 10 ~~amount equal to the taxpayer's taxable income and twenty~~
 11 ~~percent of the taxpayer's lump-sum amounts included in net~~
 12 ~~income] one percent of taxable income."~~

13 SECTION 6. Section 7-2-18.17 NMSA 1978 (being Laws 2007,
 14 Chapter 172, Section 1, as amended) is amended to read:

15 "7-2-18.17. ANGEL INVESTMENT CREDIT.--

16 A. A taxpayer who files a New Mexico income tax
 17 return, is not a dependent of another taxpayer, is an
 18 accredited investor and makes a qualified investment may apply
 19 for, and the department may allow, a claim for a credit in an
 20 amount not to exceed twenty-five percent of the qualified
 21 investment; provided that a credit for each qualified
 22 investment shall not exceed sixty-two thousand five hundred
 23 dollars (\$62,500). The tax credit provided in this section
 24 shall be known as the "angel investment credit".

25 B. A taxpayer may claim the angel investment

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1 credit:

2 (1) for not more than one qualified investment
3 per investment round;

4 (2) for qualified investments in no more than
5 five qualified businesses per taxable year; and

6 (3) for a qualified investment made on or
7 before December 31, [~~2025~~] 2030.

8 C. A taxpayer may apply for an angel investment
9 credit by submitting a completed application to the [~~taxation~~
10 ~~and revenue~~] department on forms and in a manner required by
11 the department no later than one year following the end of the
12 calendar year in which the qualified investment is made. A
13 taxpayer shall not apply for more than one credit for the same
14 qualified investment in the same investment round.

15 D. Except as provided in Subsection J of this
16 section, a taxpayer shall claim the angel investment credit no
17 later than one year following the date the completed
18 application for the credit is approved by the department.

19 E. Applications and all subsequent materials
20 submitted to the [~~taxation and revenue~~] department related to
21 the application shall also be submitted to the economic
22 development department.

23 F. The [~~taxation and revenue~~] department shall
24 allow a maximum annual aggregate of two million dollars
25 (\$2,000,000) in angel investment credits per calendar year.

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1 Completed applications shall be considered in the order
2 received. Applications for credits that would have been
3 allowed but for the limit imposed by this subsection shall be
4 allowed in subsequent calendar years.

5 G. The [~~taxation and revenue~~] department shall
6 report annually to the revenue stabilization and tax policy
7 committee and the legislative finance committee on the
8 utilization and effectiveness of the angel investment credit.
9 The report shall include, at a minimum: the number of
10 accredited investors determined to be eligible for the credit
11 in the previous year; the names of those investors; the amount
12 of credit for which each investor was determined to be
13 eligible; and the number and names of the businesses determined
14 to be qualified businesses for purposes of an investment by an
15 accredited investor.

16 H. A taxpayer who otherwise qualifies for and
17 claims a credit pursuant to this section for a qualified
18 investment made by a partnership or other business association
19 of which the taxpayer is a member may claim a credit only in
20 proportion to the taxpayer's interest in the partnership or
21 business association.

22 I. Married individuals who file separate returns
23 for a taxable year in which they could have filed a joint
24 return may each claim one-half of the credit that would have
25 been allowed on a joint return.

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1 J. The angel investment credit may only be deducted
2 from the taxpayer's income tax liability. Any portion of the
3 tax credit provided by this section that remains unused at the
4 end of the taxpayer's taxable year may be carried forward for
5 five consecutive years.

6 K. As used in this section:

7 (1) "accredited investor" means a person who
8 is an accredited investor within the meaning of Rule 501 issued
9 by the federal securities and exchange commission pursuant to
10 the federal Securities Act of 1933, as amended;

11 (2) "business" means a corporation, general
12 partnership, limited partnership, limited liability company or
13 other similar entity, but excludes an entity that is a
14 government or a nonprofit organization designated as such by
15 the federal government or any state;

16 (3) "equity" means common or preferred stock
17 of a corporation, a partnership interest in a limited
18 partnership or a membership interest in a limited liability
19 company, including debt subject to an option in favor of the
20 creditor to convert the debt into common or preferred stock, a
21 partnership interest or a membership interest;

22 (4) "investment round" means an offer and sale
23 of securities and all other offers and sales of securities that
24 would be integrated with such offer and sale of securities
25 under Regulation D issued by the federal securities and

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1 exchange commission pursuant to the federal Securities Act of
2 1933, as amended;

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

6 (a) construction;

7 (b) farming;

8 (c) processing natural resources,
9 including hydrocarbons; or

10 (d) preparing meals for immediate
11 consumption, on- or off-premises;

12 (6) "qualified business" means a business
13 that:

14 (a) maintains its principal place of
15 business and employs a majority of its full-time employees, if
16 any, in New Mexico and a majority of its tangible assets, if
17 any, are located in New Mexico;

18 (b) engages in qualified research or
19 manufacturing activities in New Mexico;

20 (c) is not primarily engaged in or is
21 not primarily organized as any of the following types of
22 businesses: credit or finance services, including banks,
23 savings and loan associations, credit unions, small loan
24 companies or title loan companies; financial brokering or
25 investment; professional services, including accounting, legal

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1 services, engineering and any other service the practice of
 2 which requires a license; insurance; real estate; construction
 3 or construction contracting; consulting or brokering; mining;
 4 wholesale or retail trade; providing utility service, including
 5 water, sewerage, electricity, natural gas, propane or butane;
 6 publishing, including publishing newspapers or other
 7 periodicals; broadcasting; or providing internet operating
 8 services;

9 (d) has not issued securities registered
 10 pursuant to Section 6 of the federal Securities Act of 1933, as
 11 amended; has not issued securities traded on a national
 12 securities exchange; is not subject to reporting requirements
 13 of the federal Securities Exchange Act of 1934, as amended; and
 14 is not registered pursuant to the federal Investment Company
 15 Act of 1940, as amended, at the time of the investment;

16 (e) has one hundred or fewer employees
 17 calculated on a full-time-equivalent basis in the taxable year
 18 in which the investment was made; and

19 (f) has not had gross revenues in excess
 20 of five million dollars (\$5,000,000) in any fiscal year ending
 21 on or before the date of the investment;

22 (7) "qualified investment" means a cash
 23 investment in a qualified business for equity, but does not
 24 include an investment by a taxpayer if the taxpayer, a member
 25 of the taxpayer's immediate family or an entity affiliated with

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1 the taxpayer receives compensation from the qualified business
2 in exchange for services provided to the qualified business
3 within one year of investment in the qualified business; and

4 (8) "qualified research" means "qualified
5 research" as defined by Section 41 of the Internal Revenue
6 Code."

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

9 "7-2-18.22. [~~TAX CREDIT~~] RURAL HEALTH CARE PRACTITIONER
10 TAX CREDIT.--

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

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

21 (1) five thousand dollars (\$5,000) for all
22 [~~eligible~~] physicians, osteopathic physicians, dentists,
23 [~~clinical~~] psychologists, [~~podiatrists~~] podiatric physicians
24 and optometrists who qualify pursuant to the provisions of this
25 section [~~except the credit shall not exceed~~] and have provided

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1 health care during a taxable year for at least one thousand
 2 five hundred eighty-four hours at a practice site located in an
 3 approved rural health care underserved area. Eligible health
 4 care practitioners listed in this paragraph who provided health
 5 care services for at least seven hundred ninety-two hours but
 6 less than one thousand five hundred eighty-four hours at a
 7 practice site located in an approved rural health care
 8 underserved area during a taxable year are eligible for one-
 9 half of the tax credit amount; and

10 (2) three thousand dollars (\$3,000) for all
 11 [~~eligible~~] pharmacists, dental hygienists, physician
 12 assistants, [~~certified nurse-midwives~~] certified registered
 13 nurse anesthetists, certified nurse practitioners, [~~and~~]
 14 clinical nurse specialists, registered nurses, midwives,
 15 licensed clinical social workers, licensed independent social
 16 workers, professional mental health counselors, professional
 17 clinical mental health counselors, marriage and family
 18 therapists, professional art therapists, alcohol and drug abuse
 19 counselors and physical therapists who qualify pursuant to the
 20 provisions of this section and have provided health care during
 21 a taxable year for at least one thousand five hundred eighty-
 22 four hours at a practice site located in an approved rural
 23 health care underserved area. Eligible health care
 24 practitioners listed in this paragraph who provided health care
 25 services for at least seven hundred ninety-two hours but less

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1 than one thousand five hundred eighty-four hours at a practice
2 site located in an approved rural health care underserved area
3 during a taxable year are eligible for one-half of the tax
4 credit amount.

5 ~~[G. To qualify for the rural health care~~
6 ~~practitioner tax credit, an eligible health care practitioner~~
7 ~~shall have provided health care during a taxable year for at~~
8 ~~least two thousand eighty hours at a practice site located in~~
9 ~~an approved rural health care underserved area. An eligible~~
10 ~~rural health care practitioner who provided health care~~
11 ~~services for at least one thousand forty hours but less than~~
12 ~~two thousand eighty hours at a practice site located in an~~
13 ~~approved rural health care underserved area during a taxable~~
14 ~~year is eligible for one-half of the credit amount.~~

15 ~~D.]~~ C. Before an eligible health care practitioner
16 may claim the rural health care practitioner tax credit, the
17 practitioner shall submit an application to the department of
18 health that describes the practitioner's clinical practice and
19 contains additional information that the department of health
20 may require. The department of health shall determine whether
21 an eligible health care practitioner qualifies for the rural
22 health care practitioner tax credit and shall issue a
23 certificate to each qualifying eligible health care
24 practitioner. The department of health shall provide the
25 taxation and revenue department appropriate information for all

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1 eligible health care practitioners to whom certificates are
 2 issued in a secure manner on regular intervals agreed upon by
 3 both the taxation and revenue department and the department of
 4 health.

5 ~~[E.]~~ D. A taxpayer claiming the credit provided by
 6 this section shall submit a copy of the certificate issued by
 7 the department of health with the taxpayer's New Mexico income
 8 tax return for the taxable year. If the amount of the credit
 9 claimed exceeds a taxpayer's tax liability for the taxable year
 10 in which the credit is being claimed, the excess may be carried
 11 forward for three consecutive taxable years.

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

15 F. The department shall compile an annual report on
 16 the tax credit provided by this section 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 credit. The department
 20 shall present the report to the revenue stabilization and tax
 21 policy committee and the legislative finance committee with an
 22 analysis of the cost of the tax credit.

23 ~~[F.]~~ G. As used in this section:

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

25 [~~a~~] ~~a certified nurse-midwife licensed~~

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1 ~~by the board of nursing as a registered nurse and licensed by~~
2 ~~the public health division of the department of health to~~
3 ~~practice nurse-midwifery as a certified nurse-midwife;~~

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

6 (b) a midwife that is a: 1) certified
7 nurse-midwife licensed by the board of nursing as a registered
8 nurse and licensed by the public health division of the
9 department of health to practice nurse-midwifery as a certified
10 nurse-midwife; or 2) licensed midwife licensed by the public
11 health division of the department of health to practice
12 licensed midwifery;

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 or a physician assistant
23 licensed pursuant to the provisions of the Physician Assistant
24 Act;

25 (f) a [~~pediatrist~~] podiatric physician

1 licensed pursuant to the provisions of the Podiatry Act;

2 (g) a ~~[clinical]~~ psychologist licensed
 3 pursuant to the provisions of the Professional Psychologist
 4 Act; ~~[and]~~

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

13 (i) a pharmacist licensed pursuant to
 14 the provisions of the Pharmacy Act;

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

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

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

25 (2) "health care underserved area" means a

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1 geographic area or practice location in which it has been
2 determined by the department of health, through the use of
3 indices and other standards set by the department of health,
4 that sufficient health care services are not being provided;

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

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

15 SECTION 8. A new section of the Income Tax Act is
16 enacted to read:

17 "[NEW MATERIAL] HOME FIRE RECOVERY INCOME TAX CREDIT.--

18 A. A taxpayer who is not a dependent of another
19 individual and who, beginning on the effective date of this
20 section and prior to January 1, 2030, incurs qualified site-
21 built home expenditures for a home in New Mexico to replace a
22 prior home of the taxpayer that was destroyed by a wildfire in
23 calendar years 2021 through 2023 may claim a tax credit against
24 the taxpayer's tax liability imposed pursuant to the Income Tax
25 Act in an amount equal to the qualified site-built home

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1 expenditures incurred by the taxpayer not to exceed fifty
2 thousand dollars (\$50,000) per home. The tax credit provided
3 by this section may be referred to as the "home fire recovery
4 income tax credit".

5 B. A taxpayer who seeks to claim the tax credit
6 shall apply for certification of eligibility from the
7 construction industries division of the regulation and
8 licensing department on forms and in a manner prescribed by
9 that division. The aggregate amount of credits that may be
10 certified as eligible in any calendar year is five million
11 dollars (\$5,000,000). An application for certification shall
12 be made no later than twelve months after the calendar year in
13 which construction of the site-built home is completed.
14 Completed applications shall be considered in the order
15 received. If a taxpayer submits an application for the tax
16 credit and the aggregate amount of certifications has been met
17 for the calendar year, the application shall be placed at the
18 front of a queue for certification in a subsequent calendar
19 year. Except as otherwise provided in Subsections F and G of
20 this section, only one tax credit shall be certified per
21 taxpayer.

22 C. An application for certification of eligibility
23 shall include:

24 (1) proof that the taxpayer's prior home was
25 destroyed by wildfire in calendar years 2021 through 2023,

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1 including a sworn statement by the taxpayer;

2 (2) proof that the taxpayer incurred
3 expenditures for the construction of a site-built home on the
4 same property of the taxpayer's prior, wildfire-destroyed home,
5 including a contract with a builder;

6 (3) a sworn statement by the taxpayer and the
7 builder of the site-built home that the construction of a new
8 site-built home has been completed and stating the date of its
9 completion; and

10 (4) any additional information the
11 construction industries division of the regulation and
12 licensing department may require to determine eligibility for
13 the tax credit.

14 D. If the construction industries division of the
15 regulation and licensing department determines that the
16 taxpayer meets the requirements of this section, the division
17 shall issue a dated certificate of eligibility to the taxpayer
18 providing the amount of tax credit for which the taxpayer is
19 eligible and the taxable year in which the credit may be
20 claimed. The construction industries division shall provide
21 the department with the certificates of eligibility issued
22 pursuant to this subsection in an electronic format at
23 regularly agreed-upon intervals.

24 E. A taxpayer issued a certificate of eligibility
25 shall claim the tax credit in a manner required by the

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1 department within twelve months of being issued the certificate
 2 of eligibility.

3 F. That portion of the tax credit that exceeds a
 4 taxpayer's tax liability in the taxable year in which the tax
 5 credit is claimed shall not be refunded but may be carried
 6 forward for a maximum of three consecutive taxable years.

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

11 H. A taxpayer may be allocated the right to claim
 12 the tax credit in proportion to the taxpayer's ownership
 13 interest if the taxpayer owns an interest in a business entity
 14 that is taxed for federal income tax purposes as a partnership
 15 or limited liability company and that business entity has met
 16 all of the requirements to be eligible for the credit. The
 17 total credit claimed by all members of the partnership or
 18 limited liability company shall not exceed the allowable credit
 19 pursuant to this section.

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

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

3 J. As used in this section:

4 (1) "home" means a dwelling designed for long-
5 term habitation in which the taxpayer resides for a majority of
6 the year;

7 (2) "qualified site-built home expenditures"
8 means gross expenditures for the construction of a site-built
9 home on the same property in New Mexico that a taxpayer's prior
10 home was destroyed by a wildfire in calendar years 2021 through
11 2023, less any compensation related to home construction or
12 repair costs received pursuant to the federal Hermit's
13 Peak/Calf Canyon Fire Assistance Act; and

14 (3) "site-built home" means a home that is
15 constructed permanently on a taxpayer's property with a
16 foundation and that cannot be moved, and excludes a
17 manufactured or mobile home."

18 SECTION 9. Section 7-9-54.3 NMSA 1978 (being Laws 2002,
19 Chapter 37, Section 8, as amended by Laws 2010, Chapter 77,
20 Section 2 and by Laws 2010, Chapter 78, Section 2) is amended
21 to read:

22 "7-9-54.3. DEDUCTION--GROSS RECEIPTS TAX--WIND AND SOLAR
23 GENERATION EQUIPMENT--ENERGY STORAGE EQUIPMENT--SALES TO
24 GOVERNMENTS.--

25 A. Prior to July 1, 2034, receipts from selling

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1 wind generation equipment or solar generation equipment to a
 2 government for the purpose of installing a wind or solar
 3 electric generation facility may be deducted from gross
 4 receipts.

5 B. ~~[The deduction allowed pursuant to this section~~
 6 ~~shall not be claimed for receipts from an expenditure for which~~
 7 ~~a taxpayer claims a credit pursuant to Section 7-2-18.25,~~
 8 ~~7-2A-25 or 7-9G-2 NMSA 1978]~~ Prior to July 1, 2034, receipts
 9 from selling energy storage equipment or related equipment to a
 10 government for the purpose of installing an energy storage
 11 facility may be deducted from gross receipts.

12 C. As used in this section:

13 (1) "energy storage equipment" means equipment
 14 that is installed for the purpose of storing electric energy in
 15 an energy storage facility that uses mechanical, chemical,
 16 thermal, kinetic or other processes to store energy for release
 17 at a later time to integrate energy supply associated with
 18 renewable generation across the electric grid;

19 ~~[(1)]~~ (2) "government" means the United States
 20 or the state or a governmental unit or a subdivision, agency,
 21 department or instrumentality of the federal government or the
 22 state;

23 ~~[(2)]~~ (3) "related equipment" means
 24 transformers, power conversion equipment, circuit breakers and
 25 switching and metering equipment used to connect:

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1 (a) a wind or solar electric generation
2 plant to the electric grid; or

3 (b) an energy storage facility to the
4 electric grid or to a wind or solar electric generation plant;

5 ~~[(3)]~~ (4) "solar generation equipment" means
6 solar thermal energy collection, concentration and heat
7 transfer and conversion equipment; solar tracking hardware and
8 software; photovoltaic panels and inverters; support
9 structures; turbines and associated electrical generating
10 equipment used to generate electricity from solar thermal
11 energy; and related equipment; and

12 ~~[(4)]~~ (5) "wind generation equipment" means
13 wind generation turbines, blades, nacelles, rotors and
14 supporting structures used to generate electricity from wind
15 and related equipment."

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

18 "NEW MATERIAL DEDUCTION--GROSS RECEIPTS TAX--
19 ENVIRONMENTAL MODIFICATIONS FOR MEDICAID RECIPIENTS.--

20 A. Prior to July 1, 2034, receipts of an eligible
21 provider for environmental modification services reimbursed by
22 the medical assistance division may be deducted from gross
23 receipts.

24 B. As used in this section:

25 (1) "eligible provider" means a provider who

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1 meets requirements of the medical assistance division to
 2 provide environmental modifications pursuant to a waiver
 3 granted by the federal department of health and human services
 4 to provide home and community-based services to recipients;

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

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

14 (4) "medical assistance division" means the
 15 medical assistance division of the health care authority
 16 department; and

17 (5) "recipient" means a person whom the
 18 medical assistance division has determined to be eligible to
 19 receive medicaid-related services and who meets the financial
 20 and medical level of care criteria to receive medical
 21 assistance division services through one of the division's
 22 waiver programs granted by the federal department of health and
 23 human services."

24 **SECTION 11.** A new section of the Gross Receipts and
 25 Compensating Tax Act is enacted to read:

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1 "[NEW MATERIAL] DEDUCTIONS--GROSS RECEIPTS--CHILD CARE
2 ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE PROGRAM--
3 PRE-KINDERGARTEN SERVICES BY FOR-PROFIT PRE-KINDERGARTEN
4 PROVIDERS.--

5 A. Receipts from the sale of child care assistance
6 services by a taxpayer pursuant to a contract or grant with the
7 early childhood education and care department to provide such
8 services through a licensed child care assistance program may
9 be deducted from gross receipts.

10 B. Receipts of for-profit pre-kindergarten
11 providers for the sale of pre-kindergarten services pursuant to
12 the Pre-Kindergarten Act may be deducted from gross receipts.

13 C. A taxpayer allowed a deduction pursuant to this
14 section shall report the amount of the deduction separately in
15 a manner required by the department.

16 D. The department shall compile an annual report on
17 the deductions provided by this section that shall include the
18 number of taxpayers that claimed each deduction, the aggregate
19 amount of deductions claimed and any other information
20 necessary to evaluate the effectiveness of the deductions. The
21 department shall present the report to the revenue
22 stabilization and tax policy committee and the legislative
23 finance committee with an analysis of the cost of the
24 deductions.

25 E. As used in this section:

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

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

10 SECTION 12. APPLICABILITY.--The provisions of Sections
11 5, 7 and 8 of this act apply to taxable years beginning on or
12 after January 1, 2024.

13 SECTION 13. EFFECTIVE DATE.--The effective date of the
14 provisions of this act is July 1, 2024.

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