

SENATE FINANCE COMMITTEE SUBSTITUTE FOR  
SENATE TAX, BUSINESS AND TRANSPORTATION  
COMMITTEE SUBSTITUTE FOR  
SENATE BILL 151

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO TAXATION; DECOUPLING FROM CERTAIN PROVISIONS OF  
FEDERAL LAW RELATING TO CORPORATE INCOME TAX BY AMENDING THE  
DEFINITION OF "BASE INCOME" IN THE CORPORATE INCOME AND  
FRANCHISE TAX ACT TO CONFORM TO THE FEDERAL INCLUSION OF  
CERTAIN INCOME OF CONTROLLED FOREIGN CORPORATIONS AND  
SUBTRACTING AMOUNTS DEDUCTED FOR BONUS DEPRECIATION AND  
INTEREST EXPENSES; PROVIDING THAT APPORTIONMENT RULES APPLY TO

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ATTRIBUTED INCOME FROM A CONTROLLED FOREIGN CORPORATION;  
CREATING THE LOCAL JOURNALIST EMPLOYMENT INCOME TAX CREDIT AND  
THE LOCAL JOURNALIST EMPLOYMENT CORPORATE INCOME TAX CREDIT;  
CREATING A GROSS RECEIPTS TAX DEDUCTION FOR THE SALE OF  
CONSTRUCTION MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF  
AFFORDABLE HOUSING; CREATING THE PHYSICIAN TAX CREDIT PURSUANT  
TO THE INCOME TAX ACT; HTRC→~~PROVIDING A GROSS RECEIPTS TAX  
DEDUCTION FOR THE SALE OF CERTAIN EQUIPMENT AND MEDICATION  
DISPENSED BY A HEALTH CARE PRACTITIONER IN A PRACTICE  
SETTING;~~←HTRC CREATING THE LOCAL NEWS PRINTER INCOME TAX  
CREDIT AND THE LOCAL NEWS PRINTER CORPORATE INCOME TAX CREDIT  
HTRC→; ~~EXTENDING THE DATE OF ELIGIBILITY FOR THE HIGH-WAGE  
JOBS TAX CREDIT; MAKING APPROPRIATIONS TO PROVIDE SALARY  
INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES~~←HTRC .

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

SECTION 1. Section 7-2A-2 NMSA 1978 (being Laws 1986,  
Chapter 20, Section 33, as amended) is amended to read:

"7-2A-2. DEFINITIONS.--For the purpose of the Corporate  
Income and Franchise Tax Act and unless the context requires  
otherwise:

A. "bank" means any national bank, national banking  
association, state bank or bank holding company;

B. "apportioned net income" or "apportioned net  
loss" means net income allocated and apportioned to New Mexico

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pursuant to the provisions of the Corporate Income and Franchise Tax Act or the Uniform Division of Income for Tax Purposes Act, but excluding from the sales factor any sales that represent intercompany transactions between members of the filing group;

C. "base income" means the federal taxable income or the federal net operating loss of a corporation for the taxable year calculated pursuant to the Internal Revenue Code, after special deductions provided in Sections 241 through 249 of the Internal Revenue Code but without any deduction for net operating losses, as if the corporation filed a federal tax return as a separate domestic entity, modified as follows:

(1) adding to that income:

(a) interest received on a state or local bond exempt under the Internal Revenue Code;

(b) the amount of any deduction claimed in calculating taxable income for all expenses and costs directly or indirectly paid, accrued or incurred to a captive real estate investment trust;

(c) the amount of any deduction, other than for premiums, for amounts paid directly or indirectly to a commonly controlled entity that is exempt from corporate income tax pursuant to Section 7-2A-4 NMSA 1978; ~~and~~

(d) for taxable years beginning on or after January 1, 2023, an amount equal to the amount of credit

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claimed and allowed for that year pursuant to Section 7-3A-10 NMSA 1978 with respect to the distributed net income of a pass-through entity;

(e) the amount of any deduction taken pursuant to Sections 168(k) and 168(n) of the Internal Revenue Code in excess of the deduction amount that would have been allowed by Sections 168(a) through 168(j) of the Internal Revenue Code; and

(f) the amount of additional interest deducted as a result of the changes to Subparagraph (A) of Section 163(j)(8) of the Internal Revenue Code made by Section 70303 of Public Law 119-21; provided that such interest shall be eligible for the carryforward provisions of Section 163(j)(2) of the Internal Revenue Code;

(2) subtracting from that income:

(a) income from obligations of the United States net of expenses incurred to earn that income; and

(b) other amounts that the state is prohibited from taxing because of the laws or constitution of this state or the United States net of any related expenses; [and

~~(c) an amount equal to one hundred percent of the income of the corporation under Section 951A of the Internal Revenue Code, less the amount deducted pursuant to Section 250 of the Internal Revenue Code;]~~

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(3) making other adjustments deemed necessary to properly reflect income of the unitary group, including attribution of income or expense related to unitary assets held by related corporations that are not part of the filing group; and

(4) for a taxpayer that conducts a lawful business pursuant to the laws of this state, excludes an amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed pursuant to Section 280E of the Internal Revenue Code, as that section may be amended or renumbered;

D. "captive real estate investment trust" means a corporation, trust or association taxed as a real estate investment trust pursuant to Section 857 of the Internal Revenue Code, the shares or beneficial interests of which are not regularly traded on an established securities market; provided that more than fifty percent of any class of beneficial interests or shares of the real estate investment trust are owned directly, indirectly or constructively by the taxpayer during all or a part of the taxpayer's taxable year;

E. "common ownership" means the direct or indirect control or ownership of more than fifty percent of the outstanding voting stock, ownership of which is determined pursuant to Section 1563 of the Internal Revenue Code, as that section may be amended or renumbered, of:

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(1) a parent-subsidary controlled group as defined in Section 1563 of the Internal Revenue Code, except that fifty percent shall be substituted for eighty percent;

(2) a brother-sister controlled group as defined in Section 1563 of the Internal Revenue Code; or

(3) three or more corporations each of which is a member of a group of corporations described in Paragraph (1) or (2) of this subsection, and one of which is:

(a) a common parent corporation included in a group of corporations described in Paragraph (1) of this subsection; and

(b) included in a group of corporations described in Paragraph (2) of this subsection;

F. "consolidated group" means the group of entities properly filing a federal consolidated return under the Internal Revenue Code for the taxable year;

G. "corporation" means corporations, joint stock companies, real estate trusts organized and operated under the Real Estate Trust Act, financial corporations and banks, other business associations and, for corporate income tax purposes, partnerships and limited liability companies taxed as corporations under the Internal Revenue Code;

H. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully

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delegated to that employee by the secretary;

I. "filing group" means a group of corporations properly included in a return pursuant to Section 7-2A-8.3 NMSA 1978 for a particular taxable year;

J. "fiscal year" means any accounting period of twelve months ending on the last day of any month other than December;

K. "grandfathered net operating loss carryover" means:

(1) the amount of net loss properly reported to New Mexico for taxable years beginning January 1, 2013 and prior to January 1, 2020 as part of a timely filed original return, or an amended return for those taxable years filed prior to January 1, 2020, to the extent such loss can be attributed to one or more corporations that are properly included in the taxpayer's return for the first taxable year beginning on or after January 1, 2020;

(2) reduced by:

(a) adding back deductions that were taken by the corporation or corporations for royalties or interest paid to one or more related corporations, but only to the extent that such adjustment would not create a net loss for such related corporations; and

(b) the amount of net operating loss deductions taken prior to January 1, 2020 that would be charged

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against those losses consistent with the Internal Revenue Code and provisions of the Corporate Income and Franchise Tax Act applicable to the year of the deduction; and

(3) apportioned to New Mexico using the apportionment factors that can properly be attributed to the corporation or corporations for the year of the net loss;

L. "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended;

M. "net income" means:

(1) the base income of a corporation properly filing a tax return as a separate entity; or

(2) the combined base income and losses of corporations that are part of a filing group that is computed after eliminating intercompany income and expense in a manner consistent with the consolidated filing requirements of the Internal Revenue Code and the Corporate Income and Franchise Tax Act;

N. "net operating loss carryover" means the apportioned net loss properly reported on an original or amended tax return for taxable years beginning on or after January 1, 2020 by the taxpayer:

(1) plus:

(a) the portion of an apportioned net loss properly reported to New Mexico for a taxable year beginning on or after January 1, 2020, on a separate year

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return, to the extent the taxpayer would have been entitled to include the portion of such apportioned net loss in the taxpayer's consolidated net operating loss carryforward under the Internal Revenue Code if the taxpayer filed a consolidated federal return; and

(b) the taxpayer's grandfathered net operating loss carryover; and

(2) minus:

(a) the amount of the net operating loss carryover attributed to an entity that has left the filing group, computed in a manner consistent with the consolidated filing requirements of the Internal Revenue Code and applicable regulations, as if the taxpayer were filing a consolidated return; and

(b) the amount of net operating loss deductions properly taken by the taxpayer;

0. "net operating loss deduction" means the portion of the net operating loss carryover that may be deducted from the taxpayer's apportioned net income under the Internal Revenue Code as of January 1, 2018 for the taxable year in which the deduction is taken, including the eighty percent limitation of Section 172(a) of the Internal Revenue Code as of January 1, 2018 calculated on the basis of the taxpayer's apportioned net income;

P. "person" means any individual, estate, trust,

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receiver, cooperative association, club, corporation, company, firm, partnership, limited liability company, joint venture, syndicate or other association; "person" also means, to the extent permitted by law, any federal, state or other governmental unit or subdivision or agency, department or instrumentality thereof;

Q. "real estate investment trust" has the meaning ascribed to the term in Section 856 of the Internal Revenue Code, as that section may be amended or renumbered;

R. "related corporation" means a corporation that is under common ownership with one or more corporations but that is not included in the same tax return;

S. "return" means any tax or information return, including a water's-edge or worldwide combined return, a consolidated return, a declaration of estimated tax or a claim for refund, including any amendments or supplements to the return, required or permitted pursuant to a law subject to administration and enforcement pursuant to the Tax Administration Act and filed with the department by or on behalf of any person;

T. "secretary" means the secretary of taxation and revenue or the secretary's delegate;

U. "separate year return" means a properly filed original or amended return for a taxable year beginning on or after January 1, 2020 by a taxpayer reporting a loss, a portion

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of which is claimed as part of the net operating loss carryover by another taxpayer in a subsequent return period;

V. "state" means any state of the United States, the District of Columbia, the commonwealth of Puerto Rico, any territory or possession of the United States or political subdivision thereof or any political subdivision of a foreign country;

W. "state or local bond" means a bond issued by a state other than New Mexico or by a local government other than one of New Mexico's political subdivisions, the interest from which is excluded from income for federal income tax purposes under Section 103 of the Internal Revenue Code, as that section may be amended or renumbered;

X. "taxable income" means a taxpayer's apportioned net income minus the net operating loss deduction for the taxable year;

Y. "taxable year" means the calendar year or fiscal year upon the basis of which the net income is computed under the Corporate Income and Franchise Tax Act and includes, in the case of the return made for a fractional part of a year under the provisions of that act, the period for which the return is made;

Z. "taxpayer" means any corporation or group of corporations filing a return pursuant to Section 7-2A-8.3 NMSA 1978 subject to the taxes imposed by the Corporate Income and

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Franchise Tax Act;

AA. "unitary group" means a group of two or more corporations, including a captive real estate investment trust, but not including an S corporation, an insurance company subject to the provisions of the New Mexico Insurance Code, an insurance company that would be subject to the New Mexico Insurance Code if the insurance company engaged in business in this state or a real estate investment trust that is not a captive real estate investment trust, that are:

- (1) related through common ownership; and
- (2) economically interdependent with one another as demonstrated by the following factors:
  - (a) centralized management;
  - (b) functional integration; and
  - (c) economies of scale;

BB. "water's-edge group" means all corporations that are part of a unitary group, except:

- (1) corporations that are exempt from corporate income tax pursuant to Section 7-2A-4 NMSA 1978; and
- (2) corporations organized or incorporated outside the United States or its possessions or territories that have less than twenty percent of their property, payroll and sales sourced to locations within the United States, following the sourcing rules of the Uniform Division of Income for Tax Purposes Act; and

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CC. "worldwide combined group" means all members of a unitary group, except members that are exempt from corporate income tax pursuant to Section 7-2A-4 NMSA 1978, irrespective of the country in which the corporations are incorporated or conduct business activity."

SECTION 2. Section 7-4-10 NMSA 1978 (being Laws 1993, Chapter 153, Section 1, as amended) is amended to read:

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

A. Except as provided in Subsections B and C of this section, all business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor and the denominator of which is three. The apportionment calculation shall include the factors of a controlled foreign corporation to the extent the income of the corporation is included in net income.

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

C. If a filing group, or a taxpayer that is not a

member of a filing group, has a headquarters operation in New Mexico, the filing group or the taxpayer may elect to have business income apportioned to this state by multiplying the income by the sales factor for the taxable year.

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

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

(2) if the election is made for a taxable year beginning on or after January 1, 2020, to the taxable year in which the election is made and to each taxable year thereafter until the taxpayer notifies the department, in writing, that the election is terminated, except that the taxpayer shall not terminate the election until the method of apportioning business income provided by Subsection B or C of this section has been used by the taxpayer for at least three consecutive taxable years, including a total of at least thirty-six calendar months; and

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

E. For purposes of this section:

(1) "controlled foreign corporation" means a foreign corporation as defined by Section 957 of the Internal Revenue Code of 1986, as that section may be amended or renumbered;

~~(1)~~ (2) "filing group" means "filing group" as that term is defined in the Corporate Income and Franchise Tax Act;

~~(2)~~ (3) "headquarters operation" means:

(a) the center of operations of a business: 1) where corporate staff employees are physically employed; 2) where the centralized functions are primarily performed, including administrative, planning, managerial, human resources, purchasing, information technology and accounting, but not including operating a call center; 3) the function and purpose of which is to manage and direct most aspects and functions of the business operations within a subdivided area of the United States; 4) from which final authority over regional or subregional offices, operating facilities and any other offices of the business are issued; and 5) including national and regional headquarters if the

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national headquarters is subordinate only to the ownership of the business or its representatives and the regional headquarters is subordinate to the national headquarters; or

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

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

- (a) construction;
- (b) farming;
- (c) power generation; provided that "manufacturing" includes electricity generation at a facility that does not require location approval and a certificate of convenience and necessity prior to commencing construction or operation of the facility pursuant to the Public Utility Act;
- (d) processing natural resources, including hydrocarbons; or
- (e) processing or preparation of meals for immediate consumption; and

~~(4)~~ (5) "operating a computer processing facility" means managing the necessary and ancillary activities for the operation of a facility primarily used to process data

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or information, but does not include managing the operation of facilities that are predominantly used to support sales of tangible property or the provision of banking, financial or professional services."

SECTION 3. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] LOCAL JOURNALIST EMPLOYMENT INCOME TAX CREDIT.--

A. For taxable years prior to January 1, ~~HTRC~~→2031←~~HTRC~~ HTRC→2032←~~HTRC~~ , a taxpayer who is not a dependent of another individual and is an owner of a local news organization that employs a journalist may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount provided in Subsection B of this section. The tax credit provided by this section may be referred to as the "local journalist employment income tax credit".

B. The amount of tax credit shall be in an amount equal to thirty percent of wages paid to each journalist employed by a local news organization.

C. A taxpayer shall apply for certification of eligibility for the tax credit from the department on forms and in the manner prescribed by the department no later than one year following the end of the calendar year in which the wages were paid. A taxpayer shall not be eligible to receive a tax

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credit for more than seventy-five journalists whom the taxpayer employs as a local news organization and, except as provided in Subsections F and G of this section, only one tax credit shall be certified for each journalist employed by a local news organization per taxable year. The total annual aggregate amount of local journalist employment income tax credits and local journalist employment corporate income tax credits that may be certified in a calendar year shall not exceed four million dollars (\$4,000,000). Completed applications shall be considered in the order received.

D. If the department determines that the taxpayer meets the requirements of this section, the department shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed.

E. That portion of tax credit that exceeds a taxpayer's income tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

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

G. A taxpayer may be allocated the right to claim the tax credit in proportion to the taxpayer's ownership

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interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and the business entity has met all requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit pursuant to this section.

H. A taxpayer allowed to claim a tax credit pursuant to this section shall claim the tax credit in a manner required by the department.

I. The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the total annual aggregate cost of the tax credit.

J. As used in this section:

(1) "journalist" means a person who:

(a) is paid by a local news organization to regularly gather, prepare, collect, photograph, record, direct the recording of, produce, write, edit, report or publish news or information that concerns state or local events or other matters of public interest for dissemination to the state or a local community through reporting activities, including conducting interviews, observing current events or analyzing documents;

(b) resides within fifty miles of the

coverage area assigned by the local news organization; and

(c) is employed as a journalist by the local news organization for more than twenty-eight weeks of the taxable year in which the credit is claimed;

(2) "local news organization" means an entity that:

(a) provides a print or digital publication that engages professionals who regularly gather, prepare, collect, photograph, record, direct the recording of, produce, write, edit, report or publish news or information that concerns state or local events or other matters of public interest for dissemination to the state or a local community through reporting activities, including conducting interviews, observing current events or analyzing documents;

(b) pays at least one individual, either through employment or by contract with the entity, as a journalist;

(c) in the case of print publications, has published at least one print publication per month over the previous twenty-four months and holds a valid United States postal service periodical permit or has at least thirty percent of its content dedicated to state or local news;

(d) in the case of digital-only entities, has published at least three originally produced stories about the state or a local community per week

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HTRC→**averaged**←HTRC over the previous twenty-four months and has at least fifty percent of its digital audience in New Mexico, averaged over a twelve- month period;

(e) discloses in its print publication or on its website its beneficial ownership or, in the case of a not-for-profit entity, its board of directors;

(f) in the case of an organization that demonstrates to the department that the organization has been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the Internal Revenue Code, has declared the coverage of state or local news as the stated mission in its filings with the federal internal revenue service;

(g) has not received more than ten percent of its gross receipts for the previous year from political action committees or other entities described in Section 527 of the Internal Revenue Code, or from an organization that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(4) or 501(c)(6) of the Internal Revenue Code; and

(h) is not a publicly traded entity or is no more than forty-nine percent owned, directly or indirectly, by a publicly traded entity or subsidiary; and

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(3) "wages" means not more than fifty thousand dollars (\$50,000) in compensation paid by a local news organization to a journalist through the organization's payroll system, including those wages that the journalist elects to defer or redirect or the journalist's contribution to a 401(k) or cafeteria plan program. "Wages" does not mean benefits or the organization's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

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

"[NEW MATERIAL] LOCAL JOURNALIST EMPLOYMENT CORPORATE INCOME TAX CREDIT.--

A. For taxable years prior to January 1, HTRC→2031←HTRC HTRC→2032←HTRC , a taxpayer that is a local news organization that employs a journalist may claim a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act in an amount provided in Subsection B of this section. The tax credit provided by this section may be referred to as the "local journalist employment corporate income tax credit".

B. The amount of tax credit shall be in an amount equal to thirty percent of wages paid to each journalist employed by a local news organization.

C. A taxpayer shall apply for certification of

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eligibility for the tax credit from the department on forms and in the manner prescribed by the department no later than one year following the end of the calendar year in which the wages were paid. A taxpayer shall not be eligible to receive a tax credit for more than seventy-five journalists whom the taxpayer employs as a local news organization, and only one tax credit shall be certified for each journalist employed by a local news organization per taxable year. The total annual aggregate amount of local journalist employment corporate income tax credits and local journalist employment income tax credits that may be certified in a calendar year shall not exceed four million dollars (\$4,000,000). Completed applications shall be considered in the order received.

D. If the department determines that the taxpayer meets the requirements of this section, the department shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed.

E. That portion of tax credit that exceeds a taxpayer's corporate income tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

F. A taxpayer allowed to claim a tax credit pursuant to this section shall claim the tax credit in a manner

required by the department.

G. The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the total annual aggregate cost of the tax credit.

H. As used in this section:

(1) "journalist" means a person who:

(a) is paid by a local news organization to regularly gather, prepare, collect, photograph, record, direct the recording of, produce, write, edit, report or publish news or information that concerns state or local events or other matters of public interest for dissemination to the state or a local community through reporting activities, including conducting interviews, observing current events or analyzing documents;

(b) resides within fifty miles of the coverage area assigned by the local news organization; and

(c) is employed as a journalist by the local news organization for more than twenty-eight weeks of the taxable year in which the credit is claimed;

(2) "local news organization" means an entity that:

(a) provides a print or digital publication that engages professionals who regularly gather, prepare, collect, photograph, record, direct the recording of,

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produce, write, edit, report or publish news or information that concerns state or local events or other matters of public interest for dissemination to the state or a local community through reporting activities, including conducting interviews, observing current events or analyzing documents;

(b) pays at least one individual, either through employment or by contract with the entity, as a journalist;

(c) in the case of print publications, has published at least one print publication per month over the previous twenty-four months and holds a valid United States postal service periodical permit or has at least thirty percent of its content dedicated to state or local news;

(d) in the case of digital-only entities, has published at least three originally produced stories about the state or a local community per week HTRC→averaged←HTRC over the previous twenty-four months and has at least fifty percent of its digital audience in New Mexico, averaged over a twelve- month period;

(e) discloses in its print publication or on its website its beneficial ownership or, in the case of a not-for-profit entity, its board of directors;

(f) in the case of an organization that demonstrates to the department that the organization has been granted exemption from the federal income tax by the United

States commissioner of internal revenue as organizations described in Section 501(c)(3) of the Internal Revenue Code, has declared the coverage of state or local news as the stated mission in its filings with the federal internal revenue service;

(g) has not received more than ten percent of its gross receipts for the previous year from political action committees or other entities described in Section 527 of the Internal Revenue Code, or from an organization that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(4) or 501(c)(6) of the Internal Revenue Code; and

(h) is not a publicly traded entity or is no more than forty-nine percent owned, directly or indirectly, by a publicly traded entity or subsidiary; and

(3) "wages" means not more than fifty thousand dollars (\$50,000) in compensation paid by a local news organization to a journalist through the organization's payroll system, including those wages that the journalist elects to defer or redirect or the journalist's contribution to a 401(k) or cafeteria plan program. "Wages" does not mean benefits or the organization's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

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

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--SALE OF CONSTRUCTION MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF AFFORDABLE HOUSING MULTIFAMILY RESIDENTIAL HOUSING PROJECTS.--

A. Prior to July 1, HTRC→2029←HTRC HTRC→2030←HTRC , receipts from selling construction materials and labor may be deducted from gross receipts if:

(1) the construction materials and labor are being used for the purpose of developing multifamily residential housing;

(2) eighty percent or more of the housing units being developed will be affordable housing;

Sf11→and←Sf11

(3) the construction materials and labor are sold to a qualifying grantee for a single project that is residential housing pursuant to the Affordable Housing Act Sf11→.←Sf11 Sf11→; and←Sf11

Sf11→(4) the buyer of the construction materials and labor delivers a nontaxable transaction certificate to the seller or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978.←Sf11

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction to the department in a manner required by the department.

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C. The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

D. As used in this section:

(1) "affordable housing" means multifamily residential housing primarily for persons or households of low or moderate income;

(2) "building" means a structure capable of being renovated or converted into affordable housing or a structure that is to be demolished and is located on land that is donated and upon which affordable housing will be constructed;

(3) "low or moderate income" means a household in which the current annual income is at or below eighty percent of the area median income for the geographic area in which the household is located, adjusted for family size, as determined by the United States department of housing and urban development; and

(4) "multifamily residential housing" means any building or portion thereof that is primarily occupied, or is designed or intended to be primarily occupied, as a residence by more than three households. "Multifamily residential housing" includes congregate housing and transitional or temporary housing for homeless persons."

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

"[NEW MATERIAL] PHYSICIAN TAX CREDIT.--

A. HTRC→~~A~~←HTRC HTRC→For taxable years prior to January 1, 2032, a←HTRC taxpayer who files an individual New Mexico tax return, is not a dependent of another individual, is a physician and provides health care services in New Mexico for at least one thousand five hundred eighty-four hours during a taxable year may claim a credit against the tax liability imposed by the Income Tax Act for that taxable year in an amount equal to ten thousand dollars (\$10,000). The credit provided in this section may be referred to as the "physician tax credit".

B. A taxpayer shall apply for certification of eligibility for the tax credit from the department of health on forms and in the manner prescribed by that department. Completed applications shall be considered in the order received. For a taxpayer approved to receive the credit, the department of health shall issue a certificate of eligibility to the qualifying physician. The department of health shall provide the department with certificates of eligibility issued pursuant to this subsection in an electronic format at regularly agreed-upon intervals.

C. That portion of a tax credit that exceeds a taxpayer's tax liability in the taxable year in which the

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credit is being claimed may be carried forward for up to three consecutive taxable years.

D. A taxpayer allowed a tax credit pursuant to this section shall claim the credit on forms and in a manner required by the department.

E. The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

F. As used in this section, "physician" means a health professional who is a medical physician or an osteopathic physician licensed to practice medicine in New Mexico pursuant to the Medical Practice Act."

HTRC → ~~SECTION 7. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:~~

~~"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--IN-OFFICE EQUIPMENT AND IN-OFFICE MEDICATION SOLD TO A HEALTH CARE PRACTITIONER.--"~~

~~A. Except for receipts that may be deducted pursuant to Section 7-9-73.3 NMSA 1978, receipts from selling in-office equipment may be deducted from gross receipts if the sale is made to a health care practitioner or an association of health care practitioners that delivers a nontaxable transaction certificate to the seller or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978. The in-office~~

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~~equipment must be used exclusively during a service that is within the scope of practice of the health care practitioner providing the service.~~

~~B. Except for receipts that may be deducted pursuant to Section 7-9-73.2 NMSA 1978, receipts from selling in-office medication may be deducted from gross receipts if the sale is made to a health care practitioner or an association of health care practitioners that delivers a nontaxable transaction certificate to the seller or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978. The in-office medication must be used exclusively for treatment of patients within the scope of practice of the health care practitioner providing the service.~~

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

~~D. The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deductions.~~

~~E. As used in this section:~~

~~(1) "association of health care practitioners" means a corporation, an unincorporated business entity or other legal entity organized by, owned by or employing one or more health care practitioners; provided that the entity is not:~~

~~(a) an organization granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as that section may be amended or renumbered; or~~

~~(b) a health maintenance organization or a hospital, a hospice, a nursing home or an entity that is solely an outpatient facility or intermediate care facility licensed by the health care authority;~~

~~(2) "health care practitioner" means:~~

~~(a) a chiropractic physician licensed pursuant to the provisions of the Chiropractic Physician Practice Act;~~

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

~~(c) a doctor of oriental medicine licensed pursuant to the provisions of the Acupuncture and Oriental Medicine Practice Act;~~

~~HTRC→Sf11→(d) a lactation care provider licensed pursuant to the Lactation Care Provider Act;←Sf11←HTRC~~

~~HTRC→Sf11→(d)←Sf11 Sf11→(e)←Sf11←HTRC HTRC→(d)←HTRC an optometrist licensed pursuant to the provisions of the Optometry Act;~~

~~HTRC→Sf11→(e)←Sf11 Sf11→(f)←Sf11←HTRC~~

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~~HTRC →(e)←HTRC an osteopathic physician licensed pursuant to the provisions of the Medical Practice Act;~~

~~HTRC →Sf11→(f)←Sf11 Sf11→(g)←Sf11←HTRC~~

~~HTRC →(f)←HTRC a physical therapist licensed pursuant to the provisions of the Physical Therapy Act;~~

~~HTRC →Sf11→(g)←Sf11 Sf11→(h)←Sf11←HTRC~~

~~HTRC →(g)←HTRC a physician or physician assistant licensed pursuant to the provisions of the Medical Practice Act;~~

~~HTRC →Sf11→(h)←Sf11 Sf11→(i)←Sf11←HTRC~~

~~HTRC →(h)←HTRC a podiatric physician licensed pursuant to the provisions of the Podiatry Act;~~

~~HTRC →Sf11→(i)←Sf11 Sf11→(j)←Sf11←HTRC~~

~~HTRC →(i)←HTRC a psychologist licensed pursuant to the provisions of the Professional Psychologist Act;~~

~~HTRC →Sf11→(j)←Sf11 Sf11→(k)←Sf11←HTRC~~

~~HTRC →(j)←HTRC a registered lay midwife registered by the department of health;~~

~~HTRC →Sf11→(k)←Sf11 Sf11→(l)←Sf11←HTRC~~

~~HTRC →(k)←HTRC a registered nurse or licensed practical nurse licensed pursuant to the provisions of the Nursing Practice Act;~~

~~HTRC →Sf11→(l)←Sf11 Sf11→(m)←Sf11←HTRC~~

~~HTRC →(l)←HTRC a registered occupational therapist licensed pursuant to the provisions of the Occupational Therapy Act;~~

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~~HTRC → (m) ← HTRC a respiratory care practitioner licensed pursuant to the provisions of the Respiratory Care Act;~~

~~HTRC → Sfl1 → (n) ← Sfl1 Sfl1 → (o) ← Sfl1 ← HTRC~~

~~HTRC → (n) ← HTRC a speech-language pathologist or audiologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;~~

~~HTRC → Sfl1 → (o) ← Sfl1 Sfl1 → (p) ← Sfl1 ← HTRC~~

~~HTRC → (o) ← HTRC a professional clinical mental health counselor, marriage and family therapist or professional art therapist licensed pursuant to the provisions of the Counseling and Therapy Practice Act who has obtained a master's degree or a doctorate;~~

~~HTRC → Sfl1 → (p) ← Sfl1 Sfl1 → (q) ← Sfl1 ← HTRC~~

~~HTRC → (p) ← HTRC an independent social worker licensed pursuant to the provisions of the Social Work Practice Act;~~

~~HTRC → Sfl1 → (q) ← Sfl1 Sfl1 → (r) ← Sfl1 ← HTRC~~

~~HTRC → (q) ← HTRC a clinical laboratory that is accredited pursuant to 42 U.S.C. Section 263a but that is not a laboratory in a physician's office or in a hospital defined pursuant to 42 U.S.C. Section 1395x; HTRC → Sfl1 → and ← Sfl1 ← HTRC HTRC → and ← HTRC~~

~~HTRC → Sfl1 → (r) ← Sfl1 Sfl1 → (s) ← Sfl1 ← HTRC~~

~~HTRC → (r) ← HTRC a naturopathic doctor licensed pursuant to the provisions of the Naturopathic Doctors' Practice Act;~~

~~HTRC → Sfl1 → and ← Sfl1 ← HTRC~~

~~HTRC → Sfl1 → (t) ← a naprapath licensed~~

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~~pursuant to the Naprapathic Practice Act; ←Sfll←HTRC~~

~~(3) "in-office equipment" means equipment used by a health care practitioner primarily to provide medical treatment to patients in the health care practitioner's practice setting. "In-office equipment" does not mean office furniture that is not primarily used to provide medical treatment, including desks, desk chairs, computers and software; and~~

~~(4) "in-office medication" means saline or other non-prescription substance dispensed by a health care practitioner to a patient in the health care practitioner's practice setting to treat the patient's specific illness, injury or other medical necessity."←HTRC~~

SECTION HTRC→8←HTRC HTRC→7←HTRC. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] LOCAL NEWS PRINTER INCOME TAX CREDIT.--

A. For taxable years prior to January 1, HTRC→2031←HTRC HTRC→2032←HTRC , a taxpayer who is not a dependent of another individual and is an owner of a local news printer that employs a qualified employee may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount provided in Subsection B of this section. The tax credit provided by this section may be referred to as the "local news printer income tax credit".

B. The amount of tax credit shall be in an amount

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equal to the wages paid to each qualified employee employed by a local news printer in the taxable year for which the tax credit is claimed, not to exceed:

(1) ten thousand dollars (\$10,000) for a qualified employee working an average of twenty hours or more per week in the taxable year; and

(2) five thousand dollars (\$5,000) for a qualified employee working an average of less than twenty hours per week in the taxable year.

C. A taxpayer shall apply for certification of eligibility for the tax credit from the department on forms and in the manner prescribed by the department no later than one year following the end of the calendar year in which the wages were paid. A taxpayer shall not be eligible to receive a tax credit for more than one hundred qualified employees whom the taxpayer employs as a local news printer and, except as provided in Subsections F and G of this section, only one tax credit shall be certified for each qualified employee employed by a local news printer per taxable year. The total annual aggregate amount of local news printer income tax credits and local news printer corporate income tax credits that may be certified in a calendar year shall not exceed one million dollars (\$1,000,000). Completed applications shall be considered in the order received.

D. If the department determines that the taxpayer

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meets the requirements of this section, the department shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed.

E. That portion of tax credit that exceeds a taxpayer's income tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

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

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

H. A taxpayer allowed to claim a tax credit pursuant to this section shall claim the tax credit in a manner required by the department.

I. The credit provided by this section shall be

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included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the total annual aggregate cost of the credit.

J. As used in this section:

(1) "local news organization" means an entity that:

(a) provides a print or digital publication that engages professionals who regularly gather, prepare, collect, photograph, record, direct the recording of, produce, write, edit, report or publish news or information that concerns state or local events or other matters of public interest for dissemination to the state or a local community through reporting activities, including conducting interviews, observing current events or analyzing documents;

(b) pays at least one individual, either through employment or by contract with the entity, as a qualified employee;

(c) in the case of print publications, has published at least one print publication per month over the previous thirty-six months and holds a valid United States postal service periodical permit or has at least thirty percent of its content dedicated to state or local news;

(d) in the case of digital-only entities, has published at least five originally produced stories about the state or a local community per week over the

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previous thirty-six months and has at least fifty percent of its digital audience in New Mexico, averaged over a twelve-month period;

(e) discloses in the entity's print publication or on the entity's website the entity's beneficial ownership or, in the case of a not-for-profit entity, the entity's board of directors;

(f) in the case of an organization that demonstrates to the department that the organization has been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the Internal Revenue Code, has declared the coverage of state or local news as the stated mission in the organization's filings with the federal internal revenue service;

(g) has not received more than ten percent of the entity's gross receipts for the previous year from political action committees or other entities described in Section 527 of the Internal Revenue Code, or from an organization that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(4) or 501(c)(6) of the Internal Revenue Code; and

(h) is not a publicly traded entity or is no more than forty-nine percent owned, directly or

indirectly, by a publicly traded entity or subsidiary;

(2) "local news printer" means an entity that:

(a) provides manufacturing, production and printing services using a web press designed and optimized for printing newspapers for a local news organization;

(b) has been engaging in the business of manufacturing, producing and printing newspapers for at least five years;

(c) employs at least five qualified employees; and

(d) is not a publicly traded entity or is no more than forty-nine percent owned, directly or indirectly, by a publicly traded entity or subsidiary;

(3) "qualified employee" means a person who:

(a) is paid by a local news printer to regularly perform duties related to pre-press, press and post-press newspaper production to prepare newspapers for transition to delivery and distribution personnel;

(b) works at a physical location in New Mexico; and

(c) works as a qualified employee for the local news printer for at least twenty-five percent of the taxable year in which the credit is claimed; and

(4) "wages" means compensation paid by a local news printer to a qualified employee through the organization's

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payroll system, including those wages that the qualified employee elects to defer or redirect or the qualified employee's contribution to a 401(k) or cafeteria plan program. "Wages" does not mean benefits or the organization's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

SECTION HTRC→9←HTRC HTRC→8←HTRC. A new section of the Corporate Income and Franchise Tax Act is enacted to read:

"[NEW MATERIAL] LOCAL NEWS PRINTER CORPORATE INCOME TAX CREDIT.--

A. For taxable years prior to January 1, HTRC→2031←HTRC HTRC→2032←HTRC , a taxpayer that is an owner of a local news printer that employs a qualified employee may claim a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act in an amount provided in Subsection B of this section. The tax credit provided by this section may be referred to as the "local news printer corporate income tax credit".

B. The amount of tax credit shall be in an amount equal to the wages paid to each qualified employee employed by a local news printer in the taxable year for which the tax credit is claimed, not to exceed:

(1) ten thousand dollars (\$10,000) for a qualified employee working an average of twenty hours or more

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per week in the taxable year; and

(2) five thousand dollars (\$5,000) for a qualified employee working an average of less than twenty hours per week in the taxable year.

C. A taxpayer shall apply for certification of eligibility for the tax credit from the department on forms and in the manner prescribed by the department no later than one year following the end of the calendar year in which the wages were paid. A taxpayer shall not be eligible to receive a tax credit for more than one hundred qualified employees whom the taxpayer employs as a local news printer and only one tax credit shall be certified for each qualified employee employed by a local news printer per taxable year. The total annual aggregate amount of local news printer corporate income tax credits and local news printer income tax credits that may be certified in a calendar year shall not exceed one million dollars (\$1,000,000). Completed applications shall be considered in the order received.

D. If the department determines that the taxpayer meets the requirements of this section, the department shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed.

E. That portion of tax credit that exceeds a

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taxpayer's income tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

F. A taxpayer allowed to claim a tax credit pursuant to this section shall claim the tax credit in a manner required by the department.

G. The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the total annual aggregate cost of the credit.

H. As used in this section:

(1) "local news organization" means an entity that:

(a) provides a print or digital publication that engages professionals who regularly gather, prepare, collect, photograph, record, direct the recording of, produce, write, edit, report or publish news or information that concerns state or local events or other matters of public interest for dissemination to the state or a local community through reporting activities, including conducting interviews, observing current events or analyzing documents;

(b) pays at least one individual, either through employment or by contract with the entity, as a qualified employee;

(c) in the case of print publications, has published at least one print publication per month over the

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previous thirty-six months and holds a valid United States postal service periodical permit or has at least thirty percent of the entity's content dedicated to state or local news;

(d) in the case of digital-only entities, has published at least five originally produced stories about the state or a local community per week over the previous thirty-six months and has at least fifty percent of the entity's digital audience in New Mexico, averaged over a twelve-month period;

(e) discloses in the entity's print publication or on the entity's website the entity's beneficial ownership or, in the case of a not-for-profit entity, the entity's board of directors;

(f) in the case of an organization that demonstrates to the department that the organization has been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the Internal Revenue Code, has declared the coverage of state or local news as the stated mission in the organization's filings with the federal internal revenue service;

(g) has not received more than ten percent of the entity's gross receipts for the previous year from political action committees or other entities described in Section 527 of the Internal Revenue Code, or from an

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organization that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(4) or 501(c)(6) of the Internal Revenue Code; and

(h) is not a publicly traded entity or is no more than forty-nine percent owned, directly or indirectly, by a publicly traded entity or subsidiary;

(2) "local news printer" means an entity that:

(a) provides manufacturing, production and printing services using a web press designed and optimized for printing newspapers for a local news organization;

(b) has been engaging in the business of manufacturing, producing and printing newspapers for at least five years;

(c) employs at least five qualified employees; and

(d) is not a publicly traded entity or is no more than forty-nine percent owned, directly or indirectly, by a publicly traded entity or subsidiary;

(3) "qualified employee" means a person who:

(a) is paid by a local news printer to regularly perform duties related to pre-press, press and post-press newspaper production to prepare newspapers for transition to delivery and distribution personnel;

(b) works at a physical location in New

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Mexico; and

(c) works as a qualified employee for the local news printer for at least twenty-five percent of the taxable year in which the credit is claimed; and

(4) "wages" means compensation paid by a local news printer to a qualified employee through the organization's payroll system, including those wages that the qualified employee elects to defer or redirect or the qualified employee's contribution to a 401(k) or cafeteria plan program. "Wages" does not mean benefits or the organization's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

HTRC→SECTION 9. Section 7-9G-1 NMSA 1978 (being Laws 2004, Chapter 15, Section 1, as amended by Laws 2025, Chapter 107, Section 1 and by Laws 2025, Chapter 130, Section 93) is amended to read:

"7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING HIGH-WAGE JOBS.--

A. A taxpayer that is an eligible employer may apply for, and the department may allow, a tax credit for each new high-wage job. The credit provided in this section may be referred to as the "high-wage jobs tax credit".

B. The purpose of the high-wage jobs tax credit is to provide an incentive for businesses to create and fill new

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high-wage jobs in New Mexico.

C. The high-wage jobs tax credit may be claimed and allowed in an amount equal to eight and one-half percent of the wages distributed to an eligible employee in a new high-wage job but shall not exceed twelve thousand seven hundred fifty dollars (\$12,750) per job per qualifying period. The high-wage jobs tax credit may be claimed by an eligible employer for each new high-wage job performed for the year in which the new high-wage job is created and for consecutive qualifying periods.

D. To receive a high-wage jobs tax credit, a taxpayer shall file a completed application for approval of the credit with the department once per calendar year on forms and in the manner prescribed by the department. The annual application shall contain the certification required by Subsection K of this section and shall contain all qualifying periods that closed during the calendar year for which the application is made. Any qualifying period that did not close in the calendar year for which the application is made shall be denied by the department. The application for a calendar year shall be filed no later than December 31 of the following calendar year. If a taxpayer fails to file the annual application within the time limits provided in this section, the application shall be denied by the department.

E. A new high-wage job shall not be eligible for a credit pursuant to this section for the initial qualifying

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period unless the eligible employer's total number of employees with threshold jobs on the last day of the initial qualifying period at the location at which the job is performed or based is at least one more than the number of threshold jobs on the day prior to the date the new high-wage job was created. A new high-wage job shall not be eligible for a credit pursuant to this section for a consecutive qualifying period unless the total number of threshold jobs at a location at which the job is performed or based on the last day of that qualifying period is greater than or equal to the number of threshold jobs at that same location on the last day of the initial qualifying period for the new high-wage job.

F. If a consecutive qualifying period for a new high-wage job does not meet the wage, occupancy and residency requirements, then the qualifying period is ineligible.

G. Except as provided in Subsection H of this section, a new high-wage job shall not be eligible for a credit pursuant to this section if:

(1) the new high-wage job is created due to a business merger or acquisition or other change in business organization;

(2) the eligible employee was terminated from employment in New Mexico by another employer involved in the business merger or acquisition or other change in business organization with the taxpayer; and

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(3) the new high-wage job is performed by:

(a) the person who performed the job or its functional equivalent prior to the business merger or acquisition or other change in business organization; or

(b) a person replacing the person who performed the job or its functional equivalent prior to a business merger or acquisition or other change in business organization.

H. A new high-wage job that was created by another employer and for which an application for the high-wage jobs tax credit was received and is under review by the department prior to the time of the business merger or acquisition or other change in business organization shall remain eligible for the high-wage jobs tax credit for the balance of the consecutive qualifying periods. The new employer that results from a business merger or acquisition or other change in business organization may only claim the high-wage jobs tax credit for the balance of the consecutive qualifying periods for which the new high-wage job is otherwise eligible.

I. A new high-wage job shall not be eligible for a credit pursuant to this section if the job is created due to an eligible employer entering into a contract or becoming a subcontractor to a contract with a governmental entity that replaces one or more entities performing functionally equivalent services for the governmental entity unless the job

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is a new high-wage job that was not being performed by an employee of the replaced entity.

J. A new high-wage job shall not be eligible for a credit pursuant to this section if the eligible employer has more than one business location in New Mexico from which it conducts business and the requirements of Subsection E of this section are satisfied solely by moving the job from one business location of the eligible employer in New Mexico to another business location of the eligible employer in New Mexico.

K. With respect to each annual application for a high-wage jobs tax credit, the employer shall certify and include:

(1) the amount of wages paid to each eligible employee in a new high-wage job during the qualifying period;

(2) the number of weeks each position was occupied during the qualifying period;

(3) whether the new high-wage job was in a municipality with a population of sixty thousand or more or with a population of less than sixty thousand according to the most recent federal decennial census and whether the job was in the unincorporated area of a county;

(4) which qualifying period the application pertains to for each eligible employee;

(5) the total number of employees employed by

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the employer at the job location on the day prior to the qualifying period and on the last day of the qualifying period;

(6) the total number of threshold jobs performed or based at the eligible employer's location on the day prior to the qualifying period and on the last day of the qualifying period;

(7) for an eligible employer that has more than one business location in New Mexico from which it conducts business, the total number of threshold jobs performed or based at each business location of the eligible employer in New Mexico on the day prior to the qualifying period and on the last day of the qualifying period;

(8) whether the eligible employer is receiving or is eligible to receive development training program assistance pursuant to Section 21-19-7 NMSA 1978;

(9) whether the eligible employer has ceased business operations at any of its business locations in New Mexico; and

(10) whether the application is precluded by Subsection O of this section.

L. Any person who willfully submits a false, incorrect or fraudulent certification required pursuant to Subsection K of this section shall be subject to all applicable penalties under the Tax Administration Act, except that the amount on which the penalty is based shall be the total amount

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of credit requested on the application for approval.

M. Except as provided in Subsection N of this section, an approved high-wage jobs tax credit shall be claimed against the taxpayer's modified combined tax liability and shall be filed with the return due immediately following the date of the credit approval. If the credit exceeds the taxpayer's modified combined tax liability, the excess shall be refunded to the taxpayer.

N. If the taxpayer ceases business operations in New Mexico while an application for credit approval is pending or after an application for credit has been approved for any qualifying period for a new high-wage job, the department shall not grant an additional high-wage jobs tax credit to that taxpayer except as provided in Subsection O of this section and shall extinguish any amount of credit approved for that taxpayer that has not already been claimed against the taxpayer's modified combined tax liability.

O. A taxpayer that has received a high-wage jobs tax credit shall not submit a new application for the credit for a minimum of two calendar years from the closing date of the last qualifying period for which the taxpayer received the credit if the taxpayer lost eligibility to claim the credit from a previous application pursuant to Subsection N of this section.

P. The economic development department and the

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taxation and revenue department shall report to the appropriate interim legislative committee each year the cost of the high-wage jobs tax credit to the state and its impact on company recruitment and job creation.

Q. As used in this section:

(1) "benefits" means all remuneration for work performed that is provided to an employee in whole or in part by the employer, other than wages, including the employer's contributions to insurance programs, health care, medical, dental and vision plans, life insurance, employer contributions to pensions, such as a 401(k), and employer-provided services, such as child care, offered by an employer to the employee;

(2) "consecutive qualifying period" means each of the three qualifying periods successively following the qualifying period in which the new high-wage job was created;

(3) "department" means the taxation and revenue department;

(4) "dependent" means "dependent" as defined in 26 U.S.C. 152(a), as that section may be amended or renumbered;

(5) "domicile" means the sole place where an individual has a true, fixed, permanent home. It is the place where the individual has a voluntary, fixed habitation of self and family with the intention of making a permanent home;

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(6) "eligible employee" means an individual who is employed in New Mexico by an eligible employer and who is a resident of New Mexico; "eligible employee" does not include an individual who:

(a) is a dependent of the employer;

(b) if the employer is an estate or trust, is a grantor, beneficiary or fiduciary of the estate or trust or is a dependent of a grantor, beneficiary or fiduciary of the estate or trust;

(c) if the employer is a corporation, is a dependent of an individual who owns, directly or indirectly, more than fifty percent in value of the outstanding stock of the corporation; or

(d) if the employer is an entity other than a corporation, estate or trust, is a dependent of an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity;

(7) "eligible employer" means an employer that, during the applicable qualifying period, would be eligible for development training program assistance under the fiscal year 2019 policies defining development training program eligibility developed by the industrial training board in accordance with Section 21-19-7 NMSA 1978;

(8) "modified combined tax liability" means the total liability for the reporting period for the gross

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receipts tax imposed by Section 7-9-4 NMSA 1978 together with any tax collected at the same time and in the same manner as the gross receipts tax, such as the compensating tax, the withholding tax, the interstate telecommunications gross receipts tax, the surcharges imposed by Section 63-9D-5 NMSA 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978, minus the amount of any credit other than the high-wage jobs tax credit applied against any or all of these taxes or surcharges; but "modified combined tax liability" excludes all amounts collected with respect to local option gross receipts taxes;

(9) "new high-wage job" means a new job created in New Mexico by an eligible employer on or after July 1, 2004 and prior to July 1, [2026] 2036 that is occupied for at least forty-four weeks of a qualifying period by an eligible employee who is paid wages calculated for the qualifying period to be at least:

(a) sixty thousand dollars (\$60,000) if the job is performed or based in or within ten miles of the external boundaries of a municipality with a population of sixty thousand or more according to the most recent federal decennial census or in a class H county; and

(b) forty thousand dollars (\$40,000) if the job is performed or based in a municipality with a population of less than sixty thousand according to the most

recent federal decennial census or in the unincorporated area, that is not within ten miles of the external boundaries of a municipality with a population of sixty thousand or more, of a county other than a class H county;

(10) "new job" means a job that is occupied by an employee who has not been employed in New Mexico by the eligible employer in the three years prior to the date of hire;

(11) "qualifying period" means the period of twelve months beginning on the day an eligible employee begins working in a new high-wage job or the period of twelve months beginning on the anniversary of the day an eligible employee began working in a new high-wage job;

(12) "resident" means a natural person whose domicile is in New Mexico at the time of hire or within one hundred eighty days of the date of hire;

(13) "threshold job" means a job that:

(a) is occupied for at least forty-four weeks of the first fifty-two weeks of employment by an eligible employee; provided that the fifty-two-week period begins on the day the eligible employee occupies the job; and

(b) meets the wage requirements for a "new high-wage job"; and

(14) "wages" means all compensation paid by an eligible employer to an eligible employee through the employer's payroll system, including those wages that the

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employee elects to defer or redirect or the employee's contribution to a 401(k) or cafeteria plan program, but "wages" does not include benefits or the employer's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

SECTION 10. APPROPRIATIONS.--

A. Twenty-six million six thousand dollars (\$26,006,000) is appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2027 to pay all costs attributable to the general fund of providing a salary increase of one percent to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. Any unexpended balance remaining at the end of fiscal year 2027 shall revert to the general fund. The salary increases shall be effective the first full pay period after July 1, 2026, and distributed as follows:

(1) three hundred twenty-four thousand nine hundred dollars (\$324,900) for permanent legislative employees, including permanent employees of the legislative council service, legislative finance committee, legislative education study committee, legislative building services, house and senate, house and senate chief clerks' office and house and senate leadership;

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(2) three million four hundred seventy-seven thousand three hundred dollars (\$3,477,300) for judicial permanent employees, including magistrate judges, elected district attorneys, district attorney permanent employees, public defender department permanent employees, judicial hearing officers and judicial special commissioners, supreme court justices, court of appeals judges, district court judges and metropolitan court judges;

(3) nine million five hundred ninety-six thousand seven hundred dollars (\$9,596,700) for incumbents in positions in the classified service governed by the Personnel Act, for incumbents in the New Mexico state police career pay system and for executive exempt employees;

(4) twelve million twenty-three thousand eight hundred dollars (\$12,023,800) to the higher education department for nonstudent faculty and staff of two-year and four-year public post-secondary educational institutions; and

(5) five hundred eighty-three thousand three hundred dollars (\$583,300) to the higher education department for nonstudent faculty and staff of the New Mexico military institute, New Mexico school for the blind and visually impaired and New Mexico school for the deaf.

B. Thirty-six million forty-three thousand seven hundred dollars (\$36,043,700) is appropriated from the general fund to the state equalization guarantee distribution of the

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public school fund for expenditure in fiscal year 2027 to recruit and retain public school personnel, comparable to an average one percent salary increase. Any unexpended balance remaining at the end of fiscal year 2027 shall revert to the general fund.

C. Six hundred sixty-two thousand dollars (\$662,000) is appropriated from the general fund to the transportation distribution of the public school fund for expenditure in fiscal year 2027 to recruit and retain public school transportation personnel, comparable to an average one percent salary increase. Any unexpended balance remaining at the end of fiscal year 2027 shall revert to the general fund.

D. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2026, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the salary increases equivalent to those provided for in this section. Such amounts are appropriated for expenditure in fiscal year 2027. Any unexpended balances remaining at the end of fiscal year 2027 shall revert to the appropriate fund. ←HTRC

HTRC → ~~SECTION 10. APPLICABILITY.~~

~~A. The provisions of Sections 1 and 2 of this act apply to taxable years beginning on or after January 1, 2027.~~

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~~B. The provisions of Sections 3, 4, 6, 8 and 9 of this act apply to taxable years beginning on or after January 1, 2026.~~

~~SECTION 11. EFFECTIVE DATE.--The effective date of the provisions of Sections 5 and 7 of this act is July 1, 2026.~~ ←HTRC

HTRC → SECTION 11. APPLICABILITY.--The provisions of Sections 1 through 4 and 6 through 8 of this act apply to taxable years beginning on or after January 1, 2027.

SECTION 12. EFFECTIVE DATE.--The effective date of the provisions of Section 5 of this act is July 1, 2027. ←HTRC

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