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SENATE BILL

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

INTRODUCED BY

William E. Sharer

AN ACT

RELATING TO TAXATION; AMENDING THE TAX BRACKETS PURSUANT TO THE
INCOME TAX ACT AND CORPORATE INCOME AND FRANCHISE TAX ACT;
REDUCING THE RATES OF THE GROSS RECEIPTS TAX, GOVERNMENTAL
GROSS RECEIPTS TAX, COMPENSATING TAX, LEASED VEHICLE GROSS
RECEIPTS TAX AND GAMING TAX ON MANUFACTURER LICENSEES ON THE
TRANSFER OF GAMING DEVICES AND INCREASING THE RATE OF THE BINGO
AND RAFFLE TAX; REMOVING AUTHORIZATION FOR THE USE OF A STATE
GROSS RECEIPTS TAX INCREMENT TO FUND A METROPOLITAN
REDEVELOPMENT PROJECT; REMOVING AUTHORIZATION FOR A TAX
INCREMENT DEVELOPMENT DISTRICT TO DEDICATE AN INCREMENT OF THE
STATE GROSS RECEIPTS TAX; REPEALING THE ESTATE TAX ACT, ART
ACCEPTANCE ACT, INTERSTATE TELECOMMUNICATIONS GROSS RECEIPTS
TAX ACT, RAILROAD CAR COMPANY TAX ACT, MOTOR VEHICLE EXCISE TAX
ACT, ALTERNATIVE FUEL TAX ACT, COUNTY AND MUNICIPAL GASOLINE
TAX ACT AND INSURANCE PREMIUM TAX ACT; REPEALING THE RURAL JOB

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1 TAX CREDIT, INVESTMENT CREDIT ACT, LABORATORY PARTNERSHIP WITH
2 SMALL BUSINESS TAX CREDIT ACT, TECHNOLOGY JOBS AND RESEARCH AND
3 DEVELOPMENT TAX CREDIT ACT, HIGH-WAGE JOBS TAX CREDIT,
4 AFFORDABLE HOUSING TAX CREDIT ACT AND CERTAIN CREDITS,
5 DEDUCTIONS AND EXEMPTIONS PURSUANT TO THE INCOME TAX ACT,
6 CORPORATE INCOME AND FRANCHISE TAX ACT AND GROSS RECEIPTS AND
7 COMPENSATING TAX ACT; PROVIDING SUNSET DATES FOR CERTAIN
8 CREDITS, DEDUCTIONS AND EXEMPTIONS PURSUANT TO THE INCOME TAX
9 ACT, CORPORATE INCOME AND FRANCHISE TAX ACT AND GROSS RECEIPTS
10 AND COMPENSATING TAX ACT; PROVIDING A DELAYED REPEAL OF THE
11 FILM PRODUCTION TAX CREDIT ACT; REDUCING THE CAPITAL GAINS
12 DEDUCTION PURSUANT TO THE INCOME TAX ACT; ENACTING A GROSS
13 RECEIPTS TAX EXEMPTION FOR DONATIONS TO NONPROFIT
14 ORGANIZATIONS; IMPOSING ADDITIONAL REGISTRATION FEES FOR
15 ELECTRIC AND PLUG-IN HYBRID ELECTRIC VEHICLES; REPEALING
16 CERTAIN GROSS RECEIPTS TAX DISTRIBUTIONS TO MUNICIPALITIES;
17 REPEALING CERTAIN SESSION LAWS THAT ARE NOT YET IN EFFECT;
18 MAKING AN APPROPRIATION.

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

21 SECTION 1. Section 3-31-1 NMSA 1978 (being Laws 1973,
22 Chapter 395, Section 3, as amended by Laws 2025, Chapter 23,
23 Section 1 and by Laws 2025, Chapter 24, Section 1) is amended
24 to read:

25 "3-31-1. REVENUE BONDS--AUTHORITY TO ISSUE--PLEDGE OF

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1 REVENUES--LIMITATION ON TIME OF ISSUANCE.--

2 A. In addition to any other law and constitutional
3 home rule powers authorizing a municipality to issue revenue
4 bonds, a municipality may issue revenue bonds pursuant to
5 Chapter 3, Article 31 NMSA 1978 for the purposes specified in
6 this section.

7 B. Utility revenue bonds may be issued for
8 acquiring, extending, enlarging, bettering, repairing or
9 otherwise improving a municipal utility or for any combination
10 of the foregoing purposes. The municipality may pledge
11 irrevocably any or all of the net revenues from the operation
12 of the municipal utility or of any one or more of other such
13 municipal utilities for payment of the interest on and
14 principal of the revenue bonds.

15 C. Joint utility revenue bonds may be issued for
16 acquiring, extending, enlarging, bettering, repairing or
17 otherwise improving joint water facilities, sewer facilities,
18 gas facilities or electric facilities or for any combination of
19 the foregoing purposes. The municipality may pledge
20 irrevocably any or all of the net revenues from the operation
21 of these municipal utilities for the payment of the interest on
22 and principal of the bonds.

23 D. Gross receipts tax revenue bonds may be issued
24 for any municipal purpose. A municipality may pledge
25 irrevocably any or all of the gross receipts tax revenue

1 received by the municipality pursuant to Section [~~7-1-6.4 or~~]
2 7-1-6.12 NMSA 1978 to the payment of the interest on and
3 principal of the gross receipts tax revenue bonds or for any
4 area of municipal government services. A law that imposes or
5 authorizes the imposition of a tax authorized by the Municipal
6 Local Option Gross Receipts and Compensating Taxes Act or that
7 affects the tax, or a law supplemental thereto or otherwise
8 appertaining thereto, shall not be repealed or amended or
9 otherwise directly or indirectly modified in such a manner as
10 to impair adversely any outstanding revenue bonds that may be
11 secured by a pledge of such tax unless the outstanding revenue
12 bonds have been discharged in full or provision has been fully
13 made therefor. Revenues in excess of the annual principal and
14 interest due on gross receipts tax revenue bonds secured by a
15 pledge of gross receipts tax revenue may be accumulated in a
16 debt service reserve account. The governing body of the
17 municipality may appoint a commercial bank trust department to
18 act as trustee of the gross receipts tax revenue and to
19 administer the payment of principal of and interest on the
20 bonds.

21 E. Gasoline tax revenue bonds may be issued for
22 laying off, opening, constructing, reconstructing, resurfacing,
23 maintaining, acquiring rights of way, repairing and otherwise
24 improving municipal buildings, alleys, streets, public roads
25 and bridges or any combination of the foregoing purposes. The

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1 municipality may pledge irrevocably any or all of the gasoline
2 tax revenue received by the municipality to the payment of the
3 interest on and principal of the gasoline tax revenue bonds.

4 F. Project revenue bonds may be issued for
5 acquiring, extending, enlarging, bettering, repairing,
6 improving, constructing, purchasing, furnishing, equipping and
7 rehabilitating any revenue-producing project, including, where
8 applicable, purchasing, otherwise acquiring or improving the
9 ground therefor, including acquiring and improving parking
10 lots, or for any combination of the foregoing purposes. The
11 municipality may pledge irrevocably any or all of the net
12 revenues from the operation of the revenue-producing project
13 for which the particular project revenue bonds are issued to
14 the payment of the interest on and principal of the project
15 revenue bonds. The net revenues of any revenue-producing
16 project may not be pledged to the project revenue bonds issued
17 for a revenue-producing project that clearly is unrelated in
18 nature; but nothing in this subsection shall prevent the pledge
19 to such project revenue bonds of any revenues received from
20 existing, future or disconnected facilities and equipment that
21 are related to and that may constitute a part of the particular
22 revenue-producing project. A general determination by the
23 governing body that any facilities or equipment is reasonably
24 related to and constitutes a part of a specified revenue-
25 producing project shall be conclusive if set forth in the

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1 proceedings authorizing the project revenue bonds.

2 G. Fire district revenue bonds may be issued for
3 acquiring, extending, enlarging, bettering, repairing,
4 improving, constructing, purchasing, furnishing, equipping and
5 rehabilitating any fire district project, including, where
6 applicable, purchasing, otherwise acquiring or improving the
7 ground therefor, or for any combination of the foregoing
8 purposes. The municipality may pledge irrevocably any or all
9 of the revenues received by the fire district from the fire
10 protection fund as provided in the Fire Protection Fund Law and
11 any or all of the revenues provided for the operation of the
12 fire district project for which the particular bonds are issued
13 to the payment of the interest on and principal of the bonds.
14 The revenues of any fire district project shall not be pledged
15 to the bonds issued for a fire district project that clearly is
16 unrelated in its purpose; but nothing in this section prevents
17 the pledge to such bonds of any revenues received from
18 existing, future or disconnected facilities and equipment that
19 are related to and that may constitute a part of the particular
20 fire district project. A general determination by the
21 governing body of the municipality that any facilities or
22 equipment is reasonably related to and constitutes a part of a
23 specified fire district project shall be conclusive if set
24 forth in the proceedings authorizing the fire district bonds.

25 H. Law enforcement protection revenue bonds may be

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1 issued for the repair and purchase of law enforcement apparatus
2 and equipment that meet nationally recognized standards. The
3 municipality may pledge irrevocably any or all of the revenues
4 received by the municipality from the law enforcement
5 protection fund distributions pursuant to the Law Enforcement
6 Protection Fund Act to the payment of the interest on and
7 principal of the law enforcement protection revenue bonds.

8 I. Flood recovery revenue bonds may be issued for
9 rebuilding, repairing, replacing and hardening of municipal
10 property damaged by a flood. The municipality shall pledge
11 irrevocably all of the revenue received by the municipality
12 from the municipal flood recovery gross receipts tax to the
13 payment of the interest on and principal of the bonds.

14 J. Except for the purpose of refunding previous
15 revenue bond issues, no municipality may sell revenue bonds
16 payable from pledged revenues after the expiration of two years
17 from the date of the ordinance authorizing the issuance of the
18 bonds or, for bonds to be issued and sold to the New Mexico
19 finance authority as authorized in Subsection C of Section
20 3-31-4 NMSA 1978, after the expiration of two years from the
21 date of the resolution authorizing the issuance of the bonds;
22 ~~[However]~~ provided, however, that any period of time during
23 which a particular revenue bond issue is in litigation shall
24 not be counted in determining the expiration date of that
25 issue.

1 ~~[J-]~~ K. Emergency medical services bonds may be
2 issued for the purchase of equipment for emergency medical
3 system improvement projects or emergency medical services
4 vehicles for which funding has been granted pursuant to the
5 Emergency Medical Services Fund Act. The municipality may
6 pledge irrevocably any or all of the revenues received by the
7 municipality from the emergency medical services fund
8 distributions pursuant to the Emergency Medical Services Fund
9 Act to the payment of the interest on and principal of the
10 emergency medical services bonds."

11 SECTION 2. Section 3-31-1.1 NMSA 1978 (being Laws 2019,
12 Chapter 274, Section 2, as amended by Laws 2025, Chapter 23,
13 Section 2 and by Laws 2025, Chapter 24, Section 2) is amended
14 to read:

15 "3-31-1.1. DEFINITIONS.--As used in Chapter 3, Article 31
16 NMSA 1978:

17 A. "bond" means any obligation of a municipality
18 issued under Chapter 3, Article 31 NMSA 1978, whether
19 designated as a bond, note, loan, warrant, debenture, lease-
20 purchase agreement or other instrument evidencing an obligation
21 of a municipality to make payments;

22 B. "emergency medical services bonds" means the
23 bonds authorized by Subsection ~~[J]~~ K of Section 3-31-1 NMSA
24 1978;

25 ~~[B-]~~ C. "flood recovery revenue bonds" means the
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bonds authorized by Subsection I of Section 3-31-1 NMSA 1978;

~~[G.]~~ D. "gasoline tax revenue" means all or portions of the amounts of tax revenues distributed to municipalities pursuant to Sections 7-1-6.9 and 7-1-6.27 NMSA 1978;

~~[D.]~~ E. "gasoline tax revenue bonds" means the bonds authorized by Subsection E of Section 3-31-1 NMSA 1978;

~~[E.]~~ F. "gross receipts tax revenue" means the amount of money ~~[distributed to a municipality pursuant to Section 7-1-6.4 NMSA 1978 and]~~ transferred to a municipality pursuant to Section 7-1-6.12 NMSA 1978 for any municipal gross receipts tax imposed pursuant to the Municipal Local Option Gross Receipts and Compensating Taxes Act;

~~[F.]~~ G. "gross receipts tax revenue bonds" means the bonds authorized by Subsection D of Section 3-31-1 NMSA 1978;

~~[G.]~~ H. "joint utility revenue bonds" or "joint utility bonds" means the bonds authorized by Subsection C of Section 3-31-1 NMSA 1978;

~~[H.]~~ I. "pledged revenues" means the revenues, net income or net revenues authorized to be pledged to the payment of revenue bonds as specifically provided in Chapter 3, Article 31 NMSA 1978;

~~[I.]~~ J. "project revenue bonds" means the bonds authorized by Subsection F of Section 3-31-1 NMSA 1978; and

1 ~~[J.]~~ K. "utility revenue bonds" or "utility bonds"
2 means the bonds authorized by Subsection B of Section 3-31-1
3 NMSA 1978."

4 SECTION 3. Section 3-60A-21 NMSA 1978 (being Laws 1979,
5 Chapter 391, Section 21, as amended) is amended to read:

6 "3-60A-21. PROPERTY AND GROSS RECEIPTS TAX INCREMENTS--
7 PROCEDURES.--

8 A. The procedures to be used in determining a
9 property tax increment are:

10 (1) the local government shall, after approval
11 of a metropolitan redevelopment plan, notify the county
12 assessor of the taxable parcels of property within the
13 metropolitan redevelopment area;

14 (2) upon receipt of the notification, the
15 county assessor shall identify the parcels of property within
16 the metropolitan redevelopment area within ~~[their respective~~
17 ~~jurisdictions]~~ its jurisdiction and certify to the county
18 treasurer the net taxable value of the property at the time of
19 notification as the base value for the distribution of property
20 tax revenues authorized by the Property Tax Code. If because
21 of acquisition by the local government ~~[the property]~~ a parcel
22 becomes tax exempt, the county assessor shall note that fact on
23 ~~[their respective]~~ the parcel's records and so notify the
24 county treasurer; ~~[but]~~ provided that the county assessor and
25 the county treasurer shall preserve a record of the net taxable

1 value at the time of inclusion of the property within the
2 metropolitan redevelopment area as the base value for the
3 purpose of distribution of property tax revenues when the
4 parcel again becomes taxable. The county assessor is not
5 required by this section to preserve the new taxable value at
6 the time of inclusion of the property within the metropolitan
7 redevelopment area as the base value for the purposes of
8 valuation of the property;

9 (3) if because of acquisition by the local
10 government the property becomes tax exempt, when the parcel
11 again becomes taxable, the local government shall notify the
12 county assessor of the parcels of property that because of
13 their rehabilitation or other improvement are to be revalued
14 for property tax purposes. A new taxable value of this
15 property shall then be determined by the county assessor. If
16 no acquisition by the local government occurs, improvement or
17 rehabilitation of property subject to valuation by the assessor
18 shall be reported to the assessor as required by the Property
19 Tax Code, and the new taxable value shall be determined as of
20 January 1 of the tax year following the year in which the
21 improvement or rehabilitation is completed; and

22 (4) current tax rates shall then be applied to
23 the new taxable value of property included in the metropolitan
24 redevelopment area. The amount by which the revenue received
25 exceeds that which would have been received by application of

1 the same rates to the base value before inclusion in the
2 metropolitan redevelopment area shall be multiplied by the
3 percentage of the increment dedicated by the local government
4 pursuant to Section 3-60A-23 NMSA 1978, credited to the local
5 government and deposited in the metropolitan redevelopment
6 fund. This transfer shall take place only after the county
7 treasurer has been notified to apply the procedures pursuant to
8 this subsection to property included in a metropolitan
9 redevelopment area. Unless the entire metropolitan
10 redevelopment area is specifically included by the local
11 government for purposes of tax increment financing, the payment
12 by the county treasurer to the local government shall be
13 limited to those properties specifically included. The
14 remaining revenue shall be distributed to participating units
15 of government as authorized by the Property Tax Code.

16 B. The procedures to be used in determining a gross
17 receipts tax increment are:

18 (1) the local government shall notify the
19 taxation and revenue department of the geographic boundaries of
20 the metropolitan redevelopment area;

21 (2) by the July 1 following at least ninety
22 days after receipt of the notice of the geographic boundaries,
23 the taxation and revenue department shall designate a reporting
24 location code for the metropolitan redevelopment area pursuant
25 to Section 7-1-14 NMSA 1978;

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1 (3) using data from the twelve months of
2 reporting periods following designation of the reporting
3 location code, the taxation and revenue department shall
4 calculate the gross receipts tax revenue for the base year ~~[as~~
5 ~~follows:~~

6 ~~(a)]~~ using the amount of the local
7 government's local option gross receipts tax revenue
8 attributable to the gross receipts sourced to the metropolitan
9 redevelopment area pursuant to Section 7-1-14 NMSA 1978 in the
10 previous twelve months; and

11 ~~[(b) the amount of state gross receipts~~
12 ~~tax revenue attributable to gross receipts sourced to the~~
13 ~~metropolitan redevelopment area pursuant to Section 7-1-14 NMSA~~
14 ~~1978 in the previous twelve months, less any amount distributed~~
15 ~~to the municipality pursuant to Section 7-1-6.4 NMSA 1978~~
16 ~~attributable to gross receipts sourced to the metropolitan~~
17 ~~redevelopment area; and]~~

18 (4) following making the calculation of the
19 gross receipts tax revenue for the base year:

20 (a) the taxation and revenue department
21 shall compare the amounts of gross receipts tax revenues of the
22 base year with the amounts of gross receipts tax revenues of
23 that following twelve months, using the same calculation
24 methods as provided in Paragraph (3) of this subsection; and

25 (b) if there is an increase between the

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1 gross receipts tax revenue of the base year and the gross
2 receipts tax revenue of that following twelve months, the
3 taxation and revenue department shall distribute, pursuant to
4 Section 7-1-6.71 NMSA 1978, [~~the sum of: 1)~~] the product of
5 the total rate of the local government's local option gross
6 receipts tax multiplied by the increased amount of the local
7 government's local option gross receipts tax revenue, further
8 multiplied by the percentage of the gross receipts tax
9 increment dedicated by the local government pursuant to Section
10 3-60A-23 NMSA 1978 [~~plus 2) the product of the state gross~~
11 ~~receipts tax rate multiplied by the increased amount of the~~
12 ~~state gross receipts tax revenue, further multiplied by the~~
13 ~~percentage of the gross receipts tax increment dedicated by the~~
14 ~~state board of finance pursuant to Section 3-60A-23 NMSA 1978)].~~

15 C. The procedures specified in this section shall
16 be followed annually for a maximum period of twenty years
17 following the date of notification provided by this section.

18 D. The state board of finance shall promulgate
19 rules for implementing the dedication of a state gross receipts
20 tax increment for the purpose of funding a metropolitan
21 redevelopment project and for determining the amount of the
22 increment pursuant to the Metropolitan Redevelopment Code.

23 E. As used in this section, [~~(1)~~] "local option
24 gross receipts tax revenue" means revenue transferred to the
25 local government pursuant to Section 7-1-6.12 or 7-1-6.13 NMSA

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1 1978, as appropriate [~~and~~

2 ~~(2) "state gross receipts tax revenue" means~~
3 ~~revenue received from the gross receipts tax imposed pursuant~~
4 ~~to Section 7-9-4 NMSA 1978]."~~

5 SECTION 4. Section 3-60A-23 NMSA 1978 (being Laws 1979,
6 Chapter 391, Section 23, as amended) is amended to read:

7 "3-60A-23. APPROVAL OF ALTERNATIVE FUNDING METHOD.--

8 A. A metropolitan redevelopment plan, as originally
9 approved or as later modified, may contain a provision that a
10 portion of a property tax increment or gross receipts tax
11 increment may be dedicated for the purpose of funding a
12 metropolitan redevelopment project for a period of up to twenty
13 years.

14 B. A local government may dedicate up to seventy-
15 five percent of a property tax increment or gross receipts tax
16 increment, [~~and the state board of finance, subject to the~~
17 ~~provisions of Subsection C of this section, may dedicate up to~~
18 ~~seventy-five percent of a gross receipts tax increment, each]~~
19 as determined pursuant to Section 3-60A-21 NMSA 1978, with the
20 agreement of the municipality or county, [~~or state board of~~
21 ~~finance]~~ evidenced by a resolution adopted by a majority vote
22 of those entities. A resolution to dedicate a property tax
23 increment or gross receipts tax increment shall become
24 effective only on January 1 or July 1 of the calendar year.

25 [~~G. The state board of finance shall condition a~~

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1 ~~dedication of a gross receipts tax increment attributable to~~
2 ~~the state gross receipts tax on the approval required pursuant~~
3 ~~to Section 6 of this 2023 act and that the initial bonds~~
4 ~~issuance secured by such an increment shall be issued no later~~
5 ~~than four years after the state board of finance has adopted~~
6 ~~the resolution making the dedication. A resolution of the~~
7 ~~state board of finance shall find that:~~

8 ~~(1) the state board of finance has reviewed~~
9 ~~the request for the use of the state gross receipts tax~~
10 ~~increment; and~~

11 ~~(2) based upon review by the state board of~~
12 ~~finance of the applicable metropolitan redevelopment plan, the~~
13 ~~dedication by the state board of finance of the gross receipts~~
14 ~~tax increment within the metropolitan redevelopment area for~~
15 ~~use in meeting the required goals of the metropolitan~~
16 ~~redevelopment plan is reasonable and in the best interest of~~
17 ~~the state.~~

18 ~~D.]~~ C. The governing body of the jurisdiction in
19 which a metropolitan redevelopment area has been established
20 shall timely notify the assessor of the county in which the
21 area has been established, the taxation and revenue department
22 and the local government division of the department of finance
23 and administration when:

24 (1) a metropolitan redevelopment plan has been
25 approved that contains a provision for the allocation and

1 percentage of property tax increments and gross receipts tax
2 increments;

3 (2) any outstanding bonds of the area have
4 been paid off; and

5 (3) the purposes of the area have otherwise
6 been achieved."

7 **SECTION 5.** Section 3-60A-23.1 NMSA 1978 (being Laws 2000,
8 Chapter 103, Section 4, as amended) is amended to read:

9 "3-60A-23.1. TAX INCREMENT BONDS.--

10 A. For the purpose of financing metropolitan
11 redevelopment projects, in whole or in part, a local government
12 may issue tax increment bonds or tax increment bond
13 anticipation notes that are payable from and secured by revenue
14 from a gross receipts tax increment allocated to the
15 metropolitan redevelopment fund pursuant to Sections 3-60A-21
16 and 3-60A-23 NMSA 1978. The principal of, premium, if any, and
17 interest on the bonds or notes shall be payable from and
18 secured by a pledge of such revenues, and the local government
19 shall irrevocably pledge all or part of the revenues to the
20 payment of the bonds or notes. The revenues deposited in the
21 metropolitan redevelopment fund or the designated part thereof
22 may thereafter be used only for the payment of the principal
23 of, premium, if any, and interest on the bonds or notes, and a
24 holder of the bonds or notes shall have a first lien against
25 the revenues deposited in the metropolitan redevelopment fund

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1 or the designated part thereof for the payment of principal of,
2 premium, if any, and interest on the bonds or notes. To
3 increase the security and marketability of the tax increment
4 bonds or notes, the local government may:

5 (1) create a lien for the benefit of the
6 bondholders on any public improvements or public works used
7 solely by the metropolitan redevelopment project or portion of
8 a project financed by the bonds or notes, or on the revenues of
9 such improvements or works;

10 (2) provide that the proceeds from the sale of
11 real and personal property acquired with the proceeds from the
12 sale of bonds or notes issued pursuant to the Tax Increment Law
13 shall be deposited in the metropolitan redevelopment fund and
14 used for the purposes of repayment of principal of, premium, if
15 any, and interest on the bonds or notes; and

16 (3) make covenants and do any and all acts not
17 inconsistent with law as may be necessary, convenient or
18 desirable in order to additionally secure the bonds or notes or
19 make the bonds or notes more marketable in the exercise of the
20 discretion of the local government.

21 B. Bonds and notes issued pursuant to this section
22 shall not constitute an indebtedness within the meaning of any
23 constitutional or statutory debt limitation or restriction,
24 shall not be general obligations of the local government, shall
25 be collectible only from the proper pledged revenues and shall

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1 not be subject to the provisions of any other law or charter
2 relating to the authorization, issuance or sale of tax
3 increment bonds or tax increment bond anticipation notes.

4 Bonds and notes issued pursuant to the Tax Increment Law are
5 declared to be issued for an essential public and governmental
6 purpose and, together with interest thereon, shall be exempted
7 from all taxes by the state.

8 C. The bonds or notes shall be authorized by an
9 ordinance of the local government; shall be in a denomination
10 or denominations, bear a date and mature, in the case of bonds,
11 at a time not exceeding twenty years from their date, and in
12 the case of notes, not exceeding five years from the date of
13 the original note; bear interest at a rate or have appreciated
14 principal value not exceeding the maximum net effective
15 interest rate permitted by the Public Securities Act; and be in
16 a form, carry registration privileges, be executed in a manner,
17 be payable at a place within or without the state, be payable
18 at intervals or at maturity and be subject to terms of
19 redemption as the authorizing ordinance or supplemental
20 resolution of the local government may provide.

21 D. The bonds or notes may be sold in one or more
22 series at, below or above par, at public or private sale, in a
23 manner and for a price as the local government, in its
24 discretion, shall determine; provided that the price at which
25 the bonds or notes are sold shall not result in a net effective

1 interest rate that exceeds the maximum permitted by the Public
2 Securities Act. As an incidental expense of a metropolitan
3 redevelopment project or the portion financed with the bonds or
4 notes, the local government in its discretion may employ
5 financial and legal consultants with regard to the financing of
6 the project.

7 E. In case any of the public officials of the local
8 government whose signatures appear on any bonds or notes issued
9 pursuant to the Tax Increment Law cease to be public officials
10 before the delivery of the bonds or notes, the signatures
11 shall, nevertheless, be valid and sufficient for all purposes,
12 the same as if the officials had remained in office until
13 delivery. Any provision of law to the contrary
14 notwithstanding, any bonds or notes issued pursuant to the Tax
15 Increment Law shall be fully negotiable.

16 F. In any suit, action or proceeding involving the
17 validity or enforceability of any bond or note issued pursuant
18 to the Tax Increment Law or the security therefor, any bond or
19 note reciting in substance that it has been issued by the local
20 government in connection with a metropolitan redevelopment
21 project shall be conclusively deemed to have been issued for
22 that purpose and the project shall be conclusively deemed to
23 have been planned, located and carried out in accordance with
24 the provisions of the Metropolitan Redevelopment Code.

25 G. The proceedings under which tax increment bonds

1 or tax increment bond anticipation notes are authorized to be
2 issued and any mortgage, deed of trust, trust indenture or
3 other lien or security device on real and personal property
4 given to secure the same may contain provisions customarily
5 contained in instruments securing bonds and notes and
6 constituting a covenant with the bondholders.

7 H. A local government may issue bonds or notes
8 pursuant to this section with the proceeds from the bonds or
9 notes to be used as other money is authorized to be used in the
10 Metropolitan Redevelopment Code.

11 I. ~~[Subject to the provisions of Section 6 of this~~
12 ~~2023 act]~~ The local government shall have the power to issue
13 renewal notes, to issue bonds to pay notes and, whenever it
14 deems refunding expedient, to refund any bonds by the issuance
15 of new bonds, whether the bonds to be refunded have or have not
16 matured, and to issue bonds partly to refund bonds then
17 outstanding and partly for other purposes in connection with
18 financing metropolitan redevelopment projects, in whole or in
19 part. Refunding bonds issued pursuant to the Tax Increment Law
20 to refund outstanding tax increment bonds shall be payable from
21 a gross receipts tax increment, out of which the bonds to be
22 refunded thereby are payable or from other lawfully available
23 revenues.

24 J. The proceeds from the sale of any bonds or notes
25 shall be applied only for the purpose for which the bonds or

1 notes were issued, and if, for any reason, any portion of the
2 proceeds are not needed for the purpose for which the bonds or
3 notes were issued, the unneeded portion of the proceeds shall
4 be applied to the payment of the principal of or the interest
5 on the bonds or notes.

6 K. The cost of financing a metropolitan
7 redevelopment project shall be deemed to include the actual
8 cost of acquiring a site and the cost of the construction of
9 any part of a project, including architects' and engineers'
10 fees, the purchase price of any part of a project that may be
11 acquired by purchase and all expenses in connection with the
12 authorization, sale and issuance of the bonds or notes to
13 finance the acquisition and any related costs incurred by the
14 local government.

15 L. No action shall be brought questioning the
16 legality of any contract, mortgage, deed of trust, trust
17 indenture or other lien or security device, proceeding or bonds
18 or notes executed in connection with any project authorized by
19 the Metropolitan Redevelopment Code on and after thirty days
20 from the effective date of the ordinance authorizing the
21 issuance of such bonds or notes."

22 SECTION 6. Section 3-65-8 NMSA 1978 (being Laws 2001,
23 Chapter 231, Section 8) is amended to read:

24 "3-65-8. AUTHORIZATION OF PROJECT.--

25 A. Pursuant to the provisions of Section 6-21-6

1 NMSA 1978, the legislature authorizes the authority to make a
2 loan from the public project revolving fund to a municipality
3 to acquire land for and to design, purchase, construct,
4 remodel, renovate, rehabilitate, improve, equip or furnish a
5 minor league baseball stadium on terms and conditions
6 established by the authority.

7 B. Prior to receiving the loan, the governing body
8 shall approve the loan and related documents by an ordinance to
9 be adopted by a majority of the members of the governing body.
10 The ordinance shall pledge the stadium surcharge receipts to
11 make the loan payments. In addition to pledging stadium
12 surcharge receipts for making loan payments, the ordinance
13 shall pledge legally available gross receipts tax revenues
14 [~~distributed~~] transferred to a municipality pursuant to Section
15 [~~7-1-6.4 or~~] 7-1-6.12 NMSA 1978 in an amount satisfactory to
16 the authority and in an amount at least sufficient to make the
17 loan payments. No action shall be brought questioning the
18 legality of the pledge of receipts and revenues, the ordinance,
19 the loan, the proceedings, the stadium surcharge or any other
20 matter concerning the loan after thirty days from the date of
21 publication of the ordinance approving the loan and related
22 documents and pledging stadium surcharge receipts and gross
23 receipts tax revenues of the municipality to make the loan
24 payments.

25 C. The legislature or a municipality shall not

1 repeal, amend or otherwise modify any law or ordinance that
2 adversely affects or impairs the stadium surcharge or any loan
3 from the authority secured by a pledge of the stadium surcharge
4 and gross receipts tax revenues, unless the loan has been paid
5 in full or provisions have been made for full payment."

6 SECTION 7. Section 3-66-8 NMSA 1978 (being Laws 2005,
7 Chapter 351, Section 10) is amended to read:

8 "3-66-8. ISSUANCE OF BONDS.--

9 A. A municipality may issue revenue bonds, in
10 accordance with the procedures set forth in Sections 3-31-3
11 through 3-31-7 NMSA 1978, to acquire land for and to design,
12 purchase, construct, remodel, renovate, rehabilitate, improve,
13 equip or furnish a municipal event center.

14 B. Revenue bonds issued by a municipality may be
15 secured by event center revenues, event center surcharge
16 receipts or gross receipts tax revenues [~~distributed~~]
17 transferred to that municipality pursuant to Section [~~7-1-6.4~~
18 ~~or~~] 7-1-6.12 NMSA 1978.

19 C. An action shall not be brought questioning the
20 legality of the pledge of event center revenues, event center
21 surcharge receipts or gross receipts tax revenues, bonds issued
22 pursuant to the Municipal Event Center Funding Act, issuance of
23 those bonds, an event center surcharge included in a vendor
24 contract or any other matter concerning the bonds after thirty
25 days from the date of publication of the ordinance authorizing

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1 issuance of the bonds and the pledging of event center
2 receipts, event center surcharge receipts or gross receipts tax
3 revenues of a municipality to make debt service payments.

4 D. The legislature or a municipality shall not
5 repeal, amend or otherwise modify any law or ordinance that
6 adversely affects or impairs the event center surcharge or any
7 bonds secured by a pledge of the event center revenues, event
8 center surcharge receipts or gross receipts tax revenues,
9 unless the bonds have been paid in full or provisions have been
10 made for full payment."

11 SECTION 8. Section 5-10-17 NMSA 1978 (being Laws 2021
12 (1st S.S.), Chapter 2, Section 2) is amended to read:

13 "5-10-17. GROSS RECEIPTS TAX AND COMPENSATING TAX REVENUE
14 AS PUBLIC SUPPORT FOR CERTAIN PROJECTS.--

15 A. Prior to July 1, 2035, a qualifying entity that
16 meets the following requirements may receive public support for
17 the qualifying entity's economic development project from funds
18 in the Local Economic Development Act fund pursuant to
19 Subsection B of Section 5-10-14 NMSA 1978 in an amount equal to
20 fifty percent of the net receipts attributable to the state
21 gross receipts tax and state compensating tax imposed on the
22 expenses related to the construction of the qualifying entity's
23 project, as determined by the department, related to the
24 economic development project and the amount dedicated pursuant
25 to Subsection B of this section; provided that the public

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1 support shall be provided for a period of no more than ten
2 years, beginning on the date the applicable project
3 participation agreement with the qualifying entity is executed:

4 (1) the qualifying entity signs a project
5 participation agreement with the governing body of each local
6 government that has jurisdiction of the area in which the
7 qualifying entity's economic development project is located and
8 the local government has passed an ordinance dedicating local
9 government gross receipts tax revenue pursuant to Subsection B
10 of this section;

11 (2) the qualifying entity signs a project
12 participation agreement with the department; provided that the
13 department shall not sign the agreement unless the applicable
14 local governments have signed a project participation agreement
15 pursuant to Paragraph (1) of this subsection; and provided
16 further that the project participation agreement shall provide
17 that if, at the end of the ten-year period, the economic
18 development project fails to meet the three-hundred-fifty-
19 million-dollar (\$350,000,000) requirement pursuant to Paragraph
20 (3) of this subsection, the department shall seek to recover
21 some or all of the public support provided to the qualifying
22 entity and shall transfer any amount recovered to the general
23 fund and to the contributing local government based on each
24 entity's pro rata share of public support to the economic
25 development project;

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1 (3) the economic development project has a
2 reasonable expectation to incur, within ten years of the date
3 the project participation agreement with the local government
4 and the department is executed, at least three hundred fifty
5 million dollars (\$350,000,000) in expenses related to the
6 construction and infrastructure of the project in the state;

7 (4) the qualifying entity and the economic
8 development project meet all other requirements to receive
9 public support pursuant to the Local Economic Development Act;
10 and

11 (5) prior to the end of each month, the
12 qualifying entity submits the appropriate documents, including
13 tax documents of the qualifying entity and its contractors
14 submitted to the taxation and revenue department, to the
15 department and to the local governments with which the
16 qualifying entity signed a project participation agreement, on
17 forms and in a manner determined by the department, of the
18 taxable expenses related to the construction of the economic
19 development project for the previous month.

20 B. A local government may dedicate, by ordinance,
21 fifty percent of the tax revenue attributable to the gross
22 receipts and compensating taxes imposed by the local government
23 on the qualifying entity's receipts for expenses related to the
24 construction of the economic development project to the Local
25 Economic Development Act fund for the purposes provided in

1 Subsection B of Section 5-10-14 NMSA 1978.

2 C. Within thirty days after execution of a project
3 participation agreement with a qualifying entity, the
4 department shall issue a report to the department of finance
5 and administration and the legislative finance committee that
6 shall identify the qualifying entity intended to receive public
7 support pursuant to this section, the estimated expenses
8 related to the construction of the qualifying entity's project
9 as determined by the department, the location of the project,
10 the amount of public support pledged by the department and each
11 local government for the project pursuant to this section and
12 the amount of any other public support pledged for the project
13 pursuant to the Local Economic Development Act.

14 D. As soon as practicable, the taxation and revenue
15 department shall implement a rate type to identify gross
16 receipts and compensating taxes reported and paid to the
17 taxation and revenue department for expenses related to the
18 construction of an economic development project. Once
19 implemented, all such gross receipts and compensating taxes
20 shall be reported and paid with that rate type.

21 E. If the taxation and revenue department has not
22 implemented the rate type provided in Subsection D of this
23 section, and if the requirements of Subsection A of this
24 section have been met, the economic development department and
25 the local governments that signed a project participation

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1 agreement with the qualifying entity shall:

2 (1) review the documents submitted by a
3 qualifying entity pursuant to Paragraph (5) of Subsection A of
4 this section;

5 (2) estimate the amount equal to fifty percent
6 of the tax revenue attributable to the gross receipts tax and
7 compensating tax imposed on the taxable expenses related to the
8 construction of the economic development project appropriate
9 to:

10 (a) the local government's gross
11 receipts and compensating taxes if a local government; and

12 (b) the state gross receipts and
13 compensating taxes if the department;

14 (3) if a local government, on the first
15 business day of each month, submit the estimated amount and the
16 supporting documents to the department; and

17 (4) if the department, on or before the
18 twenty-fifth day of December, March, June and September,
19 provide the estimates and any supporting documentation to the
20 taxation and revenue department, on forms and in a manner
21 determined by that department.

22 F. The taxation and revenue department shall review
23 the amounts estimated pursuant to Subsection E of this section
24 for accuracy and computation, make any necessary corrections or
25 adjustments and make a final determination of the amounts to be

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1 distributed from the relevant tax revenue pursuant to Section
2 [~~5 of this 2021 act~~] 7-1-6.67 NMSA 1978."

3 SECTION 9. Section 5-15-3 NMSA 1978 (being Laws 2006,
4 Chapter 75, Section 3, as amended) is amended to read:

5 "5-15-3. DEFINITIONS.--As used in the Tax Increment for
6 Development Act:

7 A. "base gross receipts taxes" means:

8 (1) the total amount of gross receipts tax
9 revenue attributable to the gross receipts sourced to a [~~tax~~
10 ~~increment development~~] district pursuant to Section 7-1-14 NMSA
11 1978, as calculated by the taxation and revenue department, in
12 the base period and designated by the governing body to be
13 available as part of the gross receipts tax increment; and

14 (2) any amount of gross receipts taxes that
15 would have been collected in the base period if any applicable
16 additional gross receipts taxes imposed after that base period
17 had been imposed in that base period;

18 B. "base period" means, unless as revised pursuant
19 to Sections 5-15-25.1 and 5-15-25.2 NMSA 1978:

20 (1) the first twelve months following
21 designation of a new reporting location code by the taxation
22 and revenue department following notice of the formation of a
23 district pursuant to Section 5-15-9 NMSA 1978; or

24 (2) upon request by the governing body forming
25 the district to the secretary, and upon the secretary's

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1 approval, the most recent twelve-month period for which gross
2 receipts tax revenue data is available from filed returns;

3 C. "base property taxes" means:

4 (1) the portion of property taxes produced by
5 the total of all property tax levied at the rate fixed each
6 year by each governing body levying a property tax on the
7 assessed value of taxable property within the tax increment
8 development area last certified for the year ending immediately
9 prior to the year in which a tax increment development plan is
10 approved for the tax increment development area; ~~[or]~~ provided
11 that when an area is added to an existing tax increment
12 development area, "base property taxes" means that portion of
13 property taxes produced by the total of all property tax levied
14 at the rate fixed each year by each governing body levying a
15 property tax upon the assessed value of taxable property within
16 the tax increment development area on the date of the
17 modification of the tax increment development plan and
18 designated by the governing body to be available as part of the
19 property tax increment; and

20 (2) any amount of property taxes that would
21 have been collected in such year if any applicable additional
22 property taxes imposed after that year had been imposed in that
23 year;

24 D. "county option gross receipts tax" means gross
25 receipts taxes imposed by counties pursuant to the County Local

1 Option Gross Receipts and Compensating Taxes Act and designated
2 by the governing body of the county to be available as part of
3 the gross receipts tax increment;

4 E. "developer" means the owner or developer who has
5 entered into an agreement pursuant to Subsection A of Section
6 5-15-4 NMSA 1978 with the governing body that formed the
7 district or the owner's or developer's successors or assigns;

8 F. "district" means a tax increment development
9 district;

10 G. "district board" means a board formed in
11 accordance with the provisions of the Tax Increment for
12 Development Act to govern a [~~tax increment development~~]
13 district;

14 H. "enhanced services" means public services
15 provided by a municipality or county within the district at a
16 higher level or to a greater degree than otherwise available to
17 the land located in the district from the municipality or
18 county, including such services as public safety, fire
19 protection, street or sidewalk cleaning or landscape
20 maintenance in public areas; provided that "enhanced services"
21 does not include the basic operation and maintenance related to
22 infrastructure improvements financed by the district pursuant
23 to the Tax Increment for Development Act;

24 I. "governing body" means the city council or city
25 commission of a city, the board of trustees or council of a

1 town or village or the board of county commissioners of a
2 county;

3 J. "gross receipts tax increment" means the county
4 and municipal option gross receipts taxes sourced to a [~~tax~~
5 ~~increment development~~] district in excess of the base gross
6 receipts taxes collected in the district;

7 K. "gross receipts tax increment bonds" means bonds
8 issued by a district in accordance with the Tax Increment for
9 Development Act, the pledged revenue for which is a gross
10 receipts tax increment;

11 L. "local government" means a municipality or
12 county;

13 M. "municipal option gross receipts tax" means
14 those gross receipts taxes imposed by municipalities pursuant
15 to the Municipal Local Option Gross Receipts and Compensating
16 Taxes Act and designated by the governing body of the
17 municipality to be available as part of the gross receipts tax
18 increment;

19 N. "municipality" means an incorporated city, town
20 or village;

21 O. "new full-time economic base job" means a job:
22 (1) that is primarily performed in New Mexico;
23 (2) that is held by an employee who is hired
24 to work an average of at least thirty-two hours per week for at
25 least forty-eight weeks per year;

1 (3) that is:

2 (a) involved, directly or in a
3 supervisory capacity, with the production of: 1) a service;
4 provided that the majority of the revenue generated from the
5 service is from sources outside the state; or 2) tangible or
6 intangible personal property for sale; or

7 (b) held by an employee that is employed
8 at a regional, national or international headquarters operation
9 or at an operation that primarily provides services for other
10 operations of the qualifying entity that are located outside
11 the state; and

12 (4) that is not directly involved with natural
13 resources extraction or processing, on-site services where the
14 customer is typically present for the delivery of the service,
15 a call center, retail, construction or agriculture, except for
16 value-added processing performed on agricultural products that
17 would then be sold for wholesale or retail consumption;

18 P. "owner" means a person owning real property
19 within the boundaries of a district;

20 Q. "person" means an individual, a corporation, an
21 association, a partnership, a limited liability company or
22 other legal entity;

23 R. "project" means a tax increment development
24 project;

25 S. "property tax increment" means all property tax

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1 collected on real property within the designated tax increment
2 development area that is in excess of the base property tax
3 until termination of the district and distributed to the
4 district in the same manner as distributions are made under the
5 provisions of the Tax Administration Act;

6 T. "property tax increment bonds" means bonds
7 issued by a district in accordance with the Tax Increment for
8 Development Act, the pledged revenue for which is a property
9 tax increment;

10 U. "public improvements" means on-site improvements
11 and off-site improvements that directly or indirectly benefit a
12 ~~[tax increment development]~~ district or facilitate development
13 within a tax increment development area and that are dedicated
14 to the governing body in which the district lies. "Public
15 improvements" includes:

16 (1) sanitary sewage systems, including
17 collection, transport, treatment, dispersal, effluent use and
18 discharge;

19 (2) drainage and flood control systems,
20 including collection, transport, storage, treatment, dispersal,
21 effluent use and discharge;

22 (3) water systems for domestic, commercial,
23 office, hotel or motel, industrial, irrigation, municipal or
24 fire protection purposes, including production, collection,
25 storage, treatment, transport, delivery, connection and

1 dispersal;

2 (4) highways, streets, roadways, bridges,
3 crossing structures and parking facilities, including all areas
4 for vehicular use for travel, ingress, egress and parking;

5 (5) trails and areas for pedestrian,
6 equestrian, bicycle or other non-motor vehicle use for travel,
7 ingress, egress and parking;

8 (6) pedestrian and transit facilities, parks,
9 recreational facilities and open space areas for the use of
10 members of the public for entertainment, assembly and
11 recreation;

12 (7) landscaping, including earthworks,
13 structures, plants, trees and related water delivery systems;

14 (8) public buildings, public safety facilities
15 and fire protection and police facilities;

16 (9) electrical generation, transmission and
17 distribution facilities;

18 (10) natural gas distribution facilities;

19 (11) lighting systems;

20 (12) cable or other telecommunications lines
21 and related equipment;

22 (13) traffic control systems and devices,
23 including signals, controls, markings and signage;

24 (14) school sites and facilities with the
25 consent of the governing board of the public school district

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1 for which the facility is to be acquired, constructed or
2 renovated;

3 (15) library and other public educational or
4 cultural facilities;

5 (16) equipment, vehicles, furnishings and
6 other personal property related to the items listed in this
7 subsection;

8 (17) inspection, construction management,
9 planning and program management and other professional services
10 costs incidental to the project;

11 (18) workforce housing; and

12 (19) any other improvement that the governing
13 body determines to be for the use or benefit of the public;

14 ~~[V. "state gross receipts tax" means the gross~~
15 ~~receipts tax imposed pursuant to the Gross Receipts and~~
16 ~~Compensating Tax Act, but does not include that portion~~
17 ~~distributed to municipalities pursuant to Sections 7-1-6.4 and~~
18 ~~7-1-6.46 NMSA 1978 or to counties pursuant to Section 7-1-6.47~~
19 ~~NMSA 1978;~~

20 W.] V. "sustainable development" means land
21 development that achieves sustainable economic and social goals
22 in ways that can be supported for the long term by conserving
23 resources, protecting the environment and ensuring human health
24 and welfare using mixed-use, pedestrian-oriented, multimodal
25 land use planning;

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1 ~~[X.]~~ W. "tax increment development area" means the
2 land included within the boundaries of a ~~[tax-increment~~
3 ~~development]~~ district;

4 ~~[Y.]~~ X. "tax increment development district" means
5 a district formed for the purposes of carrying out tax
6 increment development projects;

7 ~~[Z.]~~ Y. "tax increment development plan" means a
8 plan for the undertaking of a ~~[tax-increment-development]~~
9 project;

10 ~~[AA.]~~ Z. "tax increment development project" means
11 activities undertaken within a tax increment development area
12 to enhance the sustainability of the local, regional or
13 statewide economy; to support the creation of jobs, schools and
14 workforce housing; and to generate tax revenue for the
15 provision of public improvements and may include:

16 (1) acquisition of land within a designated
17 tax increment development area or a portion of that tax
18 increment development area;

19 (2) demolition and removal of buildings and
20 improvements and installation, construction or reconstruction
21 of streets, utilities, parks, playgrounds and improvements
22 necessary to carry out the objectives of the Tax Increment for
23 Development Act;

24 (3) installation, construction or
25 reconstruction of streets, water utilities, sewer utilities,

1 parks, playgrounds and other public improvements necessary to
2 carry out the objectives of the Tax Increment for Development
3 Act;

4 (4) disposition of property acquired or held
5 by a ~~[tax increment development]~~ district as part of the
6 undertaking of a ~~[tax increment development]~~ project at the
7 fair market value of such property for uses in accordance with
8 the Tax Increment for Development Act;

9 (5) payments for professional services
10 contracts necessary to implement a tax increment development
11 plan or project;

12 (6) borrowing to purchase land, buildings or
13 infrastructure in an amount not to exceed the revenue stream
14 that may be derived from the gross receipts tax increment or
15 the property tax increment estimated to be received by a ~~[tax~~
16 ~~increment development]~~ district; and

17 (7) grants for public improvements essential
18 to the location or expansion of a business;

19 ~~[BB.]~~ AA. "taxing entity" means the governing body
20 of a political subdivision of the state, the gross receipts tax
21 increment or property tax increment of which may be used for a
22 ~~[tax increment development]~~ project; and

23 ~~[GG.]~~ BB. "workforce housing" means decent, safe
24 and sanitary dwellings, apartments, single-family dwellings or
25 other living accommodations that are affordable for persons or

1 families earning less than eighty percent of the median income
2 within the county in which the [~~tax increment development~~]
3 project is located; provided that an owner-occupied housing
4 unit is affordable to a household if the expected sales price
5 is reasonably anticipated to result in monthly housing costs
6 that do not exceed thirty-three percent of the household's
7 gross monthly income; and provided further that:

8 (1) determination of mortgage amounts and
9 payments is to be based on down payment rates and interest
10 rates generally available to lower- and moderate-income
11 households; and

12 (2) a renter-occupied housing unit is
13 affordable to a household if the unit's monthly housing costs,
14 including rent and basic utility and energy costs, do not
15 exceed thirty-three percent of the household's gross monthly
16 income."

17 **SECTION 10.** Section 5-15-15 NMSA 1978 (being Laws 2006,
18 Chapter 75, Section 15, as amended) is amended to read:

19 "5-15-15. TAX INCREMENT FINANCING--GROSS RECEIPTS TAX
20 INCREMENT TO SECURE BONDS.--

21 A. A tax increment development plan, as originally
22 approved or as later modified, may contain a provision that
23 gross receipts tax increments sourced to the tax increment
24 development area pursuant to Section 7-1-14 NMSA 1978 and
25 distributed to the district pursuant to Section 7-1-6.54 NMSA

1 1978 may be dedicated for the purpose of securing gross
2 receipts tax increment bonds pursuant to the Tax Increment for
3 Development Act.

4 B. A municipality may dedicate a portion of ~~[any of~~
5 ~~the following]~~ an increment of a municipal option gross
6 receipts tax that is dedicated by the ordinance imposing the
7 increment to the project to pay the principal of, the interest
8 on and any premium due in connection with the bonds of, loans
9 or advances to, or any indebtedness incurred by, whether
10 funded, refunded, assumed or otherwise, the authority for
11 financing or refinancing, in whole or in part, a ~~[tax increment~~
12 ~~development]~~ project within the tax increment development area

13 ~~[(1) an increment of a municipal option gross~~
14 ~~receipts tax that is dedicated by the ordinance imposing the~~
15 ~~increment to the tax increment development project; and~~

16 ~~(2) an amount distributed to municipalities~~
17 ~~pursuant to Sections 7-1-6.4 and 7-1-6.46 NMSA 1978].~~

18 C. A county may dedicate a portion of ~~[any of the~~
19 ~~following]~~ an increment of a county option gross receipts tax
20 that is dedicated by the ordinance imposing the increment to
21 the project to pay the principal of, the interest on and any
22 premium due in connection with the bonds of, loans or advances
23 to, or any indebtedness incurred by, whether funded, refunded,
24 assumed or otherwise, the district for financing or
25 refinancing, in whole or in part, a ~~[tax increment development]~~

1 project within the tax increment development area.

2 ~~[(1) an increment of a county option gross~~
3 ~~receipts tax that is dedicated by the ordinance imposing the~~
4 ~~increment to the tax increment development project; and~~

5 ~~(2) the amount distributed to counties~~
6 ~~pursuant to Section 7-1-6.47 NMSA 1978.~~

7 ~~D. Subject to the provisions of Subsection G of~~
8 ~~this section, the state board of finance may dedicate a gross~~
9 ~~receipts tax increment attributable to the state gross receipts~~
10 ~~tax to pay the financing and refinancing costs, the principal~~
11 ~~of, the interest on and any premium due in connection with~~
12 ~~gross receipts tax increment bonds issued to finance a tax~~
13 ~~increment development project within the tax increment~~
14 ~~development area; provided that:~~

15 ~~(1) beginning July 1, 2029 the increment from~~
16 ~~the state gross receipts tax is no more than the average of:~~

17 ~~(a) the increment from municipal option~~
18 ~~gross receipts taxes dedicated by resolution by the~~
19 ~~municipality, if the district is located in a municipality; and~~

20 ~~(b) the increment from county option~~
21 ~~gross receipts taxes dedicated by resolution by the county;~~

22 ~~(2) the state board of finance has adopted a~~
23 ~~resolution dedicating an increment attributable to the state~~
24 ~~gross receipts tax for the purpose of securing gross receipts~~
25 ~~tax increment bonds pursuant to Subsection G of this section;~~

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1 and

2 ~~(3) the dedication shall be conditioned on the~~
3 ~~gross receipts tax increment bonds being issued no later than~~
4 ~~four years after the state board of finance has adopted the~~
5 ~~resolution dedicating the increment.~~

6 ~~E.]~~ D. The gross receipts tax increment generated
7 by the imposition of municipal or county option gross receipts
8 taxes specified by statute for particular purposes may
9 nonetheless be dedicated for the purposes of the Tax Increment
10 for Development Act if intent to do so is set forth in the tax
11 increment development plan approved by the governing body, if
12 the purpose for which the increment is intended to be used is
13 consistent with the purposes set forth in the statute
14 authorizing the municipal or county option gross receipts tax.

15 ~~[F.]~~ E. An imposition of a gross receipts tax
16 increment attributable to a gross receipts tax by a taxing
17 entity may be dedicated for the purpose of securing gross
18 receipts tax increment bonds with the agreement of the taxing
19 entity, evidenced by a resolution adopted by a majority vote of
20 that taxing entity. A taxing entity shall not agree to
21 dedicate for the purposes of securing gross receipts tax
22 increment bonds more than seventy-five percent of its gross
23 receipts tax increment attributable to gross receipts taxes by
24 the taxing entity. A resolution of the taxing entity to
25 dedicate a gross receipts tax increment or to increase the

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1 dedication of a gross receipts tax increment shall become
2 effective only on July 1 of the calendar year pursuant to
3 Subsection A of Section 5-15-3 NMSA 1978 and after base gross
4 receipts taxes have been calculated.

5 ~~[6. The state board of finance shall condition a~~
6 ~~dedication of a gross receipts tax increment attributable to~~
7 ~~the state gross receipts tax on the approval required pursuant~~
8 ~~to Section 5-15-21 NMSA 1978, on calculation of base gross~~
9 ~~receipts taxes and that the initial gross receipts tax~~
10 ~~increment bonds issuance secured by a portion of the gross~~
11 ~~receipts tax increment attributable to the state gross receipts~~
12 ~~tax shall be issued no later than four years after the state~~
13 ~~board of finance has adopted the resolution making the~~
14 ~~dedication. Subject to the limitations provided in Subsection~~
15 ~~D of this section, the state board of finance shall not agree~~
16 ~~to dedicate more than seventy-five percent of the gross~~
17 ~~receipts tax increment attributable to the state gross receipts~~
18 ~~tax within the district. The resolution of the state board of~~
19 ~~finance shall become effective on July 1 of the calendar year~~
20 ~~pursuant to Subsection A of Section 5-15-3 NMSA 1978 following~~
21 ~~calculation of base gross receipts taxes and the notification~~
22 ~~period pursuant to Section 5-15-27 NMSA 1978 and shall find~~
23 ~~that:~~

24 ~~(1) the state board of finance has reviewed~~
25 ~~the request for the use of the state gross receipts tax;~~

1 ~~(2) based upon review by the state board of~~
2 ~~finance of the applicable tax increment development plan, the~~
3 ~~dedication by the state board of finance of a portion of the~~
4 ~~gross receipts tax increment within the district for use in~~
5 ~~meeting the required goals of the tax increment plan is~~
6 ~~reasonable and in the best interest of the state; and~~

7 ~~(3) based upon the review by the state board~~
8 ~~of finance, the use of the state gross receipts tax is likely~~
9 ~~to stimulate the creation of jobs, economic opportunities and~~
10 ~~general revenue for the state through the addition of new~~
11 ~~businesses to the state and the expansion of existing~~
12 ~~businesses within the state; provided that, when reviewing the~~
13 ~~applicable tax increment development plan to create jobs and~~
14 ~~economic opportunities, the state board of finance shall~~
15 ~~prioritize in its consideration net, new full-time economic~~
16 ~~base jobs that would not have occurred on a similar scale and~~
17 ~~time line but for the use of the state gross receipts tax~~
18 ~~increment. The benefit to be evaluated is the marginal benefit~~
19 ~~of the speed-up in time or the incremental change in job~~
20 ~~creation above expected normal growth and shall exclude retail~~
21 ~~jobs, call center jobs and service jobs where the customer is~~
22 ~~typically on site.~~

23 H.] F. The governing body of the jurisdiction in
24 which a [tax increment development] district has been
25 established shall timely notify the assessor of the county in

1 which the district has been established, the taxation and
2 revenue department and the local government division of the
3 department of finance and administration when:

4 (1) a tax increment development plan has been
5 approved that contains a provision for the allocation of a
6 gross receipts tax increment;

7 (2) any outstanding bonds of the district have
8 been paid off; and

9 (3) the purposes of the district have
10 otherwise been achieved.

11 G. The changes made by this 2026 act shall not
12 impair outstanding revenue bonds or loan guarantees that are
13 secured by a pledge of the state gross receipts tax. A pledge
14 of the state gross receipts tax made prior to the effective
15 date of this 2026 act shall continue to be dedicated until the
16 revenue bond or loan guarantee has been discharged in full or
17 provision has been fully made therefor."

18 SECTION 11. Section 5-15-20 NMSA 1978 (being Laws 2006,
19 Chapter 75, Section 20, as amended) is amended to read:

20 "5-15-20. GENERAL BONDING AUTHORITY OF A TAX INCREMENT
21 DEVELOPMENT DISTRICT--OTHER LIMITATIONS.--

22 A. A district board shall not issue bonds against
23 gross receipts tax increments attributable to

24 [~~(1) the state gross receipts tax without:~~

25 ~~(a) the state board of finance adopting~~

1 ~~a resolution dedicating a gross receipts tax increment~~
2 ~~attributable to the state gross receipts tax for the purpose of~~
3 ~~securing the gross receipts tax increment bonds pursuant to~~
4 ~~Subsection G of Section 5-15-15 NMSA 1978; and~~

5 ~~(b) the approval required by Section~~
6 ~~5-15-21 NMSA 1978; and~~

7 ~~(2)]~~ a gross receipts tax imposed by a taxing
8 entity without the agreement of the taxing entity as evidenced
9 by a resolution adopted pursuant to Subsection B or C of
10 Section 5-15-15 NMSA 1978.

11 B. Except as otherwise provided in this section, a
12 district board shall not issue bonds against either gross
13 receipts tax increments or property tax increments without the
14 express written authorization of the department of finance and
15 administration, as evidenced by a letter signed by the
16 secretary of finance and administration. A district formed and
17 approved by a class A county or by a municipality within a
18 class A county if the municipality has a population of more
19 than sixty-five thousand persons, according to the most recent
20 federal decennial census, is not required to obtain express
21 written authorization of the department of finance and
22 administration for the issuance of gross receipts tax increment
23 bonds or property tax increment bonds.

24 C. Prior to the issuance of indebtedness evidenced
25 by the gross receipts tax increment bonds or property tax

1 increment bonds issued by a district pursuant to the Tax
2 Increment for Development Act, the property owners within the
3 district shall contribute a minimum of twenty percent of the
4 initial public infrastructure costs, which may be reimbursed
5 with proceeds of gross receipts tax increment bonds or property
6 tax increment bonds; unless the project to be financed with
7 gross receipts tax increment bonds or property tax increment
8 bonds is a metropolitan redevelopment project pursuant to the
9 Metropolitan Redevelopment Code.

10 D. The amount of indebtedness evidenced by the
11 gross receipts tax increment bonds or property tax increment
12 bonds issued pursuant to the Tax Increment for Development Act
13 shall not exceed the estimated cost of the public improvements
14 plus all costs connected with the public infrastructure
15 purposes and the issuance and sale of bonds, including, without
16 limitation, formation costs, credit enhancement and liquidity
17 support fees and costs.

18 E. The indebtedness evidenced by the gross receipts
19 tax increment bonds or property tax increment bonds shall not
20 affect the general obligation bonding capacity of the
21 municipality or county in which the [~~tax increment development~~]
22 district is located.

23 F. The indebtedness evidenced by the gross receipts
24 tax increment bonds or property tax increment bonds shall be
25 payable only from the special funds into which are deposited

1 the gross receipts tax increments and property tax increments
2 as set forth in the Tax Increment for Development Act.

3 G. Bonds issued by a [~~tax increment development~~]
4 district shall not be a general obligation of the state, the
5 county or the municipality in which the [~~tax increment~~
6 ~~development~~] district is located and shall not pledge the full
7 faith and credit of the state, the county or the municipality
8 in which the [~~tax increment development~~] district is located."

9 SECTION 12. Section 5-15-27 NMSA 1978 (being Laws 2006,
10 Chapter 75, Section 27, as amended) is amended to read:

11 "5-15-27. DEDICATION OF GROSS RECEIPTS TAX INCREMENT--
12 NOTICE TO TAXATION AND REVENUE DEPARTMENT.--[A.] If [~~the state~~
13 ~~board of finance or~~] a taxing entity approves a dedication or
14 increase in the dedication of a gross receipts tax increment to
15 a district, [~~the state board of finance or~~] the taxing entity
16 shall notify the taxation and revenue department of that
17 approval at least one hundred twenty days before the date on
18 which the taxation and revenue department is [~~requested~~
19 required] to designate a reporting location code pursuant to
20 Section 7-1-14 NMSA 1978 for the district in order to calculate
21 the district's base gross receipts taxes. [~~provided that the~~
22 ~~effective date of the dedication by the state board of finance~~
23 ~~is on or after the date base gross receipts taxes have been~~
24 ~~calculated and the bonds are approved by the legislature~~
25 ~~pursuant to Section 5-15-21 NMSA 1978.~~

1 ~~B. In regard to a dedication of a gross receipts~~
2 ~~tax increment attributable to the state gross receipts tax, if~~
3 ~~the approval required pursuant to Section 5-15-21 NMSA 1978 has~~
4 ~~not occurred when the notice pursuant to Subsection A of this~~
5 ~~section is made, the state board of finance shall include in~~
6 ~~the notice that legislative approval is needed prior to a~~
7 ~~distribution pursuant to Section 7-1-6.54 NMSA 1978~~
8 ~~attributable to the state gross receipts tax can be made. Upon~~
9 ~~approval pursuant to Section 5-15-21 NMSA 1978, the state board~~
10 ~~of finance shall notify the department of the approval.]"~~

11 SECTION 13. Section 6-22-2 NMSA 1978 (being Laws 1992,
12 Chapter 105, Section 2, as amended) is amended to read:

13 "6-22-2. DEFINITIONS.--As used in the State Aid Intercept
14 Act:

15 A. "default" means the actual nonpayment of
16 principal or interest on a local revenue bond when payment is
17 scheduled by the indenture relating to the local revenue bond;

18 B. "local government" means a municipality or
19 county;

20 C. "local revenue bond" means a bond issued after
21 July 1, 1992 pursuant to Sections 3-33-1 through 3-33-43 NMSA
22 1978 or Chapter 4, Article 62 NMSA 1978;

23 D. "qualified local revenue bond" means a local
24 revenue bond for which a state distributions intercept
25 authorization has been granted pursuant to this section;

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1 E. "secretary" means the secretary of finance and
2 administration; and

3 F. "state distributions" means any or all of the
4 funds distributed to local governments pursuant to [~~Sections~~
5 ~~7-1-6.4 and~~] Section 7-1-6.9 NMSA 1978."

6 SECTION 14. Section 6-23-8 NMSA 1978 (being Laws 1993,
7 Chapter 231, Section 8, as amended) is amended to read:

8 "6-23-8. MUNICIPALITIES--USE OF CERTAIN REVENUES
9 AUTHORIZED.--Upon adoption of an ordinance or resolution by an
10 affirmative vote of a majority of the members of the governing
11 body at any regular or special meeting of the governing body
12 called for this purpose, a municipality may pledge utility cost
13 savings, conservation-related cost savings or any or all
14 revenues not otherwise pledged or obligated from gross receipts
15 taxes received by the municipality pursuant to [~~Section 7-1-6.4~~
16 ~~NMSA 1978 and~~] Section 7-1-6.12 NMSA 1978 for payments pursuant
17 to a guaranteed utility savings contract with a qualified
18 provider and any installment payment contract or lease-purchase
19 agreement pursuant to that guaranteed utility savings contract.
20 The ordinance or resolution shall declare the necessity for the
21 guaranteed utility savings contract and related contracts or
22 agreements and shall designate the source of the pledged
23 revenues. Any revenues pledged for such contract payments
24 shall be deposited in a special fund, and the municipality
25 shall not use any other revenues to make such payments. At the

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1 end of each fiscal year, any money remaining in the special
2 fund after payment obligations are met may be transferred to
3 any other fund of the municipality."

4 SECTION 15. Section 7-1-2 NMSA 1978 (being Laws 1965,
5 Chapter 248, Section 2, as amended) is amended to read:

6 "7-1-2. APPLICABILITY.--The Tax Administration Act
7 applies to and governs:

8 A. the administration and enforcement of the
9 following taxes or tax acts as they now exist or may hereafter
10 be amended:

- 11 (1) Income Tax Act;
- 12 (2) Withholding Tax Act;
- 13 (3) Oil and Gas Proceeds and Pass-Through
14 Entity Withholding Tax Act;
- 15 (4) Gross Receipts and Compensating Tax Act
16 [~~Interstate Telecommunications Gross Receipts Tax Act~~] and
17 Leased Vehicle Gross Receipts Tax Act;
- 18 (5) Liquor Excise Tax Act;
- 19 (6) Local Liquor Excise Tax Act;
- 20 (7) any municipal local option gross receipts
21 tax or municipal compensating tax;
- 22 (8) any county local option gross receipts tax
23 or county compensating tax;
- 24 (9) Special Fuels Supplier Tax Act;
- 25 (10) Gasoline Tax Act;

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(11) petroleum products loading fee, which fee shall be considered a tax for the purpose of the Tax Administration Act;

~~[(12) Alternative Fuel Tax Act;~~
~~(13)]~~ (12) Cigarette Tax Act;
~~[(14) Estate Tax Act;~~
~~(15) Railroad Car Company Tax Act;~~
~~(16) Investment Credit Act, rural job tax credit, Laboratory Partnership with Small Business Tax Credit Act, Technology Jobs and Research and Development Tax Credit Act]~~

(13) Film Production Tax Credit Act
~~[Affordable Housing Tax Credit Act and high-wage jobs tax credit];~~

~~[(17)]~~ (14) Corporate Income and Franchise Tax Act;

~~[(18)]~~ (15) Uniform Division of Income for Tax Purposes Act;

~~[(19)]~~ (16) Multistate Tax Compact;

~~[(20)]~~ (17) Tobacco Products Tax Act;

~~[(21)]~~ (18) the telecommunications relay service surcharge imposed by Section 63-9F-11 NMSA 1978, which surcharge shall be considered a tax for the purposes of the Tax Administration Act;

~~[(22) the Insurance Premium Tax Act;~~

1 ~~(23)~~] (19) the Health Care Quality Surcharge
2 Act;

3 ~~(24)~~] (20) the Cannabis Tax Act; and
4 ~~(25)~~] (21) the Health Care Delivery and
5 Access Act;

6 B. the administration and enforcement of the
7 following taxes, surtaxes, advanced payments or tax acts as
8 they now exist or may hereafter be amended:

9 (1) Resources Excise Tax Act;
10 (2) Severance Tax Act;
11 (3) any severance surtax;
12 (4) Oil and Gas Severance Tax Act;
13 (5) Oil and Gas Conservation Tax Act;
14 (6) Oil and Gas Emergency School Tax Act;
15 (7) Oil and Gas Ad Valorem Production Tax Act;
16 (8) Natural Gas Processors Tax Act;
17 (9) Oil and Gas Production Equipment Ad
18 Valorem Tax Act;

19 (10) Copper Production Ad Valorem Tax Act;
20 (11) any advance payment required to be made
21 by any act specified in this subsection, which advance payment
22 shall be considered a tax for the purposes of the Tax
23 Administration Act;

24 (12) Enhanced Oil Recovery Act;
25 (13) Natural Gas and Crude Oil Production

1 Incentive Act; and

2 (14) intergovernmental production tax credit
3 and intergovernmental production equipment tax credit;

4 C. the administration and enforcement of the
5 following taxes, surcharges, fees or acts as they now exist or
6 may hereafter be amended:

7 (1) Weight Distance Tax Act;

8 (2) the workers' compensation fee authorized
9 by Section 52-5-19 NMSA 1978, which fee shall be considered a
10 tax for purposes of the Tax Administration Act;

11 (3) Uniform Unclaimed Property Act (1995);

12 (4) 911 emergency surcharge and the network
13 and database surcharge, which surcharges shall be considered
14 taxes for purposes of the Tax Administration Act;

15 (5) the solid waste assessment fee authorized
16 by the Solid Waste Act, which fee shall be considered a tax for
17 purposes of the Tax Administration Act;

18 (6) the water conservation fee imposed by
19 Section 74-1-13 NMSA 1978, which fee shall be considered a tax
20 for the purposes of the Tax Administration Act; and

21 (7) the gaming tax imposed pursuant to the
22 Gaming Control Act; and

23 D. the administration and enforcement of all other
24 laws, with respect to which the department is charged with
25 responsibilities pursuant to the Tax Administration Act, but

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1 only to the extent that the other laws do not conflict with the
2 Tax Administration Act."

3 SECTION 16. Section 7-1-6.15 NMSA 1978 (being Laws 1983,
4 Chapter 211, Section 20, as amended) is amended to read:

5 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS.--

6 A. The provisions of this section apply to:

7 [~~(1)~~] ~~any distribution to a municipality~~
8 ~~pursuant to Section 7-1-6.2, 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA~~
9 ~~1978;~~

10 ~~(2)~~] (1) any transfer to a municipality with
11 respect to any local option gross receipts tax or municipal
12 compensating tax imposed by that municipality;

13 [~~(3)~~] (2) any transfer to a county with
14 respect to any local option gross receipts tax or county
15 compensating tax imposed by that county;

16 [~~(4)~~] (3) any distribution to a county
17 pursuant to Section 7-1-6.5 or 7-1-6.16 [~~or 7-1-6.47~~] NMSA
18 1978;

19 [~~(5)~~] (4) any distribution to a municipality
20 or a county of gasoline taxes pursuant to Section 7-1-6.9 NMSA
21 1978;

22 [~~(6)~~] (5) any transfer to a county with
23 respect to any tax imposed in accordance with the Local Liquor
24 Excise Tax Act;

25 [~~(7)~~] (6) any distribution to a county from

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1 the county government road fund pursuant to Section 7-1-6.26
2 NMSA 1978;

3 ~~[(8) any distribution to a municipality of~~
4 ~~gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978;~~

5 ~~(9)]~~ (7) any distribution to the state
6 treasurer on behalf of a political subdivision of oil and gas
7 ad valorem production taxes pursuant to Sections 7-32-1 through
8 ~~[7-32-38]~~ 7-32-28 NMSA 1978;

9 ~~[(10)]~~ (8) any distribution to a political
10 subdivision of oil and gas production ad valorem equipment tax
11 pursuant to Sections 7-34-1 through 7-34-9 NMSA 1978; and

12 ~~[(11)]~~ (9) any distribution to a municipality
13 or a county of cannabis excise taxes pursuant to Section
14 7-1-6.68 NMSA 1978.

15 B. Before making a distribution or transfer
16 specified in Subsection A of this section for the month,
17 amounts comprising the net receipts shall be segregated into
18 two mutually exclusive categories. One category shall be for
19 amounts relating to the current month, and the other category
20 shall be for amounts relating to prior periods. The total of
21 each category for a distribution recipient shall be reported
22 each month to the recipient; provided that all negative amounts
23 relating to a period prior to the three calendar years
24 preceding the year of the current month, net of any positive
25 amounts in that same time period for the same taxpayers to

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1 which the negative amounts pertain, shall be excluded from the
2 total relating to prior periods; and provided further that, if
3 the total of the amounts relating to prior periods is less than
4 zero and its absolute value exceeds the greater of one hundred
5 dollars (\$100) or an amount:

6 (1) equal to twenty percent of the average
7 distribution or transfer amount for that recipient, the revised
8 total for prior periods shall be excluded from the distribution
9 or transfers and the net receipts to be distributed or
10 transferred to the recipient shall be equal to the amount for
11 the current month; and provided further that the department
12 shall recover the excluded amount from the recipient; or

13 (2) less than twenty percent of the average
14 distribution or transfer amount for that recipient, the net
15 receipts to be distributed or transferred to the recipient
16 shall be adjusted to equal the amount for the current month
17 plus the revised total for prior periods.

18 C. The department shall recover from a distribution
19 recipient the amount excluded by Paragraph (2) of Subsection B
20 of this section. This amount may be referred to as the
21 "recoverable amount".

22 D. Prior to or concurrently with the distribution
23 or transfer to the distribution recipient of the adjusted net
24 receipts, the department shall notify the recipient whose
25 distribution or transfer has been adjusted pursuant to

1 Paragraph (2) of Subsection B of this section:

2 (1) that the department has made such an
3 adjustment, that the department has determined that a specified
4 amount is recoverable from the recipient and that the
5 department intends to recover that amount from future
6 distributions or transfers to the recipient;

7 (2) that the recipient has ninety days from
8 the date notice is made to enter into a mutually agreeable
9 repayment agreement with the department;

10 (3) that if the recipient takes no action
11 within the ninety-day period, the department will recover the
12 amount from the next six distributions or transfers following
13 the expiration of the ninety days; and

14 (4) that the recipient may inspect, pursuant
15 to Section 7-1-8.9 NMSA 1978, an application for a claim for
16 refund that gave rise to the recoverable amount, exclusive of
17 any amended returns that may be attached to the application.

18 E. No earlier than ninety days from the date notice
19 pursuant to Subsection D of this section is given, the
20 department shall begin recovering the recoverable amount from a
21 distribution recipient as follows:

22 (1) the department may collect the recoverable
23 amount by:

24 (a) decreasing distributions or
25 transfers to the recipient in accordance with a repayment

1 agreement entered into with the recipient; or

2 (b) except as provided in Paragraphs (2)
3 and (3) of this subsection, if the recipient fails to act
4 within the ninety days, decreasing the amount of the next six
5 distributions or transfers to the recipient following
6 expiration of the ninety-day period in increments as nearly
7 equal as practicable and sufficient to recover the amount;

8 (2) if, pursuant to Subsection B of this
9 section, the secretary determines that the recoverable amount
10 is more than fifty percent of the average distribution or
11 transfer of net receipts for that recipient, the secretary:

12 (a) shall recover only up to fifty
13 percent of the average distribution or transfer of net receipts
14 for that recipient; and

15 (b) may, in the secretary's discretion,
16 waive recovery of any portion of the recoverable amount,
17 subject to approval by the state board of finance; and

18 (3) if, after application of a refund claim,
19 audit adjustment, correction of a mistake by the department or
20 other adjustment of a prior period, but prior to any recovery
21 of the department pursuant to this section, the total net
22 receipts of a recipient for the twelve-month period beginning
23 with the current month are reduced or are projected to be
24 reduced to less than fifty percent of the average distribution
25 or transfer of net receipts, the secretary may waive recovery

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1 of any portion of the recoverable amount, subject to approval
2 by the state board of finance.

3 F. No later than ninety days from the date notice
4 pursuant to Subsection D of this section is given, the
5 department shall provide the distribution recipient adequate
6 opportunity to review an application for a claim for refund
7 that gave rise to the recoverable amount, exclusive of any
8 amended returns that may be attached to the application,
9 pursuant to Section 7-1-8.9 NMSA 1978.

10 G. On or before September 1 of each year beginning
11 in 2016, the secretary shall report to the state board of
12 finance and the legislative finance committee the total
13 recoverable amount waived pursuant to Subparagraph (b) of
14 Paragraph (2) and Paragraph (3) of Subsection E of this section
15 for each distribution recipient in the prior fiscal year.

16 H. The secretary is authorized to decrease a
17 distribution or transfer to a distribution recipient upon being
18 directed to do so by the secretary of finance and
19 administration pursuant to the State Aid Intercept Act or to
20 redirect a distribution or transfer to the New Mexico finance
21 authority pursuant to an ordinance or a resolution passed by
22 the recipient and a written agreement of the recipient and the
23 New Mexico finance authority. Upon direction to decrease a
24 distribution or transfer or notice to redirect a distribution
25 or transfer to a recipient, the secretary shall decrease or

1 redirect the next designated distribution or transfer, and
2 succeeding distributions or transfers as necessary, by the
3 amount of the state distributions intercept authorized by the
4 secretary of finance and administration pursuant to the State
5 Aid Intercept Act or by the amount of the state distribution
6 intercept authorized pursuant to an ordinance or a resolution
7 passed by the recipient and a written agreement with the New
8 Mexico finance authority. The secretary shall transfer the
9 state distributions intercept amount to the recipient treasurer
10 or other person designated by the secretary of finance and
11 administration or to the New Mexico finance authority pursuant
12 to written agreement to pay the debt service to avoid default
13 on qualified local revenue bonds or meet other local revenue
14 bond, loan or other debt obligations of the recipient to the
15 New Mexico finance authority. A decrease to or redirection of
16 a distribution or transfer pursuant to this subsection that
17 arose:

18 (1) prior to an adjustment of a distribution
19 or transfer of net receipts creating a recoverable amount owed
20 to the department takes precedence over any collection of any
21 recoverable amount pursuant to Paragraph (2) of Subsection B of
22 this section, which may be made only from the net amount of the
23 distribution or transfer remaining after application of the
24 decrease or redirection pursuant to this subsection; and

25 (2) after an adjustment of a distribution or

1 transfer of net receipts creating a recoverable amount owed to
2 the department shall be subordinate to any collection of any
3 recoverable amount pursuant to Paragraph (2) of Subsection B of
4 this section.

5 I. Upon the direction of the secretary of finance
6 and administration pursuant to Section 9-6-5.2 NMSA 1978, the
7 secretary shall temporarily withhold the balance of a
8 distribution to a distribution recipient, net of any decrease
9 or redirected amount pursuant to Subsection H of this section
10 and any recoverable amount pursuant to Paragraph (2) of
11 Subsection B of this section, that has failed to submit an
12 audit report required by the Audit Act or a financial report
13 required by Subsection F of Section 6-6-2 NMSA 1978. The
14 amount to be withheld, the source of the withheld distribution
15 and the number of months that the distribution is to be
16 withheld shall be as directed by the secretary of finance and
17 administration. A distribution withheld pursuant to this
18 subsection shall remain in the tax administration suspense fund
19 until distributed to the distribution recipient and shall not
20 be distributed to the general fund. An amount withheld
21 pursuant to this subsection shall be distributed to the
22 recipient upon direction of the secretary of finance and
23 administration.

24 J. As used in this section:

25 (1) "amounts relating to the current month"

1 means any amounts included in the net receipts of the current
2 month that represent payment of tax due for the current month
3 and correction of amounts processed in the current month that
4 relate to the current month or that otherwise relate to
5 obligations due for the current month;

6 (2) "amounts relating to prior periods" means
7 any amounts processed during the current month that adjust
8 amounts processed in a period or periods prior to the current
9 month regardless of whether the adjustment is a correction of a
10 department error or due to the filing of amended returns,
11 payment of department-issued assessments, filing or approval of
12 claims for refund, audit adjustments or other cause;

13 (3) "average distribution or transfer amount"
14 means the following amounts; provided that a distribution or
15 transfer that is negative shall not be used in calculating the
16 amounts:

17 (a) the annual average of the total
18 amount distributed or transferred to a distribution recipient
19 in each of the three twelve-month periods preceding the current
20 month;

21 (b) if a distribution or transfer to a
22 recipient has been made for less than three years, the total
23 amount distributed or transferred in the year preceding the
24 current month; or

25 (c) if a recipient has not received

1 distributions or transfers of net receipts for twelve or more
2 months, the monthly average of net receipts distributed or
3 transferred to the recipient preceding the current month
4 multiplied by twelve;

5 (4) "current month" means the month for which
6 the distribution or transfer is being prepared; and

7 (5) "repayment agreement" means an agreement
8 between the department and a distribution recipient under which
9 the recipient agrees to allow the department to recover an
10 amount determined pursuant to Paragraph (2) of Subsection B of
11 this section by decreasing distributions or transfers to the
12 recipient for up to seventy-two months beginning with the
13 distribution or transfer to be made with respect to a
14 designated month. No interest shall be charged."

15 SECTION 17. Section 7-1-6.42 NMSA 1978 (being Laws 2001,
16 Chapter 199, Section 12, as amended) is amended to read:

17 "7-1-6.42. DISTRIBUTION--STATE BUILDING BONDING FUND--
18 GROSS RECEIPTS TAX.--A distribution pursuant to Section 7-1-6.1
19 NMSA 1978 shall be made to the state building bonding fund in
20 the amount of six hundred eighty thousand dollars (\$680,000)
21 from the net receipts attributable to the gross receipts tax
22 imposed by the Gross Receipts and Compensating Tax Act. The
23 distribution shall be made:

24 ~~[A. after the required distribution pursuant to~~
25 ~~Section 7-1-6.4 NMSA 1978;~~

1 ~~B.]~~ A. contemporaneously with other distributions
2 of net receipts attributable to the gross receipts tax for
3 payment of debt service on outstanding bonds or to a fund
4 dedicated for that purpose; and

5 ~~[G.]~~ B. prior to any other distribution of net
6 receipts attributable to the gross receipts tax."

7 SECTION 18. Section 7-1-6.53 NMSA 1978 (being Laws 2005,
8 Chapter 176, Section 11) is amended to read:

9 "7-1-6.53. DISTRIBUTION--ENERGY EFFICIENCY AND RENEWABLE
10 ENERGY BONDING FUND--GROSS RECEIPTS TAX.--A distribution
11 pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the
12 energy efficiency and renewable energy bonding fund from the
13 net receipts attributable to the gross receipts tax imposed by
14 the Gross Receipts and Compensating Tax Act in an amount
15 necessary to make the required bond debt service payments
16 pursuant to the Energy Efficiency and Renewable Energy Bonding
17 Act as determined by the New Mexico finance authority. The
18 distribution shall be made:

19 ~~[A. after the required distribution pursuant to~~
20 ~~Section 7-1-6.4 NMSA 1978;~~

21 ~~B.]~~ A. contemporaneously with other distributions
22 of net receipts attributable to the gross receipts tax for
23 payment of debt service on outstanding bonds or to a fund
24 dedicated for that purpose; and

25 ~~[G.]~~ B. prior to any other distribution of net

1 receipts attributable to the gross receipts tax."

2 SECTION 19. Section 7-1-6.62 NMSA 1978 (being Laws 2019,
3 Chapter 47, Section 2, as amended) is amended to read:

4 "7-1-6.62. DISTRIBUTION--~~[PREMIUM]~~ GROSS RECEIPTS TAX--
5 LAW ENFORCEMENT PROTECTION FUND--FIRE PROTECTION FUND--
6 EMERGENCY MEDICAL SERVICES FUND.--

7 A. A distribution pursuant to Section 7-1-6.1 NMSA
8 1978 shall be made to the law enforcement protection fund in an
9 amount equal to ~~[ten]~~ three-hundredths percent of the net
10 receipts attributable to the ~~[premium]~~ gross receipts tax ~~[from~~
11 ~~life, health, general casualty and title insurance business]~~.

12 B. A distribution pursuant to Section 7-1-6.1 NMSA
13 1978 shall be made to the fire protection fund in an amount
14 equal to twenty-one hundredths percent of the net receipts
15 attributable to the ~~[premium]~~ gross receipts tax ~~[derived from~~
16 ~~property and vehicle insurance business]~~.

17 C. A distribution pursuant to Section 7-1-6.1 NMSA
18 1978 shall be made to the emergency medical services fund in an
19 amount equal to ~~[five]~~ fifteen-thousandths percent of the net
20 receipts attributable to the ~~[premium]~~ gross receipts tax ~~[from~~
21 ~~health insurance business]~~."

22 SECTION 20. Section 7-1-6.69 NMSA 1978 (being Laws 2021,
23 Chapter 136, Section 1, as amended) is amended to read:

24 "7-1-6.69. DISTRIBUTION--~~[HEALTH INSURANCE PREMIUM~~
25 ~~SURTAX]~~ GROSS RECEIPTS TAX--HEALTH CARE AFFORDABILITY FUND.--A

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1 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
2 made to the health care affordability fund in an amount equal
3 to ~~[the following amounts]~~ seventeen-hundredths percent of the
4 net receipts attributable to the ~~[health insurance premium~~
5 ~~surtax; provided that if the rate of the health insurance~~
6 ~~premium surtax is reduced pursuant to Subsection F of Section~~
7 ~~7-40-3 NMSA 1978, no distribution pursuant to this section~~
8 ~~shall be made.~~

9 A. ~~prior to July 1, 2024, fifty-five percent;~~

10 B. ~~beginning July 1, 2024 and prior to September 1,~~
11 ~~2025, thirty percent; and~~

12 C. ~~beginning September 1, 2025, fifty-five percent]~~
13 gross receipts tax."

14 SECTION 21. Section 7-1-6.70 NMSA 1978 (being Laws 2022,
15 Chapter 32, Section 1) is amended to read:

16 "7-1-6.70. DISTRIBUTION--LAND GRANT-MERCED ASSISTANCE
17 FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978
18 shall be made to the land grant-merced assistance fund in an
19 amount equal to five-hundredths percent of the net receipts
20 attributable to the gross receipts tax ~~[after distributions~~
21 ~~have been made pursuant to Sections 7-1-6.46 and 7-1-6.47 NMSA~~
22 ~~1978]."~~

23 SECTION 22. A new section of the Tax Administration Act
24 is enacted to read:

25 "[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX--STATE

1 ROAD FUND--TRANSPORTATION PROJECT FUND--BOAT FUND.--A
2 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
3 made of the following percentages of the net receipts
4 attributable to the gross receipts tax:
5 A. twelve-hundredths percent to the state road
6 fund;
7 B. eleven-hundredths percent to the transportation
8 project fund; and
9 C. fifty-four hundredths percent to the boat fund."

10 SECTION 23. Section 7-1-8.8 NMSA 1978 (being Laws 2019,
11 Chapter 87, Section 2, as amended) is amended to read:

12 "7-1-8.8. INFORMATION THAT MAY BE REVEALED TO OTHER STATE
13 AND LEGISLATIVE AGENCIES.--An employee of the department may
14 reveal confidential return information to the following
15 agencies; provided that a person who receives the information
16 on behalf of the agency shall be subject to the penalties in
17 Section 7-1-76 NMSA 1978 if the person fails to maintain the
18 confidentiality required:

19 A. a committee of the legislature for a valid
20 legislative purpose, return information concerning any tax or
21 fee imposed pursuant to the Cigarette Tax Act;

22 B. the attorney general, return information
23 acquired pursuant to the Cigarette Tax Act for purposes of
24 Section 6-4-13 NMSA 1978 and the master settlement agreement
25 defined in Section 6-4-12 NMSA 1978;

1 C. the commissioner of public lands, return
2 information for use in auditing that pertains to rentals,
3 royalties, fees and other payments due the state under land
4 sale, land lease or other land use contracts;

5 D. the secretary of health care authority or the
6 secretary's delegate under a written agreement with the
7 department:

8 (1) the last known address with date of all
9 names certified to the department as being absent parents of
10 children receiving public financial assistance, but only for
11 the purpose of enforcing the support liability of the absent
12 parents by the child support enforcement division or any
13 successor organizational unit;

14 (2) return information needed for reports
15 required to be made to the federal government concerning the
16 use of federal funds for low-income working families;

17 (3) return information of low-income taxpayers
18 for the limited purpose of outreach to those taxpayers;
19 provided that the health care authority [~~department~~] shall pay
20 the department for expenses incurred by the department to
21 derive the information requested by the health care authority
22 [~~department~~] if the information requested is not readily
23 available in reports for which the department's information
24 systems are programmed;

25 (4) return information required to administer

1 the Health Care Quality Surcharge Act and the Health Care
2 Delivery and Access Act; and

3 (5) return information in accordance with the
4 provisions of the Easy Enrollment Act;

5 E. the department of information technology, by
6 electronic media, a database updated quarterly that contains
7 the names, addresses, county of address and taxpayer
8 identification numbers of New Mexico personal income tax
9 filers, but only for the purpose of producing the random jury
10 list for the selection of petit or grand jurors for the state
11 courts pursuant to Section 38-5-3 NMSA 1978;

12 F. the state courts, the random jury lists produced
13 by the department of information technology under Subsection E
14 of this section;

15 G. the director of the New Mexico department of
16 agriculture or the director's authorized representative, upon
17 request of the director or representative, the names and
18 addresses of all gasoline or special fuel distributors,
19 wholesalers and retailers;

20 ~~[H. the public regulation commission, return~~
21 ~~information with respect to the Corporate Income and Franchise~~
22 ~~Tax Act required to enable the commission to carry out its~~
23 ~~duties;~~

24 ~~I.]~~ H. the state racing commission, return
25 information with respect to the state, municipal and county

1 gross receipts taxes paid by racetracks;

2 ~~[J.]~~ I. the gaming control board, tax returns of
3 license applicants and their affiliates as provided in
4 Subsection E of Section 60-2E-14 NMSA 1978;

5 ~~[K.]~~ J. the director of the workers' compensation
6 administration or to the director's representatives authorized
7 for this purpose, return information to facilitate the
8 identification of taxpayers that are delinquent or noncompliant
9 in payment of fees required by Section 52-1-9.1 or 52-5-19 NMSA
10 1978;

11 ~~[L.]~~ K. the secretary of workforce solutions or the
12 secretary's delegate, return information for use in enforcement
13 of unemployment insurance collections pursuant to the terms of
14 a written reciprocal agreement entered into by the department
15 with the secretary of workforce solutions for exchange of
16 information;

17 ~~[M.]~~ L. the New Mexico finance authority,
18 information with respect to the amount of municipal and county
19 gross receipts taxes collected by municipalities and counties
20 pursuant to any local option municipal or county gross receipts
21 taxes imposed, and information with respect to the amount of
22 governmental gross receipts taxes paid by every agency,
23 institution, instrumentality or political subdivision of the
24 state pursuant to Section 7-9-4.3 NMSA 1978;

25 ~~[N.]~~ M. the superintendent of insurance, return

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1 information with respect to the [~~premium~~] gross receipts tax
2 [~~and the health insurance premium surtax~~] imposed on insurance
3 companies or any agent thereof and a property bondsman, as that
4 person is defined in Section 59A-51-2 NMSA 1978, as security or
5 surety for a bail bond in connection with a judicial
6 proceeding;

7 [~~Θ.~~] N. the secretary of finance and administration
8 or the secretary's designee, return information concerning a
9 credit pursuant to the Film Production Tax Credit Act;

10 [~~P.~~] O. the secretary of economic development or
11 the secretary's designee, return information concerning a
12 credit pursuant to the Film Production Tax Credit Act;

13 [~~Q.~~] P. the secretary of public safety or the
14 secretary's designee, return information concerning the Weight
15 Distance Tax Act;

16 [~~R.~~] Q. the secretary of transportation or the
17 secretary's designee, return information concerning the Weight
18 Distance Tax Act;

19 [~~S.~~] R. the secretary of energy, minerals and
20 natural resources or the secretary's designee, return
21 information concerning tax credits or deductions for which
22 eligibility is certified or otherwise determined by the
23 secretary or the secretary's designee;

24 [~~T.~~] S. the secretary of environment or the
25 secretary's designee, return information concerning tax credits

1 for which eligibility is certified or otherwise determined by
2 the secretary or the secretary's designee; and

3 [U.] T. the secretary of state or the secretary's
4 designee, taxpayer information required to maintain voter
5 registration records and as otherwise provided in the Election
6 Code."

7 SECTION 24. Section 7-1-13.1 NMSA 1978 (being Laws 1988,
8 Chapter 99, Section 3, as amended) is amended to read:

9 "7-1-13.1. METHOD OF PAYMENT OF CERTAIN TAXES DUE.--

10 A. Payment of the taxes, including any applicable
11 penalties and interest, described in Paragraph (1), (2), (3) or
12 (4) of this subsection shall be made on or before the date due
13 in accordance with Subsection B of this section if the
14 taxpayer's average tax payment for the group of taxes during
15 the preceding calendar year equaled or exceeded twenty-five
16 thousand dollars (\$25,000):

17 (1) Group 1: all taxes due under the
18 Withholding Tax Act, the Gross Receipts and Compensating Tax
19 Act, the local option gross receipts tax acts [~~the Interstate~~
20 ~~Telecommunications Gross Receipts Tax Act~~] and the Leased
21 Vehicle Gross Receipts Tax Act;

22 (2) Group 2: all taxes due under the Oil and
23 Gas Severance Tax Act, the Oil and Gas Conservation Tax Act,
24 the Oil and Gas Emergency School Tax Act and the Oil and Gas Ad
25 Valorem Production Tax Act;

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1 (3) Group 3: the tax due under the Natural
2 Gas Processors Tax Act; or

3 (4) Group 4: all taxes and fees due under the
4 Gasoline Tax Act, the Special Fuels Supplier Tax Act and the
5 Petroleum Products Loading Fee Act.

6 B. Taxpayers who are required to make payment in
7 accordance with the provisions of this section shall make
8 payment by electronic payment; provided that a result of the
9 payment is that funds are immediately available to the state of
10 New Mexico on or before the due date.

11 C. If the taxes required to be paid under this
12 section are not paid in accordance with Subsection B of this
13 section, the payment is not timely and is subject to the
14 provisions of Sections 7-1-67 and 7-1-69 NMSA 1978.

15 D. For the purposes of this section, "average tax
16 payment" means the total amount of taxes paid with respect to a
17 group of taxes listed under Subsection A of this section during
18 a calendar year divided by the number of months in that
19 calendar year containing a due date on which the taxpayer was
20 required to pay one or more taxes in the group."

21 SECTION 25. Section 7-1-26 NMSA 1978 (being Laws 1965,
22 Chapter 248, Section 28, as amended) is amended to read:

23 "7-1-26. DISPUTING LIABILITIES--CLAIM FOR REBATE OR
24 REFUND.--

25 A. A person who believes that an amount of tax has

1 been paid by or withheld from that person in excess of that for
2 which the person was liable, who has been denied a rebate
3 claimed or who claims a prior right to property in the
4 possession of the department pursuant to a levy made pursuant
5 to the authority of Sections 7-1-31 through 7-1-34 NMSA 1978
6 may claim a refund by directing to the secretary, within the
7 time limitations provided by Subsections F and G of this
8 section, a written claim for refund that, except as provided in
9 Subsection K of this section, includes:

10 (1) the taxpayer's name, address and
11 identification number;

12 (2) the type of tax for which a refund is
13 being claimed, the rebate denied or the property levied upon;

14 (3) the sum of money or other property being
15 claimed;

16 (4) with respect to a refund, the period for
17 which overpayment was made;

18 (5) a brief statement of the facts and the law
19 on which the claim is based, which may be referred to as the
20 "basis for the refund", which may include documentation that
21 substantiates the written claim and supports the taxpayer's
22 basis for the refund; and

23 (6) if applicable, a copy of an amended return
24 for each tax period for which the refund is claimed.

25 B. A claim for refund that meets the requirements

1 of Subsection A of this section and that is filed within the
2 time limitations provided by Subsections F and G of this
3 section is deemed to be properly before the department for
4 consideration, regardless of whether the department requests
5 additional documentation after receipt of the claim for refund.

6 C. If the department requests additional relevant
7 documentation from a taxpayer who has submitted a claim for
8 refund, the claim for refund shall not be considered incomplete
9 provided the taxpayer submits sufficient information for the
10 department to make a determination.

11 D. The secretary or the secretary's delegate may
12 allow the claim in whole or in part or may deny the claim. If
13 the:

14 (1) claim is denied in whole or in part in
15 writing, the person shall not refile the denied claim, but the
16 person, within ninety days after either the mailing or delivery
17 of the denial of all or any part of the claim, may elect to
18 pursue only one of the remedies provided in Subsection E of
19 this section; and

20 (2) department has neither granted nor denied
21 any portion of a complete claim for refund within one hundred
22 eighty days after the claim was mailed or otherwise delivered
23 to the department, the person may elect to treat the claim as
24 denied and elect to pursue only one of the remedies provided in
25 Subsection E of this section.

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1 E. A person may elect to pursue only one of the
2 remedies provided in this subsection. A person who timely
3 pursues more than one remedy is deemed to have elected the
4 first. The person may:

5 (1) direct to the secretary, pursuant to the
6 provisions of Section 7-1-24 NMSA 1978, a written protest that
7 sets forth:

8 (a) the circumstances of: 1) an alleged
9 overpayment; 2) a denied rebate; or 3) a denial of a prior
10 right to property levied upon by the department;

11 (b) an allegation that, because of that
12 overpayment or denial, the state is indebted to the taxpayer
13 for a specified amount, including any allowed interest, or for
14 the property;

15 (c) a demand for the refund to the
16 taxpayer of that amount or that property; and

17 (d) a recitation of the facts of the
18 claim for refund; or

19 (2) commence a civil action in the district
20 court for Santa Fe county by filing a complaint setting forth
21 the circumstance of the claimed overpayment, denied rebate or
22 denial of a prior right to property levied upon by the
23 department alleging that on account thereof the state is
24 indebted to the plaintiff in the amount or property stated,
25 together with any interest allowable, demanding the refund to

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1 the plaintiff of that amount or property and reciting the facts
2 of the claim for refund. The plaintiff or the secretary may
3 appeal from any final decision or order of the district court
4 to the court of appeals.

5 F. Except as otherwise provided in Subsection G of
6 this section, a refund of any amount of overpaid tax, penalty
7 or interest may be allowed or made to a person if a claim is
8 properly filed:

9 (1) only within three years after the end of
10 the calendar year in which the applicable event occurs:

11 (a) in the case of tax paid with an
12 original or amended state return, the date the related tax was
13 originally due;

14 (b) in the case of tax paid in response
15 to an assessment by the department pursuant to Section 7-1-17
16 NMSA 1978, the date the tax was paid;

17 (c) in the case of tax with respect to
18 which a net-negative federal adjustment, as that term is used
19 in Section 7-1-13 NMSA 1978, relates, the final determination
20 date of that federal adjustment, as provided in Section 7-1-13
21 NMSA 1978;

22 (d) the final determination of value
23 occurs with respect to any overpayment that resulted from a
24 disapproval by any agency of the United States or the state of
25 New Mexico or any court of increase in value of a product

1 subject to taxation pursuant to the Oil and Gas Severance Tax
2 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas
3 Emergency School Tax Act, the Oil and Gas Ad Valorem Production
4 Tax Act or the Natural Gas Processors Tax Act; or

5 (e) in the case of a claim related to
6 property taken by levy, the date the property was levied upon
7 as provided in the Tax Administration Act;

8 [~~(2)~~] ~~in the case of a taxpayer under audit by~~
9 ~~the department who has signed a waiver of the limitation on~~
10 ~~assessments pursuant to Subsection F of Section 7-1-18 NMSA~~
11 ~~1978, only for a refund of the same tax paid for the same~~
12 ~~period for which the waiver was given, and only until a date~~
13 ~~one year after the later of the date of the mailing of an~~
14 ~~assessment issued pursuant to the audit, the date of the~~
15 ~~mailing of final audit findings to the taxpayer or the date a~~
16 ~~proceeding is begun in court by the department with respect to~~
17 ~~the same tax and the same period;~~

18 ~~(3)~~] (2) in the case of a payment of an amount
19 of tax not made within three years of the end of the calendar
20 year in which the original due date of the tax or date of the
21 assessment of the department occurred, only for a claim for
22 refund of that amount of tax and only within one year of the
23 date on which the tax was paid; or

24 [~~(4)~~] (3) in the case of a taxpayer who has
25 been assessed a tax pursuant to Subsection B, C or D of Section

1 7-1-18 NMSA 1978 and an assessment that applies to a period
2 ending at least three years prior to the beginning of the year
3 in which the assessment was made, only for a refund for the
4 same tax for the period of the assessment or for any period
5 following that period within one year of the date of the
6 assessment unless a longer period for claiming a refund is
7 provided in this section.

8 G. No refund shall be allowed or made to a person
9 claiming a refund of gasoline tax pursuant to Section 7-13-11
10 NMSA 1978 unless notice of the destruction of the gasoline was
11 given to the department within thirty days of the actual
12 destruction and the claim for refund is made within six months
13 of the date of destruction. No refund shall be allowed or made
14 to a person claiming a refund of gasoline tax pursuant to
15 Section 7-13-17 NMSA 1978 unless the refund is claimed within
16 six months of the date of purchase of the gasoline and the
17 gasoline has been used at the time the claim for refund is
18 made.

19 H. If, as a result of an audit by the department or
20 a managed audit covering multiple periods, an overpayment of
21 tax is found in any period under the audit and if the taxpayer
22 files a claim for refund for the overpayments identified in the
23 audit, that overpayment may be credited against an underpayment
24 of the same tax found in another period under audit pursuant to
25 Section 7-1-29 NMSA 1978.

1 I. A refund of tax paid under any tax or tax act
2 administered pursuant to Subsection B of Section 7-1-2 NMSA
3 1978 may be made, at the discretion of the department, in the
4 form of credit against future tax payments if future tax
5 liabilities in an amount at least equal to the credit amount
6 reasonably may be expected to become due.

7 J. For the purposes of this section, "oil and gas
8 tax return" means a return reporting tax due with respect to
9 oil, natural gas, liquid hydrocarbons, carbon dioxide, helium
10 or nonhydrocarbon gas pursuant to the Oil and Gas Severance Tax
11 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas
12 Emergency School Tax Act, the Oil and Gas Ad Valorem Production
13 Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas
14 Production Equipment Ad Valorem Tax Act.

15 K. The filing of a fully completed original income
16 tax return, corporate income tax return or corporate income and
17 franchise tax return [~~estate tax return or annual insurance~~
18 ~~premium tax return~~] that shows a balance due the taxpayer or a
19 fully completed amended income tax return, an amended corporate
20 income tax return, an amended corporate income and franchise
21 tax return [~~an amended estate tax return~~] or an amended oil and
22 gas tax return [~~or an amended insurance premium tax return~~]
23 that shows a lesser tax liability than the original return
24 constitutes the filing of a claim for refund for the difference
25 in tax due shown on the original and amended returns.

1 L. The department may allow a completed return and
2 an amended return to constitute the filing of a claim for
3 refund.

4 M. In no case may a refund be claimed if the
5 related federal adjustment is taken into account by a
6 partnership in the partnership's tax return for the adjustment
7 year and allocated to the partners in a manner similar to other
8 partnership tax items."

9 SECTION 26. Section 7-1-29 NMSA 1978 (being Laws 1965,
10 Chapter 248, Section 31, as amended) is amended to read:

11 "7-1-29. AUTHORITY TO MAKE REFUNDS, CREDITS OR REBATES.--

12 A. In response to a claim for refund, credit or
13 rebate made as provided in Section 7-1-26 NMSA 1978, but before
14 a court acquires jurisdiction of the matter, the secretary or
15 the secretary's delegate may authorize payment to a person in
16 the amount of the credit or rebate claimed or refund an
17 overpayment of tax determined by the secretary or the
18 secretary's delegate to have been erroneously made by the
19 person, together with allowable interest.

20 B. Pursuant to the final order of the district
21 court, the court of appeals, the supreme court of New Mexico or
22 a federal court, from which order, appeal or review is not
23 successfully taken, adjudging that a person has properly
24 claimed a credit, rebate or a refund of overpaid tax, the
25 secretary shall authorize the payment to the person of the

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1 amount thereof. After a court acquires jurisdiction but before
2 it issues a final order, the secretary may authorize payment of
3 a credit, rebate or refund pursuant to a closing agreement
4 pursuant to Section 7-1-20 NMSA 1978.

5 C. In the discretion of the secretary, any amount
6 of credit or rebate to be paid or tax to be refunded may be
7 offset against any amount of tax for which the person due to
8 receive the credit, rebate payment or refund is liable. The
9 secretary or the secretary's delegate shall give notice to the
10 taxpayer that the credit, rebate payment or refund will be made
11 in this manner, and the taxpayer shall be entitled to interest
12 pursuant to Section 7-1-68 NMSA 1978 until the tax liability is
13 credited with the credit, rebate or refund amount.

14 D. In an audit by the department or a managed audit
15 covering multiple reporting periods in which both underpayments
16 and overpayments of a tax have been made in different reporting
17 periods, the department shall credit the tax overpayments
18 against the underpayments; provided that the taxpayer files a
19 claim for refund of the overpayments. An overpayment shall be
20 applied as a credit first to the earliest underpayment and then
21 to succeeding underpayments. An underpayment of tax to which
22 an overpayment is credited pursuant to this section shall be
23 deemed paid in the period in which the overpayment was made or
24 the period to which the overpayment was credited against an
25 underpayment, whichever is later. If the overpayments credited

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1 pursuant to this section exceed the underpayments of a tax, the
2 amount of the net overpayment for the periods covered in the
3 audit shall be refunded to the taxpayer.

4 E. When a taxpayer makes a payment identified to a
5 particular return or assessment, and the department determines
6 that the payment exceeds the amount due pursuant to that return
7 or assessment, the secretary may apply the excess to the
8 taxpayer's other liabilities pursuant to the tax acts to which
9 the return or assessment applies, without requiring the
10 taxpayer to file a claim for a refund. The liability to which
11 an overpayment is applied pursuant to this section shall be
12 deemed paid in the period in which the overpayment was made or
13 the period to which the overpayment was applied, whichever is
14 later.

15 F. If the department determines, upon review of an
16 original or amended income tax return, corporate income and
17 franchise tax return, [~~estate tax return~~] special [~~fuels~~] fuel
18 excise tax return or oil and gas tax return, that there has
19 been an overpayment of tax for the taxable period to which the
20 return or amended return relates in excess of the amount due to
21 be refunded to the taxpayer pursuant to the provisions of
22 Subsection K of Section 7-1-26 NMSA 1978, the department may
23 refund that excess amount to the taxpayer without requiring the
24 taxpayer to file a refund claim.

25 G. Records of refunds and credits made in excess of

1 twenty thousand dollars (\$20,000) shall be available for
2 inspection by the public. The department shall keep such
3 records for a minimum of three years from the date of the
4 refund or credit.

5 H. In response to a timely refund claim pursuant to
6 Section 7-1-26 NMSA 1978 and notwithstanding any other
7 provision of the Tax Administration Act, the secretary or the
8 secretary's delegate may refund or credit a portion of an
9 assessment of tax paid, including applicable penalties and
10 interest representing the amount of tax previously paid by
11 another person on behalf of the taxpayer on the same
12 transaction; provided that the requirements of equitable
13 recoupment are met. For purposes of this subsection, the
14 refund claim may be filed by the taxpayer to whom the
15 assessment was issued or by another person who claims to have
16 previously paid the tax on behalf of the taxpayer. Prior to
17 granting the refund or credit, the secretary may require a
18 waiver of all rights to claim a refund or credit of the tax
19 previously paid by another person paying a tax on behalf of the
20 taxpayer.

21 I. If, as a result of an audit by the department or
22 a managed audit, a person is determined to owe gross receipts
23 tax on receipts from the sale of property or services, the
24 department may credit against the amount owed an amount of
25 compensating tax paid by the purchaser if the person can

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1 demonstrate that the purchaser timely paid the compensating tax
2 on the same property or services. The credit provided by this
3 subsection shall not be denied solely because the purchaser
4 cannot timely file for a refund of the compensating tax paid
5 and, if the credit is to be granted, the department shall
6 require, for the purpose of granting the credit, that the
7 purchaser give up any right to claim a refund of that tax."

8 SECTION 27. Section 7-1-68 NMSA 1978 (being Laws 1965,
9 Chapter 248, Section 69, as amended) is amended to read:

10 "7-1-68. INTEREST ON OVERPAYMENTS.--

11 A. As provided in this section, interest shall be
12 allowed and paid on the amount of tax overpaid by a person that
13 is subsequently refunded or credited to that person.

14 B. Interest on overpayments of tax shall accrue and
15 be paid at the underpayment rate established pursuant to
16 Section 6621 of the Internal Revenue Code, computed on a daily
17 basis; provided that if a different rate is specified by a
18 compact or other interstate agreement to which New Mexico is a
19 party, that rate shall apply to amounts due under the compact
20 or other agreement.

21 C. Unless otherwise provided by this section,
22 interest on an overpayment not arising from an assessment by
23 the department shall be paid from the date of the claim for
24 refund until a date preceding by not more than thirty days the
25 date of the credit or refund to any person; and interest on an

1 overpayment arising from an assessment by the department shall
2 be paid from the date of overpayment until a date preceding by
3 not more than thirty days the date of the credit or refund to
4 any person.

5 D. No interest shall be allowed or paid with
6 respect to an amount credited or refunded if:

7 (1) the amount of interest due is less than
8 one dollar (\$1.00);

9 (2) the credit or refund is made within:

10 (a) fifty-five days of the date of the
11 complete claim for refund of income tax pursuant to ~~[either]~~
12 the Income Tax Act or the Corporate Income and Franchise Tax
13 Act for the tax year immediately preceding the tax year in
14 which the claim is made;

15 (b) sixty days of the date of the
16 complete claim for refund of any tax not provided for in this
17 paragraph;

18 (c) seventy-five days of the date of the
19 complete claim for refund of gasoline tax to users of gasoline
20 off the highways;

21 (d) one hundred twenty days of the date
22 of the complete claim for refund of tax imposed pursuant to the
23 Resources Excise Tax Act, the Severance Tax Act, the Oil and
24 Gas Severance Tax Act, the Oil and Gas Conservation Tax Act,
25 the Oil and Gas Emergency School Tax Act, the Oil and Gas Ad

1 Valorem Production Tax Act, the Natural Gas Processors Tax Act
2 or the Oil and Gas Production Equipment Ad Valorem Tax Act; or

3 (e) one hundred twenty days of the date
4 of the complete claim for refund of income tax, pursuant to the
5 Income Tax Act or the Corporate Income and Franchise Tax Act
6 for any tax year more than one year prior to the year in which
7 the claim is made;

8 (3) Sections 6611(f) and 6611(g) of the
9 Internal Revenue Code, as those sections may be amended or
10 renumbered, prohibit payment of interest for federal income tax
11 purposes;

12 (4) the credit results from overpayments found
13 in an audit of multiple reporting periods and applied to
14 underpayments found in that audit or refunded as a net
15 overpayment to the taxpayer pursuant to Section 7-1-29 NMSA
16 1978;

17 (5) the department applies the credit or
18 refund to an intercept program, to the taxpayer's estimated
19 payment prior to the due date for the estimated payment or to
20 offset prior liabilities of the taxpayer pursuant to Subsection
21 E of Section 7-1-29 NMSA 1978;

22 (6) the credit or refund results from
23 overpayments the department finds pursuant to Subsection F of
24 Section 7-1-29 NMSA 1978 that exceed the refund claimed by the
25 taxpayer on the return; or

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(7) the refund results from a tax credit pursuant to the [~~Investment Credit Act, Laboratory Partnership with Small Business Tax Credit Act, Technology Jobs and Research and Development Tax Credit Act~~] Film Production Tax Credit Act [~~Affordable Housing Tax Credit Act or a rural job tax credit or high-wage jobs tax credit~~].

E. Nothing in this section shall be construed to require the payment of interest upon interest."

SECTION 28. Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4, as amended) is repealed and a new Section 7-2-7 NMSA 1978 is enacted to read:

"7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--

A. The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, 2025:

(1) for married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$10,000	2.0% of taxable income
Over \$10,000 but not over \$30,000	\$200.00 plus 4.0% of excess over \$10,000
Over \$30,000	\$1,000.00 plus 6.0% of excess over \$30,000;

(2) for heads of household, surviving spouses and married individuals filing joint returns:

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If the taxable income is:	The tax shall be:
Not over \$20,000	2.0% of taxable income
Over \$20,000 but not over \$60,000	\$400.00 plus 4.0% of
	excess over \$20,000
Over \$60,000	\$2,000.00 plus 6.0% of
	excess over \$60,000; and

(3) for single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over \$13,500	2.0% of taxable income
Over \$13,500 but not over \$40,000	\$270.00 plus 4.0% of
	excess over \$13,500
Over \$40,000	\$1,330.00 plus 6.0% of
	excess over \$40,000.

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

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

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

SECTION 29. Section 7-2-34 NMSA 1978 (being Laws 1999, Chapter 205, Section 1, as amended) is amended to read:

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1 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

2 A. A taxpayer may claim a deduction from net income
3 in an amount equal to ~~[the greater of: (1)]~~ the taxpayer's net
4 capital gain income for the taxable year for which the
5 deduction is being claimed, but not to exceed two thousand five
6 hundred dollars (\$2,500) ~~[or (2) forty percent of up to one~~
7 ~~million dollars (\$1,000,000) of the taxpayer's net capital gain~~
8 ~~income from the sale of a business that is allocated or~~
9 ~~apportioned to New Mexico pursuant to Section 7-2-11 NMSA 1978~~
10 ~~for the taxable year for which the deduction is being claimed].~~

11 B. Married individuals who file separate returns
12 for a taxable year in which they could have filed a joint
13 return may each claim only one-half of the deduction provided
14 by this section that would have been allowed on the joint
15 return.

16 C. The deduction provided by this section shall be
17 included in the tax expenditure budget pursuant to Section
18 7-1-84 NMSA 1978, including the annual aggregate cost of the
19 deduction.

20 ~~[G.]~~ D. As used in this section, "net capital gain"
21 means "net capital gain" as defined in Section 1222 (11) of the
22 Internal Revenue Code."

23 SECTION 30. Section 7-2A-5 NMSA 1978 (being Laws 1981,
24 Chapter 37, Section 38, as amended) is repealed and a new
25 Section 7-2A-5 NMSA 1978 is enacted to read:

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1 "7-2A-5. [NEW MATERIAL] CORPORATE INCOME TAX RATES.--The
2 corporate income tax imposed on corporations by Section 7-2A-3
3 NMSA 1978 shall be at the following rates for any taxable year
4 beginning on or after January 1, 2025:

5 If the taxable income is:	The tax shall be:
6 Not over \$250,000	2.0% of taxable income
7 Over \$250,000 but not over \$500,000	\$5,000.00 plus 4.0% of
8	excess over \$250,000
9 Over \$500,000	\$15,000.00 plus 6.0% of
10	excess over \$500,000."

11 SECTION 31. Section 7-9-4 NMSA 1978 (being Laws 1966,
12 Chapter 47, Section 4, as amended) is amended to read:

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

15 A. For the privilege of engaging in business, an
16 excise tax equal to ~~[the following percentages]~~ two percent of
17 gross receipts is imposed on any person engaging in business in
18 New Mexico

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

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

25 ~~[C. If, for any single fiscal year occurring after~~
26
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1 ~~fiscal year 2025 and prior to fiscal year 2030, gross receipts~~
2 ~~tax revenues are less than ninety-five percent of the gross~~
3 ~~receipts tax revenues for the previous fiscal year, as~~
4 ~~determined by the secretary of finance and administration, the~~
5 ~~rate of the gross receipts tax shall be five and one-eighth~~
6 ~~percent beginning on the July 1 following the determination~~
7 ~~made by the secretary of finance and administration.~~

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

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

20 ~~SECTION 32. Section 7-9-4.3 NMSA 1978 (being Laws 1991,~~
21 ~~Chapter 8, Section 2, as amended) is amended to read:~~

22 ~~"7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS~~
23 ~~"GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of~~
24 ~~engaging in certain activities by governments, there is imposed~~
25 ~~on every agency, institution, instrumentality or political~~

1 subdivision of the state, except any school district and an
2 entity licensed by the department of health, other than a
3 hospital, that is principally engaged in providing health care
4 services, an excise tax of [~~five~~] two percent of governmental
5 gross receipts. The tax imposed by this section shall be
6 referred to as the "governmental gross receipts tax".

7 SECTION 33. Section 7-9-7 NMSA 1978 (being Laws 1966,
8 Chapter 47, Section 7, as amended) is amended to read:

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

11 A. For the privilege of making taxable use of
12 tangible personal property in New Mexico, there is imposed on
13 the person using the property an excise tax equal to [~~five~~] two
14 percent [~~prior to July 1, 2023 and four and seven eighths~~
15 ~~percent beginning July 1, 2023, except as provided in~~
16 ~~Subsection C of this section~~] of the value of tangible property
17 that was:

18 (1) manufactured by the person using the
19 property in the state; or

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

22 B. For the purpose of Subsection A of this section,
23 value of tangible personal property shall be the adjusted basis
24 of the property for federal income tax purposes determined as
25 of the time of acquisition or introduction into this state or

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1 of conversion of the property to taxable use, whichever is
2 later. If no adjusted basis for federal income tax purposes is
3 established for the property, a reasonable value of the
4 property shall be used.

5 C. For the privilege of making taxable use of a
6 license or franchise in New Mexico, there is imposed on the
7 person using the license or franchise an excise tax equal to
8 the rate provided in Subsection A [~~or G~~] of this section [~~as~~
9 ~~applicable~~] against the value of the license or franchise in
10 its use in this state. The department by rule, ruling or
11 instruction shall fairly apportion, where appropriate, the
12 value of a license or franchise to its value in use in New
13 Mexico. The tax shall apply only to the value of a license or
14 franchise used in New Mexico where the license or franchise was
15 acquired in a transaction the receipts from which were not
16 subject to the gross receipts tax.

17 D. For the privilege of making taxable use of
18 services in New Mexico, there is imposed on the person using
19 the services an excise tax equal to the rate provided in
20 Subsection A [~~or G~~] of this section [~~as applicable~~] against the
21 value of the services at the time the services were performed
22 or the product of the service was acquired. For use of
23 services to be a taxable use pursuant to this subsection, the
24 services shall have been acquired in a transaction the receipts
25 from which were not subject to the gross receipts tax.

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

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

8 ~~[G. If the gross receipts tax is increased to five~~
9 ~~and one-eighth percent pursuant to Subsection C of Section~~
10 ~~7-9-4 NMSA 1978, the rate of the compensating tax shall be five~~
11 ~~and one-eighth percent.~~

12 ~~H.]~~ G. As used in this section, "taxable use" means
13 use by a person who acquires tangible personal property, a
14 license, a franchise or a service, and the use of which would
15 not have qualified for an exemption or deduction pursuant to
16 the Gross Receipts and Compensating Tax Act."

17 SECTION 34. Section 7-9-13.2 NMSA 1978 (being Laws 1992,
18 Chapter 100, Section 3, as amended) is amended to read:

19 "7-9-13.2. EXEMPTION--GOVERNMENTAL GROSS RECEIPTS TAX--
20 RECEIPTS SUBJECT TO CERTAIN OTHER TAXES.--Exempted from the
21 governmental gross receipts tax are receipts from transactions
22 involving tangible personal property or services on which
23 receipts or transactions the gross receipts tax, compensating
24 tax, ~~[motor vehicle excise tax]~~ gasoline tax, ~~[special fuel~~
25 ~~tax]~~ special fuel excise tax, oil and gas emergency school tax,

resources tax, processors tax or service tax [~~or the excise tax imposed under Section 66-12-6.1 NMSA 1978~~] is imposed."

SECTION 35. Section 7-9-18 NMSA 1978 (being Laws 1969, Chapter 144, Section 11, as amended) is amended to read:

"7-9-18. ~~[EXEMPTION]~~ DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL GROSS RECEIPTS TAX--AGRICULTURAL PRODUCTS.--

A. ~~[Exempted from the gross receipts tax and from the governmental gross receipts tax are the]~~ Prior to July 1, 2029, receipts from selling livestock and receipts of growers, producers, trappers or nonprofit marketing associations from selling livestock, live poultry, unprocessed agricultural products, hides or pelts may be deducted from gross receipts and governmental gross receipts. Persons engaged in the business of buying and selling wool or mohair or of buying and selling livestock on their own account are producers for the purposes of this section.

B. Receipts from selling dairy products at retail ~~[are]~~ shall not ~~[exempted]~~ be deducted from ~~[the]~~ gross receipts ~~[tax]~~ pursuant to this section.

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 deductions 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

1 deductions.

2 [G.] E. As used in this section, "livestock" means
3 all domestic or domesticated animals that are used or raised on
4 a farm or ranch, including the carcasses thereof, and also
5 includes horses, asses, mules, cattle, sheep, goats, swine,
6 bison, poultry, ostriches, emus, rheas, camelids and farmed
7 cervidae upon any land in New Mexico; provided that for the
8 purposes of Chapter 77, Article 9 NMSA 1978, "animals" or
9 "livestock" have the meaning defined in that article.
10 "Animals" or "livestock" does not include canine or feline
11 animals. For the purpose of the rules governing meat
12 inspection, wild animals, poultry and birds used for human
13 consumption shall also be included within the meaning of
14 "animals" or "livestock".

15 SECTION 36. Section 7-9-26 NMSA 1978 (being Laws 1969,
16 Chapter 144, Section 19, as amended) is amended to read:

17 "7-9-26. EXEMPTION--GROSS RECEIPTS AND COMPENSATING TAX--
18 FUEL.--Exempted from the gross receipts and compensating tax
19 are the receipts from selling and the use of gasoline or
20 special fuel [~~or alternative fuel~~] on which the gasoline tax
21 [~~imposed by Section 7-13-3, 7-16A-3 or 7-16B-4 NMSA 1978~~] or
22 special fuel excise tax has been paid and not refunded."

23 SECTION 37. Section 7-9-41.5 NMSA 1978 (being Laws 2019,
24 Chapter 270, Section 34) is amended to read:

25 "7-9-41.5. EXEMPTION--NONPROFIT HOSPITALS FROM LOCAL

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1 OPTION GROSS RECEIPTS TAXES.--

2 A. ~~[Exempted from any local option gross receipts~~
3 ~~tax, but not the state gross receipts tax, are]~~ Prior to July
4 1, 2035, receipts of a nonprofit hospital licensed by the
5 ~~[department of]~~ health care authority are exempted from any
6 local option gross receipts tax but not the state gross
7 receipts tax.

8 B. As used in this section, "nonprofit hospital"
9 means a hospital that has been granted exemption from federal
10 income tax by the United States commissioner of internal
11 revenue as an organization described in Section 501(c)(3) of
12 the Internal Revenue Code."

13 SECTION 38. Section 7-9-46 NMSA 1978 (being Laws 1969,
14 Chapter 144, Section 36, as amended) is amended to read:

15 "7-9-46. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS
16 RECEIPTS--SALES TO MANUFACTURERS AND MANUFACTURING SERVICE
17 PROVIDERS.--

18 A. Prior to July 1, 2035, receipts from selling
19 tangible personal property may be deducted from gross receipts
20 or from governmental gross receipts if the sale is made to a
21 person engaged in the business of manufacturing ~~[who]~~ that
22 delivers a nontaxable transaction certificate to the seller.
23 The buyer must incorporate the tangible personal property as an
24 ingredient or component part of the product that the buyer is
25 in the business of manufacturing.

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1 B. Prior to July 1, 2035, receipts from selling a
2 manufacturing consumable to a manufacturer or a manufacturing
3 service provider may be deducted from gross receipts or from
4 governmental gross receipts if the buyer delivers a nontaxable
5 transaction certificate to the seller or provides alternative
6 evidence pursuant to Section 7-9-43 NMSA 1978; provided that if
7 the seller is a utility company, an agreement with the
8 department pursuant to Section 7-1-21.1 NMSA 1978 and a
9 nontaxable transaction certificate shall be required.

10 C. Prior to July 1, 2035, receipts from selling or
11 leasing qualified equipment may be deducted from gross receipts
12 if the sale is made to, or the lease is entered into with, a
13 person engaged in the business of manufacturing or a
14 manufacturing service provider ~~[who]~~ that delivers a nontaxable
15 transaction certificate to the seller or provides alternative
16 evidence pursuant to Section 7-9-43 NMSA 1978. ~~[provided that~~
17 ~~a manufacturer or manufacturing service provider delivering a~~
18 ~~nontaxable transaction certificate or alternative evidence with~~
19 ~~respect to the qualified equipment shall not claim an~~
20 ~~investment credit pursuant to the Investment Credit Act for~~
21 ~~that same equipment.]~~

22 D. The purpose of the deductions provided in this
23 section is to encourage manufacturing businesses to locate in
24 New Mexico and to reduce the tax burden, including reducing
25 pyramiding, on the tangible personal property that is consumed

1 in the manufacturing process and that is purchased by
2 manufacturing businesses in New Mexico.

3 E. A taxpayer allowed a deduction pursuant to this
4 section shall report the amount deducted separately for each
5 deduction provided in this section and attribute the amount of
6 the deduction to the appropriate authorization provided in this
7 section in a manner required by the department.

8 F. The deductions provided by this section shall be
9 included in the tax expenditure budget pursuant to Section
10 7-1-84 NMSA 1978, including the annual aggregate cost of the
11 deductions.

12 G. As used in this section:

13 (1) "manufacturing consumable" means tangible
14 personal property, other than qualified equipment or an
15 ingredient or component part of a manufactured product, that is
16 incorporated into, destroyed, depleted or transformed in the
17 process of manufacturing a product, including electricity,
18 fuels, water, manufacturing aids and supplies, chemicals, gases
19 and other tangibles used to manufacture a product;

20 (2) "manufacturing operation" means a plant
21 operated by a manufacturer or manufacturing service provider
22 that employs personnel to perform production tasks to produce
23 goods, in conjunction with machinery and equipment; and

24 (3) "qualified equipment" means machinery,
25 equipment and tools, including component, repair, replacement

1 and spare parts thereof, that are used directly in the
2 manufacturing process of a manufacturing operation. "Qualified
3 equipment" includes computer hardware and software used
4 directly in the manufacturing process of a manufacturing
5 operation but excludes any motor vehicle that is required to be
6 registered in this state pursuant to the Motor Vehicle Code."

7 SECTION 39. Section 7-9-46.1 NMSA 1978 (being Laws 2022,
8 Chapter 47, Section 14) is amended to read:

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

11 A. Prior to July 1, 2035, receipts from selling
12 professional services may be deducted from gross receipts or
13 from governmental gross receipts if the sale is made to a
14 person engaged in the business of manufacturing ~~[who]~~ that
15 delivers a nontaxable transaction certificate to the seller or
16 provides alternative evidence pursuant to Section 7-9-43 NMSA
17 1978. The professional services shall be related to the
18 product that the buyer is in the business of manufacturing.

19 B. The purpose of the deductions provided in this
20 section is to encourage manufacturing businesses to locate in
21 New Mexico and to reduce the tax burden, including reducing
22 pyramiding, on the professional services that are purchased by
23 manufacturing businesses in New Mexico.

24 C. A taxpayer allowed a deduction pursuant to this
25 section shall report the amount of the deduction separately in

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1 a manner required by the department.

2 D. ~~[The department shall compile an annual report~~
3 ~~on the deduction provided by this section that shall include~~
4 ~~the number of taxpayers that claimed the deduction, the~~
5 ~~aggregate amount of deductions claimed and any other~~
6 ~~information necessary to evaluate the effectiveness of the~~
7 ~~deduction. The department shall compile and present the report~~
8 ~~to the revenue stabilization and tax policy committee and the~~
9 ~~legislative finance committee with an analysis of the cost of~~
10 ~~the deduction and whether the deduction is performing the~~
11 ~~purpose for which it was created]~~ The deduction provided by
12 this section shall be included in the tax expenditure budget
13 pursuant to Section 7-1-84 NMSA 1978, including the annual
14 aggregate cost of the deduction.

15 E. As used in this section:

16 (1) "accounting services" means the systematic
17 and comprehensive recording of financial transactions
18 pertaining to a business entity and the process of summarizing,
19 analyzing and reporting these transactions to oversight
20 agencies or tax collection entities, including certified public
21 auditing, attest services and preparing financial statements,
22 bookkeeping, tax return preparation, advice and consulting and,
23 where applicable, representing taxpayers before tax collection
24 agencies. "Accounting services" does not include, except as
25 provided with respect to financial management services,

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1 investment advice, wealth management advice or consulting or
2 any tax return preparation, advice, counseling or
3 representation for individuals, regardless of whether those
4 individuals are owners of pass-through entities, such as
5 partnerships, limited liability companies or S corporations;

6 (2) "architectural services" means services
7 related to the art and science of designing and building
8 structures for human habitation or use and includes planning,
9 providing preliminary studies, designs, specifications and
10 working drawings and providing for general administration of
11 construction contracts;

12 (3) "engineering services" means consultation,
13 the production of a creative work, investigation, evaluation,
14 planning and design, the performance of studies and reviewing
15 planning documents when performed by, or under the supervision
16 of, a licensed engineer, including the design, development and
17 testing of mechanical, electrical, hydraulic, chemical,
18 pneumatic or thermal machinery or equipment, industrial or
19 commercial work systems or processes and military equipment.
20 "Engineering services" does not include medical or medical
21 laboratory services, any engineering performed in connection
22 with a construction service or the design and installation of
23 computer or computer network infrastructure;

24 (4) "information technology services" means
25 separately stated services for installing and maintaining a

1 business's computers and computer network, including performing
2 computer network design; installing, repairing, maintaining or
3 restoring computer networks, hardware or software; and
4 performing custom software programming or making custom
5 modifications to existing software programming. "Information
6 technology services" does not include:

7 (a) software maintenance and update
8 agreements, unless made in conjunction with custom programming;

9 (b) computers, servers, chilling
10 equipment and pre-programmed software;

11 (c) data processing services or the
12 processing or storage of information to compile and produce
13 records of transactions for retrieval or use, including data
14 entry, data retrieval, data searches and information
15 compilation; or

16 (d) access to telecommunications or
17 internet;

18 (5) "legal services" means services performed
19 by a licensed attorney or under the supervision of a licensed
20 attorney for a client, regardless of the attorney's form of
21 business entity or whether the services are prepaid, including
22 legal representation before courts or administrative agencies;
23 drafting legal documents, such as contracts or patent
24 applications; legal research; advising and counseling;
25 arbitration; mediation; and notary public and other ancillary

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1 legal services performed for a client in conjunction with and
2 under the supervision of a licensed attorney. "Legal services"
3 does not include lobbying or government relations services,
4 title insurance agent services, licensing or selling legal
5 software or legal document templates, insurance investigation
6 services or any legal representation involving financial crimes
7 or tax evasion in New Mexico; and

8 (6) "professional services" means accounting
9 services, architectural services, engineering services,
10 information technology services and legal services."

11 SECTION 40. Section 7-9-58 NMSA 1978 (being Laws 1969,
12 Chapter 144, Section 48, as amended) is amended to read:

13 "7-9-58. DEDUCTION--GROSS RECEIPTS TAX--FEED--
14 FERTILIZERS.--

15 A. Prior to July 1, 2029, receipts from selling
16 feed [~~for livestock~~], including the baling wire or twine used
17 to contain the feed, for livestock, fish raised for human
18 consumption, poultry or animals raised for their hides or pelts
19 and receipts from selling seeds, roots, bulbs, plants, soil
20 conditioners, fertilizers, insecticides, germicides, insects
21 used to control populations of other insects, fungicides or
22 weedicides or water for irrigation purposes may be deducted
23 from gross receipts if the sale is made to a person who states
24 in writing that [~~he~~] the person is regularly engaged in the
25 business of farming, ranching or raising animals for their

1 hides or pelts.

2 B. Prior to July 1, 2029, receipts of auctioneers
3 from selling livestock or other agricultural products at
4 auction may also be deducted from gross receipts.

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

8 D. The deductions provided by this section shall be
9 included in the tax expenditure budget pursuant to Section
10 7-1-84 NMSA 1978, including the annual aggregate cost of the
11 deductions."

12 SECTION 41. Section 7-9-59 NMSA 1978 (being Laws 1969,
13 Chapter 144, Section 49, as amended) is amended to read:

14 "7-9-59. DEDUCTION--GROSS RECEIPTS TAX--WAREHOUSING,
15 THRESHING, HARVESTING, GROWING, CULTIVATING AND PROCESSING
16 AGRICULTURAL PRODUCTS--TESTING OR TRANSPORTING MILK.--

17 A. Prior to July 1, 2029, receipts from warehousing
18 grain or other agricultural products may be deducted from gross
19 receipts.

20 B. Prior to July 1, 2029, receipts from threshing,
21 cleaning, growing, cultivating or harvesting agricultural
22 products, including the ginning of cotton, may be deducted from
23 gross receipts.

24 C. Prior to July 1, 2029, receipts from testing or
25 transporting milk for the producer or nonprofit marketing

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1 association from the farm to a milk processing or dairy product
2 manufacturing plant may be deducted from gross receipts.

3 D. Prior to July 1, 2029, receipts from processing
4 for growers, producers or nonprofit marketing associations of
5 agricultural products raised for food and fiber, including
6 livestock, may be deducted from gross receipts.

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

10 F. The deductions provided by this section shall be
11 included in the tax expenditure budget pursuant to Section
12 7-1-84 NMSA 1978, including the annual aggregate cost of the
13 deductions."

14 SECTION 42. Section 7-9-62 NMSA 1978 (being Laws 1969,
15 Chapter 144, Section 52, as amended) is amended to read:

16 "7-9-62. DEDUCTION--GROSS RECEIPTS TAX--AGRICULTURAL
17 IMPLEMENTS [~~AIRCRAFT MANUFACTURERS--VEHICLES THAT ARE NOT~~
18 ~~REQUIRED TO BE REGISTERED--AIRCRAFT PARTS AND MAINTENANCE~~
19 ~~SERVICES]~~ FARM TRACTORS--REPORTING REQUIREMENTS.--

20 A. [~~Except for receipts deductible under Subsection~~
21 ~~B of this section]~~ Prior to July 1, 2029, fifty percent of the
22 receipts from selling agricultural implements or farm tractors
23 [~~aireraft or vehicles that are not required to be registered~~
24 ~~under the Motor Vehicle Code]~~ may be deducted from gross
25 receipts; provided that, with respect to agricultural

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1 implements, the sale is made to a person who states in writing
2 that the person is regularly engaged in the business of farming
3 or ranching. ~~[Any deduction allowed under Section 7-9-71 NMSA~~
4 ~~1978 must be taken before the deduction allowed by this~~
5 ~~subsection is computed.~~

6 ~~B. Receipts of an aircraft manufacturer or~~
7 ~~affiliate from selling aircraft or from selling aircraft flight~~
8 ~~support, pilot training or maintenance training services may be~~
9 ~~deducted from gross receipts. Any deduction allowed under~~
10 ~~Section 7-9-71 NMSA 1978 must be taken before the deduction~~
11 ~~allowed by this subsection is computed.~~

12 ~~C. Receipts from selling aircraft parts or~~
13 ~~maintenance services for aircraft or aircraft parts may be~~
14 ~~deducted from gross receipts. Any deduction allowed under~~
15 ~~Section 7-9-71 NMSA 1978 must be taken before the deduction~~
16 ~~allowed by this subsection is computed.~~

17 ~~D.]~~ B. A taxpayer allowed a deduction pursuant to
18 this section shall report the amount of the deduction
19 separately in a manner required by the department.

20 ~~[E.]~~ C. The deductions provided by this section
21 shall be included in the tax expenditure budget pursuant to
22 Section 7-1-84 NMSA 1978 with an analysis of the effectiveness
23 and cost of the deductions.

24 ~~[F.]~~ D. As used in this section,

25 ~~[(1)] "affiliate" means a business entity that~~

1 ~~directly or indirectly through one or more intermediaries~~
2 ~~controls, is controlled by or is under common control with the~~
3 ~~aircraft manufacturer;~~

4 ~~(2)~~] "agricultural implement" means a tool,
5 utensil or instrument that is depreciable for federal income
6 tax purposes and that is:

7 ~~[(a)]~~ (1) designed to irrigate agricultural
8 crops above ground or below ground at the place where the crop
9 is grown; or

10 ~~[(b)]~~ (2) designed primarily for use with a
11 source of motive power, such as a tractor, in planting,
12 growing, cultivating, harvesting or processing agricultural
13 crops at the place where the crop is grown; in raising poultry
14 or livestock; or in obtaining or processing food or fiber, such
15 as eggs, milk, wool or mohair, from living poultry or livestock
16 at the place where the poultry or livestock are kept for this
17 purpose.

18 ~~[(3)] "aircraft manufacturer" means a business~~
19 ~~entity that in the ordinary course of business designs and~~
20 ~~builds private or commercial aircraft certified by the federal~~
21 ~~aviation administration;~~

22 ~~(4) "business entity" means a corporation,~~
23 ~~limited liability company, partnership, limited partnership,~~
24 ~~limited liability partnership or real estate investment trust,~~
25 ~~but does not mean an individual or a joint venture;~~

1 ~~(5) "control" means equity ownership in a~~
2 ~~business entity that:~~

3 ~~(a) represents at least fifty percent of~~
4 ~~the total voting power of that business entity; and~~

5 ~~(b) has a value equal to at least fifty~~
6 ~~percent of the total equity of that business entity; and~~

7 ~~(6) "flight support" means providing~~
8 ~~navigation data, charts, weather information, online~~
9 ~~maintenance records and other aircraft or flight-related~~
10 ~~information and the software needed to access the information]"~~

11 SECTION 43. Section 7-9-77 NMSA 1978 (being Laws 1966,
12 Chapter 47, Section 15, as amended) is amended to read:

13 "7-9-77. DEDUCTIONS--COMPENSATING TAX--AGRICULTURAL
14 IMPLEMENTS--FARM TRACTORS.--

15 A. Prior to July 1, 2029, fifty percent of the
16 value of agricultural implements and farm tractors [aircraft
17 ~~not exempted under Section 7-9-30 NMSA 1978 or vehicles that~~
18 ~~are not required to be registered under the Motor Vehicle Code]~~
19 may be deducted from the value in computing the compensating
20 tax due; provided that, with respect to use of agricultural
21 implements, the person using the property is regularly engaged
22 in the business of farming or ranching. [Any deduction allowed
23 ~~under Subsection B of this section is to be taken before the~~
24 ~~deduction allowed by this subsection is computed.~~]

25 B. A taxpayer allowed a deduction pursuant to this

1 section shall report the amount of the deduction separately in
2 a manner required by the department.

3 C. The deductions provided by this section shall be
4 included in the tax expenditure budget pursuant to Section
5 7-1-84 NMSA 1978, including the annual aggregate cost of the
6 deductions.

7 D. As used in this [~~subsection~~] section,
8 "agricultural implement" means a tool, utensil or instrument
9 that is:

10 (1) designed primarily for use with a source
11 of motive power, such as a tractor, in planting, growing,
12 cultivating, harvesting or processing agricultural produce at
13 the place where the produce is grown; in raising poultry or
14 livestock; or in obtaining or processing food or fiber, such as
15 eggs, milk, wool or mohair, from living poultry or livestock at
16 the place where the poultry or livestock are kept for this
17 purpose; and

18 (2) depreciable for federal income tax
19 purposes.

20 [~~B.~~] E. That portion of the value of tangible
21 personal property on which an allowance was granted to the
22 buyer for a trade-in of tangible personal property of the same
23 type that was bought may be deducted from the value in
24 computing the compensating tax due."

25 **SECTION 44.** Section 7-9-78.1 NMSA 1978 (being Laws 1999,
.232375.3

Chapter 231, Section 4) is amended to read:

"7-9-78.1. DEDUCTION--COMPENSATING TAX--URANIUM ENRICHMENT PLANT EQUIPMENT.--Prior to July 1, 2035, the value of equipment and replacement parts for that equipment may be deducted in computing the compensating tax due if the person uses the equipment and replacement parts to enrich uranium in a uranium enrichment plant."

SECTION 45. Section 7-9-90 NMSA 1978 (being Laws 1999, Chapter 231, Section 3, as amended) is amended to read:

"7-9-90. DEDUCTIONS--GROSS RECEIPTS TAX--SALES OF URANIUM HEXAFLUORIDE AND ENRICHMENT OF URANIUM.--

A. Prior to July 1, 2035, receipts from selling uranium hexafluoride and from providing the service of enriching uranium may be deducted from gross receipts.

B. 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.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount deducted separately and attribute the amount of the deduction to the authorization provided in this section in a manner required by the department that facilitates the evaluation by the legislature for the benefit to the state of this deduction."

SECTION 46. Section 7-9-110.1 NMSA 1978 (being Laws 2011, .232375.3

Chapter 60, Section 1 and Laws 2011, Chapter 61, Section 1) is amended to read:

"7-9-110.1. DEDUCTION--GROSS RECEIPTS TAX--COMPENSATING TAX--LOCOMOTIVE ENGINE FUEL.--

A. Prior to July 1, 2035, receipts from the sale of fuel to a common carrier to be loaded or used in a locomotive engine may be deducted from gross receipts.

B. Prior to July 1, 2035, the value of fuel to be loaded or used by a common carrier in a locomotive engine may be deducted in computing the compensating tax due. To be eligible for the deduction provided by this subsection, a common carrier shall deliver an appropriate nontaxable transaction certificate to the seller and the sale shall be made to a common carrier that, on or after July 1, 2012, made a capital investment of fifty million dollars (\$50,000,000) or more in new railroad infrastructure improvements, including railroad facilities, track, signals and supporting railroad network, located in New Mexico; provided that the new railroad infrastructure improvements are not required by a regulatory agency to correct problems, such as regular or preventive maintenance, specifically identified by that agency as requiring necessary corrective action.

C. To be eligible for the deductions provided by this section, the fuel shall be used or loaded by a common carrier that, on or after July 1, 2012, made a capital

1 investment of fifty million dollars (\$50,000,000) or more in
2 new railroad infrastructure improvements, including railroad
3 facilities, track, signals and supporting railroad network,
4 located in New Mexico; provided that the new railroad
5 infrastructure improvements are not required by a regulatory
6 agency to correct problems, such as regular or preventive
7 maintenance, specifically identified by that agency as
8 requiring necessary corrective action.

9 D. The economic development department shall
10 promulgate rules for the issuance of a certificate of
11 eligibility for the purposes of claiming a deduction on fuel
12 loaded or used by a common carrier in a locomotive engine from
13 gross receipts or compensating tax. A common carrier may
14 request a certificate of eligibility from the economic
15 development department to provide to the taxation and revenue
16 department to establish eligibility for a nontaxable
17 transaction certificate for the deduction on fuel loaded or
18 used by a common carrier in a locomotive engine from gross
19 receipts. The taxation and revenue department shall issue
20 nontaxable transaction certificates to a common carrier upon
21 the presentation of a certificate of eligibility obtained from
22 the economic development department pursuant to this
23 subsection.

24 E. The economic development department shall keep a
25 record of temporary and permanent jobs from all railroad

1 activity where a capital investment is made by a common carrier
2 that claims a deduction on fuel loaded or used by a common
3 carrier in a locomotive engine from gross receipts tax or from
4 compensating tax. The economic development department and the
5 taxation and revenue department shall estimate the amount of
6 state revenue that is attributable to all railroad activity
7 where a capital investment is made by a common carrier that
8 claims a deduction on fuel loaded or used by a common carrier
9 in a locomotive engine from gross receipts tax or from
10 compensating tax.

11 F. The economic development department and the
12 taxation and revenue department shall compile an annual report
13 with the number of taxpayers who claim a deduction pursuant to
14 this section, the number of jobs created as a result of that
15 deduction, the amount of deduction taken, the net revenue to
16 the state as a result of that deduction and any other
17 information required by the legislature to aid in evaluating
18 the effectiveness of that deduction. A taxpayer shall provide
19 the departments with the information required to compile the
20 report. The departments shall present the report before the
21 revenue stabilization and tax policy committee by November of
22 each year.

23 G. For the purposes of this section, "locomotive
24 engine" means a wheeled vehicle consisting of a self-propelled
25 engine that is used to draw trains along railway tracks."

1 SECTION 47. Section 7-9-120 NMSA 1978 (being Laws 2022,
2 Chapter 47, Section 15) is amended to read:

3 "7-9-120. DEDUCTION--GROSS RECEIPTS AND GOVERNMENTAL
4 GROSS RECEIPTS--FEMININE HYGIENE PRODUCTS.--

5 A. Prior to July 1, 2035, receipts from the sale of
6 feminine hygiene products may be deducted from gross receipts
7 and governmental gross receipts.

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

11 C. ~~[The department shall compile an annual report~~
12 ~~on the deduction provided by this section that shall include~~
13 ~~the number of taxpayers that claimed the deduction, the~~
14 ~~aggregate amount of deductions claimed and any other~~
15 ~~information necessary to evaluate the effectiveness of the~~
16 ~~deduction. The department shall present the report to the~~
17 ~~revenue stabilization and tax policy committee and the~~
18 ~~legislative finance committee with an analysis of the]~~ The
19 deduction provided by this section shall be included in the tax
20 expenditure budget pursuant to Section 7-1-84 NMSA 1978,
21 including the annual aggregate cost of the deduction.

22 D. As used in this section, "feminine hygiene
23 products" means tampons, menstrual pads and sanitary napkins,
24 pantliners, menstrual sponges and menstrual cups."

25 SECTION 48. A new section of the Gross Receipts and

1 Compensating Tax Act is enacted to read:

2 "[NEW MATERIAL] EXEMPTION--GROSS RECEIPTS--DONATIONS TO
3 CERTAIN NONPROFIT ORGANIZATIONS.--Exempted from the gross
4 receipts tax are the receipts of donations to an organization
5 that is exempt from the federal income tax as an organization
6 described in Section 501(c)(3) of the Internal Revenue Code of
7 1986, as amended or renumbered."

8 SECTION 49. Section 7-14A-3 NMSA 1978 (being Laws 1991,
9 Chapter 197, Section 7) is amended to read:

10 "7-14A-3. IMPOSITION AND RATE OF TAX--DENOMINATION AS
11 "LEASED VEHICLE GROSS RECEIPTS TAX".--

12 A. For the privilege of engaging in business, an
13 excise tax equal to [~~five~~] two percent of gross receipts is
14 imposed on any person engaging in business in New Mexico.

15 B. The tax imposed by this section shall be
16 referred to as the "leased vehicle gross receipts tax".

17 SECTION 50. Section 7-16A-21 NMSA 1978 (being Laws 1995,
18 Chapter 16, Section 15) is amended to read:

19 "7-16A-21. [~~TEMPORARY PROVISION~~] CONTINUITY OF ACTIONS.--

20 A. All taxes due but not paid on liquefied
21 petroleum gas or natural gas or on motor vehicles propelled by
22 such a fuel under the Special Fuels Supplier Tax Act on [~~the~~
23 ~~effective date of the Alternative Fuel Tax Act~~] January 1, 1996
24 remain due until paid or until a final determination is made
25 that the taxes are not due.

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1 B. Any protests, claims for refund, court
2 proceedings or other actions ongoing with respect to liquefied
3 petroleum gas or natural gas or to motor vehicles propelled by
4 such a fuel pursuant to the provisions of the Special Fuels
5 Supplier Tax Act on ~~[the effective date of the Alternative Fuel~~
6 ~~Tax Act]~~ January 1, 1996 shall be finally determined with
7 respect to the applicable provisions of the Special Fuels
8 Supplier Tax Act."

9 SECTION 51. Section 7-27-5.26 NMSA 1978 (being Laws 2000
10 (2nd S.S.), Chapter 6, Section 2, as amended) is amended to
11 read:

12 "7-27-5.26. INVESTMENT IN FILMS TO BE PRODUCED IN NEW
13 MEXICO.--

14 A. No more than six percent of the market value of
15 the severance tax permanent fund may be invested in New Mexico
16 film private equity funds or a New Mexico film project under
17 this section.

18 B. If an investment is made under this section, not
19 more than fifteen million dollars (\$15,000,000) of the amount
20 authorized for investment pursuant to Subsection A of this
21 section shall be invested in any one New Mexico film private
22 equity fund or any one New Mexico film project.

23 C. The state investment officer shall make
24 investments pursuant to this section only upon approval of the
25 council after a review by the New Mexico film division of the

1 economic development department. The state investment officer
2 may make debt or equity investments pursuant to this section
3 only in New Mexico film projects or New Mexico film private
4 equity funds that invest only in film projects that:

5 (1) are filmed wholly or substantially in New
6 Mexico;

7 (2) have shown to the satisfaction of the New
8 Mexico film division that a distribution contract is in place
9 with a reputable distribution company;

10 (3) have agreed that, while filming in New
11 Mexico, a majority of the production crew will be New Mexico
12 residents;

13 (4) have posted a completion bond that has
14 been approved by the New Mexico film division; provided that a
15 completion bond shall not be required if the fund or project is
16 guaranteed pursuant to Paragraph (5) of this subsection; and

17 (5) have obtained a full, unconditional and
18 irrevocable guarantee of repayment of the invested amount in
19 favor of the severance tax permanent fund:

20 (a) from an entity that has a credit
21 rating of not less than Baa or BBB by a national rating agency;

22 (b) from a substantial subsidiary of an
23 entity that has a credit rating of not less than Baa or BBB by
24 a national rating agency;

25 (c) by providing a full, unconditional

1 and irrevocable letter of credit from a United States
2 incorporated bank with a credit rating of not less than A by a
3 national rating agency; or

4 (d) from a substantial and solvent
5 entity as determined by the council in accordance with its
6 standards and practices; or

7 (6) if not guaranteed pursuant to Paragraph
8 (5) of this subsection, have obtained no less than one-third of
9 the estimated total production costs from other sources as
10 approved by the state investment officer.

11 ~~[D. The state investment officer may loan at a~~
12 ~~market rate of interest, with respect to an eligible New Mexico~~
13 ~~film project, up to eighty percent of an expected and estimated~~
14 ~~film production tax credit available to a film production~~
15 ~~company pursuant to the provisions of Section 7-2F-1 NMSA 1978;~~
16 ~~provided that the film production company agrees to name the~~
17 ~~state investment officer as its agent for the purpose of filing~~
18 ~~an application for the film production tax credit to which the~~
19 ~~company is entitled if the company does not apply for the film~~
20 ~~production tax credit. The New Mexico film division of the~~
21 ~~economic development department shall determine the estimated~~
22 ~~amount of a film production tax credit. The council shall~~
23 ~~establish guidelines for the state investment officer's~~
24 ~~initiation of a loan and the terms of the loan.~~

25 ~~E.]~~ D. As used in this section:

1 (1) "film project" means a single ~~[media]~~
2 medium or multimedia program, including advertising messages,
3 fixed on film, videotape, computer disc, laser disc or other
4 similar delivery medium from which the program can be viewed or
5 reproduced and that is intended to be exhibited in theaters;
6 licensed for exhibition by individual television stations,
7 groups of stations, networks, cable television stations or
8 other means or licensed for the home viewing market; and

9 (2) "New Mexico film private equity fund"
10 means any limited partnership, limited liability company or
11 corporation organized and operating in the United States that:

12 (a) has as its primary business activity
13 the investment of funds in return for equity in film projects
14 produced wholly or partly in New Mexico;

15 (b) holds out the prospects for capital
16 appreciation from such investments; and

17 (c) accepts investments only from
18 accredited investors as that term is defined in Section 2 of
19 the federal Securities Act of 1933, as amended, and rules
20 promulgated pursuant to that section."

21 SECTION 52. Section 7-27-5.27 NMSA 1978 (being Laws 2020
22 (1st S.S.), Chapter 6, Section 8) is amended to read:

23 "7-27-5.27. LOCAL GOVERNMENT EMERGENCY ECONOMIC RELIEF.--

24 A. Within thirty days of ~~[the effective date of~~
25 ~~this 2020 act]~~ July 7, 2020, the state investment officer shall

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1 make a commitment to the authority to invest one percent of the
2 average of the year-end market values of the severance tax
3 permanent fund for the immediately preceding five calendar
4 years for the purpose of making loans to local governments
5 pursuant to this section; provided that investments made
6 pursuant to this section are in compliance with the prudent
7 investor rule set forth in the Uniform Prudent Investor Act.
8 The authority may expend no more than one percent of the
9 funding made available to it pursuant to this section for
10 administering the provisions of this section.

11 B. The authority shall receive and review
12 applications for loans from the amount committed pursuant to
13 Subsection A of this section to a local government that can
14 demonstrate that the local government experienced at least a
15 ten percent decline in local option gross receipts tax revenue
16 for the last quarter of fiscal year 2020 due to the economic
17 impacts of the coronavirus disease 2019 pandemic. The
18 authority shall adopt rules to govern the application
19 procedures and requirements for disbursing the loans.

20 C. The authority shall make loans from the amount
21 committed pursuant to Subsection A of this section in
22 accordance with the following:

23 (1) an application for a loan shall be
24 received by the authority no later than December 31, 2020;

25 (2) the authority shall determine the proper

1 amount for a loan in consultation with the local government
2 division of the department of finance and administration and
3 the local government; provided that:

4 (a) the authority shall take into
5 consideration the local government's actual decline of local
6 gross receipts tax revenue in the determination of a loan
7 amount; and

8 (b) a loan shall not exceed fifty
9 percent of the local government's actual decline of local gross
10 receipts tax revenue; and

11 (3) terms of the loan shall include that:

12 (a) a local government may use loan
13 proceeds for general operating expenses and revenue
14 replacement;

15 (b) a local government shall dedicate
16 future local option gross receipts tax revenue to secure the
17 loan at a lien level as determined by the authority;

18 (c) a loan shall bear an annual interest
19 rate equal to two percent;

20 (d) a loan shall be structured as an
21 interest-only loan for a period of three years, at which time
22 the local government shall begin making monthly payments on the
23 principal and interest of any balance of the loan;

24 (e) interest on a loan shall not
25 compound until twelve months following the date the loan

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1 proceeds are made available to the local government; and

2 (f) a loan shall be made for a period of
3 no more than five years.

4 D. Receipts from the repayment of loans made
5 pursuant to this section shall be transferred to the severance
6 tax permanent fund.

7 E. No provision in a loan or the evidence of
8 indebtedness of a loan shall include a penalty or premium for
9 prepayment of the balance of the indebtedness.

10 F. On or before October 1 of a year that a loan
11 made pursuant to this section is outstanding, the authority
12 shall audit the loan program and submit a report of the
13 findings to the New Mexico finance authority oversight
14 committee, the legislative finance committee and the office of
15 the governor. The report shall provide details regarding the
16 loans made pursuant to this section, including:

17 (1) the name of each local government that
18 received a loan, the loan amount, the balance owed and if the
19 loan is in a delinquent status or default; and

20 (2) the number of jobs saved that can be
21 attributed to receiving the loan, with evidence of how the loan
22 saved each job.

23 G. The authority may exercise any power provided to
24 the authority in the New Mexico Finance Authority Act to assist
25 in the administration of this section; provided that the power

1 is consistent with the provisions of this section.

2 H. As used in this section:

3 (1) "authority" means the New Mexico finance
4 authority;

5 (2) "local government" means a municipality or
6 county; and

7 (3) "local option gross receipts tax revenue"
8 means:

9 (a) for a municipality, revenue
10 ~~[distributed to the municipality pursuant to Section 7-1-6.4~~
11 ~~NMSA 1978 and]~~ transferred to the municipality pursuant to
12 Section 7-1-6.12 NMSA 1978; and

13 (b) for a county, revenue transferred to
14 the county pursuant to Section 7-1-6.13 NMSA 1978."

15 SECTION 53. Section 7-36-8 NMSA 1978 (being Laws 1973,
16 Chapter 373, Section 1, as amended) is amended to read:

17 "7-36-8. TANGIBLE PERSONAL PROPERTY EXEMPT FROM PROPERTY
18 TAX--EXCEPTIONS.--

19 A. Except as provided in Subsection B of this
20 section, tangible personal property owned by a person is exempt
21 from property taxation.

22 B. The following tangible personal property owned
23 by a person is subject to valuation and taxation under the
24 Property Tax Code:

25 (1) livestock;

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- 1 (2) manufactured homes;
- 2 (3) aircraft not registered under the Aircraft
- 3 Registration Act;
- 4 (4) private railroad cars [~~the earnings of~~
- 5 ~~which are not taxed under the provisions of the Railroad Car~~
- 6 ~~Company Tax Act~~];
- 7 (5) tangible personal property subject to
- 8 valuation under Sections 7-36-22 through 7-36-25 and 7-36-27
- 9 through 7-36-32 NMSA 1978;
- 10 (6) vehicles not registered under the
- 11 provisions of the Motor Vehicle Code and for which the owner
- 12 has claimed a deduction for depreciation for federal income tax
- 13 purposes during any federal income taxable year occurring in
- 14 whole or in part during the twelve months immediately preceding
- 15 the first day of the property tax year; and
- 16 (7) other tangible personal property not
- 17 specified in Paragraphs (1) through (6) of this subsection:
- 18 (a) that is used, produced,
- 19 manufactured, held for sale, leased or maintained by a person
- 20 for purposes of the person's profession, business or
- 21 occupation; and
- 22 (b) for which the owner has claimed a
- 23 deduction for depreciation for federal income tax purposes
- 24 during any federal income taxable year occurring in whole or in
- 25 part during the twelve months immediately preceding the first

1 day of the property tax year."

2 SECTION 54. Section 52-6-23 NMSA 1978 (being Laws 1986,
3 Chapter 22, Section 97, as amended) is amended to read:

4 "52-6-23. REVOCATION OF CERTIFICATE OF APPROVAL.--

5 A. After notice and opportunity for a hearing, the
6 director may revoke a group's certificate of approval if it:

7 (1) is found to be insolvent;

8 (2) fails to pay any ~~[premium]~~ gross receipts
9 tax, regulatory fee or assessment or special fund contribution
10 imposed upon it; or

11 (3) fails to comply with any of the provisions
12 of the Group Self-Insurance Act, with any rules or regulations
13 promulgated ~~[thereunder]~~ pursuant to that act or with any
14 lawful order of the director within the time prescribed.

15 B. The director may revoke a group's certificate of
16 approval if, after notice and opportunity for hearing, ~~[he]~~ the
17 director finds that:

18 (1) any certificate of approval that was
19 issued to the group was obtained by fraud;

20 (2) there was a material misrepresentation in
21 the application for the certificate of approval; or

22 (3) the group or its administrator has
23 misappropriated, converted, illegally withheld or refused to
24 pay over, upon proper demand, any money that belongs to a
25 member, an employee of a member or a person otherwise entitled

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1 to it and that has been entrusted to the group or its
2 administrator in its fiduciary capacities."

3 SECTION 55. Section 59A-5-11 NMSA 1978 (being Laws 1984,
4 Chapter 127, Section 78) is amended to read:

5 "59A-5-11. EXEMPTIONS FROM AUTHORITY REQUIREMENT.--A
6 certificate of authority shall not be required of an insurer
7 with respect to any of the following:

8 A. investigation, settlement or litigation of
9 claims under its policies lawfully written in this state, or
10 liquidation of assets and liabilities of the insurer (other
11 than collection of new premiums), all as resulting from its
12 former authorized operations in this state;

13 B. collection of premiums on and servicing policies
14 remaining in force by an insurer [~~which~~] that has withdrawn
15 from this state, and lawfully written in this state while the
16 insurer held a certificate of authority issued by the
17 superintendent, is transacting insurance in New Mexico for
18 purpose of [~~premium~~] tax requirements only;

19 C. transactions thereunder subsequent to issuance
20 of a policy covering only subjects of insurance not resident,
21 located or expressly to be performed in this state at time of
22 issuance, and lawfully solicited, written and delivered outside
23 this state;

24 D. prosecution or defense of suits at law; but no
25 insurer unlawfully transacting insurance in this state without

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1 certificate of authority shall be permitted to institute or
2 maintain (other than defend) any action at law or in equity in
3 any court of this state, either directly or through an assignee
4 or successor in interest, to enforce any right, claim or demand
5 arising out of such an insurance transaction until such insurer
6 or assignee or successor has obtained a certificate of
7 authority in this state. This provision does not apply to any
8 suit or action by the duly constituted receiver, rehabilitator
9 or liquidator of the insurer, assignee or successor under laws
10 similar to those contained in Chapter 59A, Article 41
11 [~~(conservation, rehabilitation, liquidation) of the Insurance~~
12 ~~Code~~] NMSA 1978;

13 E. transactions pursuant to surplus line coverages
14 lawfully written under Chapter 59A, Article 14 [~~(surplus line)~~
15 ~~of the Insurance Code~~] NMSA 1978;

16 F. suit, action or proceeding by the insurer for
17 enforcement or defense of its rights relative to an investment
18 in this state;

19 G. reinsurance, except as to a domestic reinsurer;
20 or

21 H. transactions in this state involving group life
22 insurance, group health or blanket health insurance, or group
23 annuities, where the master policy or contract of such group
24 was lawfully solicited, issued and delivered pursuant to the
25 laws of a state in which the insurer was authorized to transact

1 such insurance, to a group organized for purposes other than
2 procurement of insurance, and where the policyholder is
3 domiciled or otherwise has a bona fide business situs. Except,
4 that such an insurer is subject to Section ~~[261 (superintendent~~
5 ~~is attorney of unauthorized insurer for service of process)]~~
6 59A-15-6 NMSA 1978 and related sections of the Insurance Code
7 with respect to contracts and certificates of insurance under
8 any such master policy or contract, issued for delivery and
9 delivered in this state to residents thereof."

10 SECTION 56. Section 59A-5-23 NMSA 1978 (being Laws 1984,
11 Chapter 127, Section 90, as amended) is amended to read:

12 "59A-5-23. CONTINUANCE, EXPIRATION, REINSTATEMENT OF
13 CERTIFICATE OF AUTHORITY.--

14 A. A certificate of authority shall continue in
15 force as long as the insurer is entitled thereto under the
16 Insurance Code, and until suspended or revoked by the
17 superintendent or terminated at the insurer's request, subject,
18 however, to continuance of the certificate by the insurer each
19 year by:

20 (1) payment on or before March 1 of the
21 continuation fee referred to in Section 59A-6-1 NMSA 1978;

22 (2) due filing by the insurer of its annual
23 statement for the next preceding calendar year as required by
24 Section 59A-5-29 NMSA 1978; and

25 (3) payment by the insurer when due of

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1 ~~[premium]~~ gross receipts taxes with respect to the preceding
2 calendar year.

3 B. If not so continued by the insurer, its
4 certificate of authority shall expire at midnight on the date
5 of failure of the insurer to continue it in force, unless
6 earlier revoked as provided in Sections 59A-5-24 through
7 59A-5-26 NMSA 1978.

8 C. Upon the insurer's request made within three
9 months after expiration, the superintendent may reinstate a
10 certificate of authority that the insurer inadvertently
11 permitted to expire, after the insurer has fully cured all its
12 failures that resulted in the expiration, and upon payment by
13 the insurer of the fee for reinstatement specified in Section
14 59A-6-1 NMSA 1978. Otherwise the superintendent shall grant
15 the insurer another certificate of authority only after filing
16 an application therefor and meeting all other requirements as
17 for an original certificate of authority in this state.

18 D. If an insurer allows a certificate of authority
19 issued by the superintendent to expire, the holder of the
20 expired certificate shall remain subject to the provisions of
21 the Insurance Code but is not authorized to transact any
22 insurance business. If the insurer reinstates the expired
23 certificate of authority within three months after expiration,
24 the reinstatement shall relate back to the date of the
25 expiration; provided that this shall not excuse any violation

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1 of the Insurance Code that occurred during the intervening
2 period."

3 SECTION 57. Section 59A-6-3 NMSA 1978 (being Laws 1984,
4 Chapter 127, Section 103, as amended) is amended to read:

5 "59A-6-3. INSURER MUST PAY TAX ON WITHDRAWAL FROM
6 STATE.--Any insurer holding certificate of authority to
7 transact insurance in New Mexico that ceases to do business in
8 the state shall thereupon file with the secretary of taxation
9 and revenue a report of its premiums collected to date of such
10 cessation of business that are subject to the [~~premium tax or~~
11 ~~the health insurance premium surtax~~] gross receipts tax and not
12 theretofore reported, and forthwith pay to the secretary the
13 tax thereon and surrender its certificate of authority to the
14 superintendent. Upon receipt, the secretary shall submit a
15 copy of the report to the superintendent and shall certify that
16 all tax obligations have been satisfied by the withdrawing
17 insurer."

18 SECTION 58. Section 59A-6-6 NMSA 1978 (being Laws 1984,
19 Chapter 127, Section 106, as amended) is amended to read:

20 "59A-6-6. PREEMPTION AND IN LIEU PROVISION.--The state
21 government of New Mexico preempts the field of taxation of
22 insurers, nonprofit health care plans, health maintenance
23 organizations, prepaid dental plans, prearranged funeral plans
24 and insurance producers as such. The payment of [~~the~~] state
25 and local gross receipts taxes and licenses and fees provided

1 for in the [~~Insurance Premium Tax Act and the~~] Insurance Code
2 shall be in lieu of all other taxes, licenses and fees of every
3 kind now or hereafter imposed by this state or any political
4 subdivision thereof on any of the foregoing specified entities
5 excepting the regular state, county and city taxes on property
6 located in New Mexico and excepting the income tax on insurance
7 producers. The provisions of this section shall not apply to
8 revenues or receipts that are not directly attributable to
9 persons, entities and activities subject to the provisions of
10 the Insurance Code."

11 SECTION 59. Section 59A-6-8 NMSA 1978 (being Laws 2019,
12 Chapter 47, Section 3) is amended to read:

13 "59A-6-8. SUPERINTENDENT SHALL PROVIDE INFORMATION TO THE
14 TAXATION AND REVENUE DEPARTMENT [~~NECESSARY TO ADMINISTER THE~~
15 ~~INSURANCE PREMIUM TAX ACT~~].--The superintendent shall provide
16 to the taxation and revenue department information regarding an
17 insurer or plan subject to [~~the Insurance Premium Tax Act~~]
18 state and local option gross receipts taxes that is necessary
19 to that department to administer the provisions of [~~the~~
20 ~~Insurance Premium Tax Act~~] those taxes."

21 SECTION 60. Section 59A-15-4 NMSA 1978 (being Laws 1984,
22 Chapter 127, Section 259.1, as amended) is amended to read:

23 "59A-15-4. INSURANCE INDEPENDENTLY PROCURED--DUTY TO FILE
24 RETURNS.--

25 A. Each insured who in this state procures or

1 continues or renews insurance with a nonadmitted insurer on a
2 risk located or to be performed in whole or in part in this
3 state, other than insurance procured through a surplus lines
4 licensee pursuant to Chapter 59A, Article 14 NMSA 1978, shall
5 file returns pursuant to the [~~Insurance Premium~~] Gross Receipts
6 and Compensating Tax Act.

7 B. If an independently procured policy covers risks
8 or exposures only partially located or to be performed in this
9 state, the taxes, fees and penalties imposed pursuant to the
10 Insurance Code and the [~~Insurance Premium~~] Gross Receipts and
11 Compensating Tax Act shall be computed on the portion of the
12 premium properly attributable to the risks or exposures located
13 or to be performed in this state and reported to the secretary
14 of taxation and revenue. In no event, however, shall a tax be
15 payable solely because the risk in question, or any portion
16 thereof, is located or to be performed in this state.

17 C. This section does not abrogate or modify, and
18 shall not be construed or deemed to abrogate or modify, any
19 provision of the Insurance Code.

20 D. This section does not apply to life insurance,
21 health insurance or annuities."

22 SECTION 61. Section 59A-20-33 NMSA 1978 (being Laws 1984,
23 Chapter 127, Section 398, as amended) is amended to read:

24 "59A-20-33. STANDARD NONFORFEITURE LAW--INDIVIDUAL
25 DEFERRED ANNUITIES.--

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1 A. This section shall not apply to any reinsurance,
2 group annuity purchased under a retirement plan or plan of
3 deferred compensation established or maintained by an employer,
4 including a partnership or sole proprietorship or by an
5 employee organization, or by both, other than a plan providing
6 individual retirement accounts or individual retirement
7 annuities under Section 408 of the Internal Revenue Code of
8 1986, as now or hereafter amended, premium deposit fund,
9 variable annuity, investment annuity, immediate annuity, any
10 deferred annuity contract after annuity payments have commenced
11 or reversionary annuity, nor to any contract that shall be
12 delivered outside this state through an agent or other
13 representative of the insurer issuing the contract.

14 B. In the case of contracts issued on or after the
15 operative date of this section as defined in Subsection P of
16 this section, no contract of annuity, except as stated in
17 Subsection A of this section, shall be delivered or issued for
18 delivery in this state unless it contains in substance the
19 following provisions, or corresponding provisions that in the
20 opinion of the superintendent are at least as favorable to the
21 contractholder, upon cessation of payment of considerations
22 under the contract:

23 (1) that upon cessation of payment of
24 considerations under a contract or upon the written request of
25 the contract owner, the insurer shall grant a paid-up annuity

1 benefit on a plan stipulated in the contract of such value as
2 is specified in Subsections H, I, J, K and M of this section;

3 (2) if a contract provided for a lump sum
4 settlement at maturity, or at any other time, that upon
5 surrender of the contract at or prior to the commencement of
6 any annuity payments, the insurer shall pay in lieu of any
7 paid-up annuity benefit a cash surrender benefit of such amount
8 as is specified in Subsections H, I, K and M of this section.
9 The insurer may reserve the right to defer the payment of such
10 cash surrender benefit for a period not to exceed six months
11 after demand therefor with surrender of the contract after
12 making written request and receiving written approval of the
13 superintendent. The request shall address the necessity and
14 equatability to all policyholders of the deferral;

15 (3) a statement of the mortality table, if
16 any, and interest rates used in calculating any minimum paid-up
17 annuity, cash surrender or death benefits that are guaranteed
18 under the contract, together with sufficient information to
19 determine the amounts of such benefits; and

20 (4) a statement that any paid-up annuity, cash
21 surrender or death benefits that may be available under the
22 contract are not less than the minimum benefits required by any
23 statute of the state in which the contract is delivered and an
24 explanation of the manner in which such benefits are altered by
25 the existence of any additional amounts credited by the insurer

1 to the contract, any indebtedness to the insurer on the
2 contract or any prior withdrawals from or partial surrenders of
3 the contract.

4 C. Notwithstanding the requirements of this
5 section, any deferred annuity contract may provide that if no
6 considerations have been received under a contract for a period
7 of two full years and the portion of the paid-up annuity
8 benefit at maturity on the plan stipulated in the contract
9 arising from prior considerations paid would be less than
10 twenty dollars (\$20.00) monthly, the insurer may at its option
11 terminate such contract by payment in cash of the then present
12 value of such portion of the paid-up annuity benefit,
13 calculated on the basis of the mortality table, if any, and
14 interest rate specified in the contract for determining the
15 paid-up annuity benefit, and by such payment shall be relieved
16 of any further obligation under such contract.

17 D. The minimum values as specified in Subsections
18 H, I, J, K and M of this section of any paid-up annuity, cash
19 surrender or death benefits available under an annuity contract
20 shall be based upon minimum nonforfeiture amounts as defined in
21 this section. The minimum nonforfeiture amount at any time at
22 or prior to the commencement of any annuity payments shall be
23 equal to an accumulation up to such time at rates of interest
24 as indicated in Subsection E of this section of the net
25 considerations, as hereinafter defined, paid prior to such

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1 time, decreased by the sum of Paragraphs (1) through (4) of
2 this subsection:

3 (1) any prior withdrawals from or partial
4 surrenders of the contract accumulated at rates of interest as
5 indicated in Subsection E of this section;

6 (2) an annual contract charge of fifty dollars
7 (\$50.00), accumulated at rates of interest as indicated in
8 Subsection E of this section;

9 (3) any state or local option gross receipts
10 tax [~~pursuant to the Insurance Premium Tax Act~~] paid by the
11 insurer for the contract, accumulated at rates of interest as
12 indicated in Subsection E of this section; and

13 (4) the amount of any indebtedness to the
14 insurer on the contract, including interest due and accrued.

15 E. The net considerations for a given contract year
16 used to define the minimum nonforfeiture amount shall be an
17 amount equal to eighty-seven and one-half percent of the gross
18 considerations credited to the contract during that contract
19 year. The interest rate used in determining minimum
20 nonforfeiture amounts shall be an annual rate of interest
21 determined as the lesser of three percent per annum and the
22 following, which shall be specified in the contract if the
23 interest rate will be reset:

24 (1) the five-year constant maturity treasury
25 rate reported by the federal reserve as of a date, or average

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1 over a period, rounded to the nearest one-twentieth percent,
2 specified in the contract no longer than fifteen months prior
3 to the contract issue date or redetermination date pursuant to
4 Paragraph (2) of this subsection reduced by one hundred twenty-
5 five basis points, where the resulting interest rate is not
6 less than one percent; and

7 (2) the interest rate shall apply for an
8 initial period and may be redetermined for additional periods.
9 The redetermination date, basis and period, if any, shall be
10 stated in the contract. The basis is the date or average over
11 a specified period that produces the value of the five-year
12 constant maturity treasury rate to be used at each
13 redetermination date.

14 F. Notwithstanding the provisions of Subsections D
15 and E of this section, during the period or term that a
16 contract provides substantive participation in an equity
17 indexed benefit, it may increase the reduction described in
18 Paragraph (1) of Subsection E of this section by up to an
19 additional one hundred basis points to reflect the value of the
20 equity index benefit. The present value at the contract issue
21 date, and at each redetermination date thereafter, of the
22 additional reduction shall not exceed the market value of the
23 benefit. The superintendent may require a demonstration that
24 the present value of the reduction does not exceed the market
25 value of the benefit. Lacking such a demonstration that is

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1 acceptable to the superintendent, the superintendent may
2 disallow or limit the additional reduction.

3 G. The superintendent may adopt rules to implement
4 the provisions of Subsection F of this section and to provide
5 for further adjustments to the calculation of minimum
6 nonforfeiture amounts for contracts that provide substantive
7 participation in an equity index benefit and for other
8 contracts that the superintendent determines adjustments are
9 justified.

10 H. Any paid-up annuity benefit available under a
11 contract shall be such that its present value on the date
12 annuity payments are to commence is at least equal to the
13 minimum nonforfeiture amount on that date. Such present value
14 shall be computed using the mortality table, if any, and the
15 interest rates specified in the contract for determining the
16 minimum paid-up annuity benefits guaranteed in the contract.

17 I. For contracts that provide cash surrender
18 benefits, such cash surrender benefits available prior to
19 maturity shall not be less than the present value as of the
20 date of surrender of that portion of the maturity value of the
21 paid-up annuity benefit that would be provided under the
22 contract at maturity arising from considerations paid prior to
23 the time of cash surrender reduced by the amount appropriate to
24 reflect any prior withdrawals from or partial surrenders of the
25 contract, such present value being calculated on the basis of

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1 an interest rate not more than one percent higher than the
2 interest rate specified in the contract for accumulating the
3 net considerations to determine such maturity value, decreased
4 by the amount of any indebtedness to the insurer on the
5 contract, including interest due and accrued, and increased by
6 any existing additional amounts credited by the insurer to the
7 contract. In no event shall any cash surrender benefit be less
8 than the minimum nonforfeiture amount at that time. The death
9 benefit under such contracts shall be at least equal to the
10 cash surrender benefit.

11 J. For contracts that do not provide cash surrender
12 benefits, the present value of any paid-up annuity benefit
13 available as a nonforfeiture option at any time prior to
14 maturity shall not be less than the present value of that
15 portion of the maturity value of the paid-up annuity benefit
16 provided under the contract arising from considerations paid
17 prior to the time the contract is surrendered in exchange for,
18 or changed to, a deferred paid-up annuity, such present value
19 being calculated for the period prior to the maturity date on
20 the basis of the interest rate specified in the contract for
21 accumulating the net considerations to determine such maturity
22 value, and increased by any existing additional amounts
23 credited by the insurer to the contract. For contracts that do
24 not provide any death benefits prior to the commencement of any
25 annuity payments, such present values shall be calculated on

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1 the bases of such interest rate and the mortality table
2 specified in the contract for determining the maturity value of
3 the paid-up annuity benefit. However, in no event shall the
4 present value of a paid-up annuity benefit be less than the
5 minimum nonforfeiture amount at that time.

6 K. For the purpose of determining the benefits
7 calculated under Subsections I and J of this section, in the
8 case of annuity contracts under which an election may be made
9 to have annuity payments commence at optional maturity dates,
10 the maturity date shall be deemed to be the latest date for
11 which election shall be permitted by the contract, but shall
12 not be deemed to be later than the anniversary of the contract
13 next following the annuitant's seventieth birthday or the tenth
14 anniversary of the contract, whichever is later.

15 L. Any contract that does not provide cash
16 surrender benefits or does not provide death benefits at least
17 equal to the minimum nonforfeiture amount prior to the
18 commencement of any annuity payments shall include a statement
19 in a prominent place in the contract that such benefits are not
20 provided.

21 M. Any paid-up annuity, cash surrender or death
22 benefits available at any time, other than on the contract
23 anniversary under any contract with fixed scheduled
24 considerations, shall be calculated with allowance for the
25 lapse of time and the payment of any scheduled considerations

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1 beyond the beginning of the contract year in which cessation of
2 payment of considerations under the contract occurs.

3 N. For any contract that provides, within the same
4 contract by rider or supplemental contract provision, both
5 annuity benefits and life insurance benefits that are in excess
6 of the greater of cash surrender benefits or a return of the
7 gross considerations with interest, the minimum nonforfeiture
8 benefits shall be equal to the sum of the minimum nonforfeiture
9 benefits for the annuity portion and the minimum nonforfeiture
10 benefits, if any, for the life insurance portion computed as if
11 each portion were a separate contract. Notwithstanding the
12 provisions of Subsections H, I, J, K and M of this section,
13 additional benefits payable in the event of total and permanent
14 disability, as reversionary annuity or deferred reversionary
15 annuity benefits, or as other policy benefits additional to
16 life insurance, endowment and annuity benefits, and
17 considerations for all such additional benefits, shall be
18 disregarded in ascertaining the minimum nonforfeiture amounts,
19 paid-up annuity, cash surrender and death benefits that may be
20 required by this section. The inclusion of such additional
21 benefits shall not be required in any paid-up benefits, unless
22 such additional benefits separately would require minimum
23 nonforfeiture amounts, paid-up annuity, cash surrender and
24 death benefits.

25 O. The superintendent may adopt rules to implement

1 the provisions of this section.

2 P. After July 1, 2003, an insurer may elect to
3 apply its provisions to annuity contracts on a contract-form
4 by contract-form basis before July 1, 2005. In all other
5 instances this section shall become operative with respect to
6 annuity contracts issued by the insurer after June 30, 2005."

7 SECTION 62. Section 59A-22-50 NMSA 1978 (being Laws 2010,
8 Chapter 94, Section 1, as amended) is amended to read:

9 "59A-22-50. HEALTH INSURERS--DIRECT SERVICES.--

10 A. A health insurer shall reimburse direct services
11 as follows:

12 (1) for small groups, at no less than eighty
13 percent of aggregate premiums for all such products; and

14 (2) for large groups, at no less than eighty-
15 five percent of aggregate premiums for all such products.

16 B. Reimbursement for direct services shall be
17 determined based on services provided over the preceding three
18 calendar years, but not earlier than calendar year 2010, as
19 determined by reports filed with the office of superintendent
20 of insurance. Reimbursement calculations shall include short-
21 term plans, but exclude all other excepted benefits plans
22 governed by the provisions of Chapter 59A, Article 23G NMSA
23 1978.

24 C. For individually underwritten health care
25 policies, plans or contracts, the superintendent shall

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1 establish, after notice and informal hearing, the level of
2 reimbursement for direct services, as determined by the reports
3 filed with the office of superintendent of insurance, as a
4 percent of premiums. Additional informal hearings may be held
5 at the superintendent's discretion. In establishing the level
6 of reimbursement for direct services, the superintendent shall
7 consider the costs associated with the individual marketing and
8 medical underwriting of these policies, plans or contracts at a
9 level not less than seventy-five percent of premiums. A health
10 insurer writing these policies shall make reimbursement for
11 direct services at a level not less than that level established
12 by the superintendent pursuant to this subsection over the
13 three calendar years preceding the date upon which that rate is
14 established, but not earlier than calendar year 2010. Nothing
15 in this subsection shall be construed to preclude a purchaser
16 of one of these policies, plans or contracts from negotiating
17 an agreement with a health insurer that requires a higher
18 amount of premiums paid to be used for reimbursement for direct
19 services.

20 D. An insurer that fails to comply with the
21 reimbursement requirements pursuant to this section shall issue
22 a dividend or credit against future premiums to all
23 policyholders in an amount sufficient to ensure that the
24 benefits paid in the preceding three calendar years plus the
25 amount of the dividends or credits are equal to the required

1 direct services reimbursement level pursuant to Subsection A of
2 this section for group health coverage and blanket health
3 coverage or the required direct services reimbursement level
4 pursuant to Subsection B of this section for individually
5 underwritten health policies, contracts or plans for the
6 preceding three calendar years. If the insurer fails to issue
7 the dividend or credit in accordance with the requirements of
8 this section, the superintendent shall enforce these
9 requirements and may pursue any other penalties as provided by
10 law, including general penalties pursuant to Section 59A-1-18
11 NMSA 1978.

12 E. After notice and hearing, the superintendent may
13 adopt and promulgate reasonable rules necessary and proper to
14 carry out the provisions of this section.

15 F. For the purposes of this section:

16 (1) "direct services" means services rendered
17 to an individual by a health insurer or a health care
18 practitioner, facility or other provider, including case
19 management, disease management, health education and promotion,
20 preventive services, quality incentive payments to providers
21 and any portion of an assessment that covers services rather
22 than administration and for which an insurer does not receive a
23 tax credit pursuant to the Medical Insurance Pool Act;
24 provided, however, that "direct services" does not include care
25 coordination, utilization review or management or any other

1 activity designed to manage utilization or services;

2 (2) "health insurer" means a person duly
3 authorized to transact the business of health insurance in the
4 state pursuant to the Insurance Code, including a person that
5 issues a short-term plan and a person that only issues an
6 excepted benefit policy intended to supplement major medical
7 coverage, including medicare supplement, vision, dental,
8 disease-specific, accident-only or hospital indemnity-only
9 insurance policies, or that only issues policies for long-term
10 care or disability income;

11 (3) "premium" means all income received from
12 individuals and private and public payers or sources for the
13 procurement of health coverage, including capitated payments,
14 self-funded administrative fees, self-funded claim
15 reimbursements, recoveries from third parties or other insurers
16 and interests less any state and local option gross receipts
17 tax paid [~~pursuant to the Insurance Premium Tax Act~~] and fees
18 associated with participating in a health insurance exchange
19 that serves as a clearinghouse for insurance; and

20 (4) "short-term plan" means a nonrenewable
21 health benefits plan covering a resident of the state,
22 regardless of where the plan is delivered, that:

23 (a) has a maximum specified duration of
24 not more than three months after the effective date of the
25 plan;

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1 (b) is issued only to individuals who
2 have not been enrolled in a health benefits plan that provides
3 the same or similar nonrenewable coverage from any health
4 insurance carrier within the three months preceding enrollment
5 in the short-term plan; and

6 (c) is not an excepted benefit or
7 combination of excepted benefits."

8 SECTION 63. Section 59A-23C-10 NMSA 1978 (being Laws
9 2010, Chapter 94, Section 2, as amended) is amended to read:

10 "59A-23C-10. HEALTH INSURERS--DIRECT SERVICES.--

11 A. A health insurer shall make reimbursement for
12 direct services at a level not less than eighty-five percent of
13 premiums across all health product lines over the preceding
14 three calendar years, but not earlier than calendar year 2010,
15 as determined by reports filed with the office of
16 superintendent of insurance. Nothing in this subsection shall
17 be construed to preclude a purchaser from negotiating an
18 agreement with a health insurer that requires a higher amount
19 of premiums paid to be used for reimbursement for direct
20 services for one or more products or for one or more years.

21 B. An insurer that fails to comply with the eighty-
22 five percent reimbursement requirement in Subsection A of this
23 section shall issue a dividend or credit against future
24 premiums to all policyholders in an amount sufficient to assure
25 that the benefits paid in the preceding three calendar years

1 plus the amount of the dividends or credits equal eighty-five
2 percent of the premiums collected in the preceding three
3 calendar years. If the insurer fails to issue the dividend or
4 credit in accordance with the requirements of this section, the
5 superintendent shall enforce the requirements and may pursue
6 any other penalties as provided by law, including general
7 penalties pursuant to Section 59A-1-18 NMSA 1978.

8 C. After notice and hearing, the superintendent may
9 adopt and promulgate reasonable rules necessary and proper to
10 carry out the provisions of this section.

11 D. For the purposes of this section:

12 (1) "direct services" means services rendered
13 to an individual by a health insurer or a health care
14 practitioner, facility or other provider, including case
15 management, disease management, health education and promotion,
16 preventive services, quality incentive payments to providers
17 and any portion of an assessment that covers services rather
18 than administration and for which an insurer does not receive a
19 tax credit pursuant to the Medical Insurance Pool Act;
20 provided, however, that "direct services" does not include care
21 coordination, utilization review or management or any other
22 activity designed to manage utilization or services;

23 (2) "health insurer" means a person duly
24 authorized to transact the business of health insurance in the
25 state pursuant to the Insurance Code but does not include a

1 person that only issues a limited-benefit policy intended to
2 supplement major medical coverage, including medicare
3 supplement, vision, dental, disease-specific, accident-only or
4 hospital indemnity-only insurance policies, or that only issues
5 policies for long-term care or disability income; and

6 (3) "premium" means all income received from
7 individuals and private and public payers or sources for the
8 procurement of health coverage, including capitated payments,
9 self-funded administrative fees, self-funded claim
10 reimbursements, recoveries from third parties or other insurers
11 and interests less any state and local option gross receipts
12 tax paid [~~pursuant to the Insurance Premium Tax Act~~] and fees
13 associated with participating in a health insurance exchange
14 that serves as a clearinghouse for insurance."

15 SECTION 64. Section 59A-23F-6.1 NMSA 1978 (being Laws
16 2020, Chapter 35, Section 6) is amended to read:

17 "59A-23F-6.1. BOARD--ADDITIONAL DUTIES AND POWERS.--In
18 addition to other duties and powers in the New Mexico Health
19 Insurance Exchange Act, the board shall:

20 A. in consultation with the superintendent:

21 (1) establish policies and procedures for the
22 review and recommendation of health benefits plans to be
23 offered on the exchange;

24 (2) determine additional minimum requirements
25 for a health insurance issuer to be considered for

1 participation in the exchange; and

2 (3) determine standards and criteria for
3 health benefits plans to be offered through the exchange that
4 offer an optimal level of choice, value, quality and service
5 and that are in the best interests of qualified individuals and
6 qualified small employers;

7 B. establish policies and procedures that allow
8 city, county and state governments, Indian nations, tribes and
9 pueblos, tribal organizations, urban Native American
10 organizations, private foundations and other entities to pay
11 premiums and cost-sharing on behalf of qualified individuals
12 consistent with federal requirements;

13 C. provide for the operation of a toll-free hotline
14 to respond to requests for assistance, using staff that is
15 trained to provide assistance in a culturally and
16 linguistically appropriate manner;

17 D. provide for an annual regular enrollment period
18 and special enrollment periods in the best interest of
19 qualified individuals and qualified small employers;

20 E. maintain an internet website through which
21 enrollees and prospective enrollees of qualified health plans
22 may obtain standardized comparative information on those plans;

23 F. use a standardized format for presenting health
24 benefit plan options in the exchange;

25 G. determine the criteria and process for

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1 eligibility, enrollment and disenrollment of enrollees and
2 potential enrollees in the exchange and coordinate that process
3 with the ~~[human services department]~~ health care authority in
4 order to ensure consistent eligibility and enrollment processes
5 and seamless transitions between coverages;

6 H. inform individuals of eligibility requirements
7 for medicaid, the children's health insurance program or other
8 applicable state or local public programs. If the exchange
9 assesses that an individual may be eligible for a program, the
10 board shall share information with that program to facilitate
11 the eligibility determination and enrollment of the individual;

12 I. establish and make available by electronic means
13 a calculator to determine the actual cost of coverage after the
14 application of any ~~[premium tax credits and]~~ cost-sharing
15 reductions under applicable federal or state law;

16 J. perform duties required of, or delegated to, the
17 exchange by the secretary of the United States department of
18 health and human services or the United States secretary of the
19 treasury related to determining eligibility for ~~[premium tax~~
20 ~~credits or]~~ reduced cost sharing;

21 K. maintain a statewide consumer assistance
22 program, including a navigator program; and

23 L. maintain a small business health options program
24 exchange through which qualified employers may access coverage
25 for their employees, providing as appropriate premium

1 aggregation and other related services to minimize the
2 administrative burdens for qualified employers and to:

3 (1) enable a qualified employer to specify a
4 level of coverage so that its employees may enroll in a
5 qualified health plan offered through the small business health
6 options program exchange at the specified level of coverage; or

7 (2) enable a qualified employer to provide a
8 specific amount or other payment formulated in accordance with
9 federal law to be used as part of an employee's choice of
10 plan."

11 **SECTION 65.** Section 59A-23F-11 NMSA 1978 (being Laws
12 2021, Chapter 136, Section 4, as amended) is amended to read:

13 "59A-23F-11. HEALTH CARE AFFORDABILITY FUND.--

14 A. The "health care affordability fund" is created
15 in the state treasury. The fund consists of distributions,
16 appropriations, gifts, grants and donations. Money in the fund
17 at the end of a fiscal year shall not revert to any other fund.
18 The health care authority shall administer the fund, and money
19 in the fund is subject to appropriation by the legislature for
20 purposes provided by this section. Disbursements from the fund
21 shall be made by warrant of the secretary of finance and
22 administration pursuant to vouchers signed by the secretary of
23 health care authority or the secretary's authorized
24 representative.

25 B. The purpose of the fund is to:

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1 (1) reduce health care premiums and cost
2 sharing for New Mexico residents who purchase health care
3 coverage on the New Mexico health insurance exchange;

4 (2) reduce premiums for small businesses and
5 their employees purchasing health care coverage in the fully
6 insured small group market;

7 (3) provide resources for planning, design and
8 implementation of health care coverage initiatives for
9 uninsured New Mexico residents;

10 (4) provide resources for administration of
11 state health care coverage initiatives for uninsured New Mexico
12 residents;

13 (5) cover a portion or all of the net premium
14 health benefit contributions for state employees enrolled in
15 health benefit plans covered by the Health Care Purchasing Act
16 who do not qualify for medicaid and:

17 (a) have a modified adjusted gross
18 income up to two hundred fifty percent of the federal poverty
19 level; or

20 (b) purchase employee-only coverage and
21 receive an annual salary from the state of fifty thousand
22 dollars (\$50,000) or less; and

23 (6) cover a portion or all of the net premiums
24 for members of the New Mexico national guard who qualify for a
25 federal TRICARE reserve select policy.

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1 C. If the federal Patient Protection and Affordable
2 Care Act or other federal coverage programs that enable New
3 Mexico residents to secure affordable comprehensive health care
4 coverage are repealed in full or in part by an act of congress,
5 invalidated by the United States supreme court or administered
6 by the United States department of health and human services in
7 a way that eliminates or reduces access to comprehensive health
8 care coverage for New Mexico residents through medicaid or the
9 New Mexico health insurance exchange, the fund may be used to
10 maintain coverage through the New Mexico health insurance
11 exchange, medical assistance programs or other programs
12 established or administered by the health care authority;
13 provided that coverage is prioritized for New Mexico residents
14 with incomes below two hundred percent of the federal poverty
15 level.

16 ~~[D. Prior to July 1, 2025, the staff of the~~
17 ~~legislative finance committee shall conduct a program~~
18 ~~evaluation to measure the impact of changes to the health~~
19 ~~insurance premium surtax and the creation of the health care~~
20 ~~affordability fund as it relates to the purpose of the fund.~~

21 ~~E.]~~ D. Prior to July 1 of each year, the health
22 care authority shall provide actuarial data from the health
23 care affordability fund to the legislative finance committee.

24 ~~[F.]~~ E. Prior to July 1 of each year, the secretary
25 of health care authority, in consultation with the

1 superintendent, the secretary of taxation and revenue and the
2 chief executive officer of the New Mexico health insurance
3 exchange, shall work with the legislative finance committee and
4 the department of finance and administration to develop and
5 report on performance measures relating to the health care
6 affordability fund and any programs or initiatives funded by
7 the fund."

8 SECTION 66. Section 59A-34-33 NMSA 1978 (being Laws 1984,
9 Chapter 127, Section 579) is amended to read:

10 "59A-34-33. UNAUTHORIZED BUSINESS IN OTHER STATES.--

11 A. No domestic insurer shall transact insurance in
12 any other state without first being legally authorized to do so
13 under the laws of [~~such~~] that state.

14 B. Subsection A [~~above~~] of this section shall not
15 apply to:

16 (1) contracts entered into where the
17 prospective insured when [~~he~~] the prospective insured signs the
18 application for the insurance is personally present in a state
19 in which the insurer is then authorized to transact the kind of
20 insurance involved;

21 (2) issuance of certificates under a lawfully
22 transacted group life or group health insurance policy where
23 the master policy or contract was entered into in a state in
24 which the insurer was then authorized to transact the insurance
25 involved and in which the policyholder was then domiciled or

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1 otherwise had a bona fide situs; or

2 (3) renewal or continuance in force, with or
3 without modification, of policies and insurance contracts
4 otherwise lawful and not originally issued in violation of
5 Subsection A ~~[above]~~ of this section.

6 C. The superintendent may revoke the certificate of
7 authority of an insurer ~~[which]~~ that violates this section, and
8 may require the insurer to pay to the state in which the
9 business was so unlawfully written the ~~[premium]~~ taxes
10 otherwise applicable as provided by the laws of ~~[such]~~ the
11 state."

12 SECTION 67. Section 59A-39-5 NMSA 1978 (being Laws 1984,
13 Chapter 127, Section 662, as amended) is amended to read:

14 "59A-39-5. ATTORNEY.--

15 A. "Attorney", as used in Chapter 59A, Article 39
16 NMSA 1978, refers to the attorney-in-fact of a reciprocal
17 insurer. The attorney may be an individual, firm or
18 corporation.

19 B. The attorney of a foreign reciprocal insurer,
20 which insurer is duly authorized to transact insurance in this
21 state, shall not, by virtue of the discharge of its duties as
22 such attorney with respect to the insurer's transactions in
23 this state, be thereby deemed to be doing business in this
24 state within the meaning of any laws of this state applying to
25 foreign persons, firms or corporations.

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1 C. The subscribers and the attorney-in-fact
2 comprise a reciprocal insurer and single entity for the
3 purposes of the [~~Insurance Premium~~] Gross Receipts and
4 Compensating Tax Act and Sections 59A-6-3 through 59A-6-6 NMSA
5 1978 as to all operations under the insurer's certificate of
6 authority."

7 SECTION 68. Section 59A-46-2 NMSA 1978 (being Laws 1993,
8 Chapter 266, Section 2, as amended by Laws 2019, Chapter 235,
9 Section 10 and by Laws 2019, Chapter 259, Section 17) is
10 amended to read:

11 "59A-46-2. DEFINITIONS.--As used in the Health
12 Maintenance Organization Law:

13 A. "basic health care services" means medically
14 necessary services consisting of preventive care, emergency
15 care, inpatient and outpatient hospital and physician care,
16 diagnostic laboratory, diagnostic and therapeutic radiological
17 services and services of pharmacists and pharmacist clinicians;

18 B. "capitated basis" means fixed per member per
19 month payment or percentage of premium payment wherein the
20 provider assumes the full risk for the cost of contracted
21 services without regard to the type, value or frequency of
22 services provided and includes the cost associated with
23 operating staff model facilities;

24 C. "carrier" means a health maintenance
25 organization, an insurer, a nonprofit health care plan or other

1 entity responsible for the payment of benefits or provision of
2 services under a group contract;

3 D. "copayment" means an amount an enrollee must pay
4 in order to receive a specific service that is not fully
5 prepaid;

6 E. "credentialing" means the process of obtaining
7 and verifying information about a provider and evaluating that
8 provider when that provider seeks to become a participating
9 provider;

10 F. "deductible" means the amount an enrollee is
11 responsible to pay out-of-pocket before the health maintenance
12 organization begins to pay the costs associated with treatment;

13 G. "direct services" means services rendered to an
14 individual by a carrier or a health care practitioner, facility
15 or other provider, which services include case management,
16 disease management, health education and promotion, preventive
17 services, quality incentive payments to providers and any
18 proportion of an assessment that covers services rather than
19 administration and for which a carrier does not receive a tax
20 credit pursuant to the Medical Insurance Pool Act; provided
21 that "direct services" does not include care coordination,
22 utilization review or management or any other activity designed
23 to manage utilization or services;

24 H. "enrollee" means an individual who is covered by
25 a health maintenance organization;

1 I. "evidence of coverage" means a policy, contract
2 or certificate showing the essential features and services of
3 the health maintenance organization coverage that is given to
4 the subscriber by the health maintenance organization or by the
5 group contract holder;

6 J. "extension of benefits" means the continuation
7 of coverage under a particular benefit provided under a
8 contract or group contract following termination with respect
9 to an enrollee who is totally disabled on the date of
10 termination;

11 K. "grievance" means a written complaint submitted
12 in accordance with the health maintenance organization's formal
13 grievance procedure by or on behalf of the enrollee regarding
14 any aspect of the health maintenance organization relative to
15 the enrollee;

16 L. "group contract" means a contract for health
17 care services that by its terms limits eligibility to members
18 of a specified group and may include coverage for dependents;

19 M. "group contract holder" means the person to whom
20 a group contract has been issued;

21 N. "health care services" means any services
22 included in the furnishing to any individual of medical,
23 mental, dental, pharmaceutical or optometric care or
24 hospitalization or nursing home care or incident to the
25 furnishing of such care or hospitalization, as well as the

1 furnishing to any person of any and all other services for the
2 purpose of preventing, alleviating, curing or healing human
3 physical or mental illness or injury;

4 O. "health maintenance organization" means a person
5 that undertakes to provide or arrange for the delivery of basic
6 health care services to enrollees on a prepaid basis, except
7 for enrollee responsibility for copayments or deductibles,
8 including a carrier that issues:

9 (1) a short-term contract;

10 (2) an excepted benefit policy or contract
11 intended to supplement major medical coverage, including
12 medicare supplement, vision, dental, disease-specific,
13 accident-only or hospital indemnity-only insurance policies; or

14 (3) a policy for long-term care or disability
15 income;

16 P. "health maintenance organization agent" means a
17 person who solicits, negotiates, effects, procures, delivers,
18 renews or continues a policy or contract for health maintenance
19 organization membership or who takes or transmits a membership
20 fee or premium for such a policy or contract, other than for
21 that person, or a person who advertises or otherwise makes any
22 representation to the public as such;

23 Q. "individual contract" means a contract for
24 health care services issued to and covering an individual, and
25 it may include dependents of the subscriber;

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1 R. "insolvent" or "insolvency" means that the
2 organization has been declared insolvent and placed under an
3 order of liquidation by a court of competent jurisdiction;

4 S. "managed hospital payment basis" means
5 agreements in which the financial risk is related primarily to
6 the degree of utilization rather than to the cost of services;

7 T. "net worth" means the excess of total admitted
8 assets over total liabilities, but the liabilities shall not
9 include fully subordinated debt;

10 U. "participating provider" means a provider as
11 defined in Subsection Z of this section that, under an express
12 contract with the health maintenance organization or with its
13 contractor or subcontractor, has agreed to provide health care
14 services to enrollees with an expectation of receiving payment,
15 other than copayment or deductible, directly or indirectly from
16 the health maintenance organization;

17 V. "person" means an individual or other legal
18 entity;

19 W. "pharmacist" means a person licensed as a
20 pharmacist pursuant to the Pharmacy Act;

21 X. "pharmacist clinician" means a pharmacist who
22 exercises prescriptive authority pursuant to the Pharmacist
23 Prescriptive Authority Act;

24 Y. "premium" means all income received from
25 individuals and private and public payers or sources for the

1 procurement of health coverage, including capitated payments,
2 self-funded administrative fees, self-funded claim
3 reimbursements, recoveries from third parties or other carriers
4 and interests less any ~~[premium]~~ state and local option gross
5 receipts tax paid ~~[pursuant to Section 59A-6-2 NMSA 1978]~~ and
6 fees associated with participating in a health insurance
7 exchange that serves as a clearinghouse for insurance;

8 Z. "provider" means a physician, pharmacist,
9 pharmacist clinician, hospital or other person licensed or
10 otherwise authorized to furnish health care services;

11 AA. "replacement coverage" means the benefits
12 provided by a succeeding carrier;

13 BB. "short-term contract" means a nonrenewable
14 health maintenance organization contract covering a resident of
15 the state, regardless of where the contract is delivered, that:

16 (1) has a maximum specified duration of not
17 more than three months after the effective date of the
18 contract; and

19 (2) is issued only to individuals who have not
20 been enrolled in a health maintenance organization contract
21 that provides the same or similar nonrenewable coverage from
22 any carrier within the three months preceding enrollment in the
23 short-term contract;

24 CC. "subscriber" means an individual whose
25 employment or other status, except family dependency, is the

1 basis for eligibility for enrollment in the health maintenance
2 organization or, in the case of an individual contract, the
3 person in whose name the contract is issued; and

4 DD. "uncovered expenditures" means the costs to the
5 health maintenance organization for health care services that
6 are the obligation of the health maintenance organization, for
7 which an enrollee may also be liable in the event of the health
8 maintenance organization's insolvency and for which no
9 alternative arrangements have been made that are acceptable to
10 the superintendent."

11 SECTION 69. Section 59A-47-3 NMSA 1978 (being Laws 1984,
12 Chapter 127, Section 879.1, as amended) is amended to read:

13 "59A-47-3. DEFINITIONS.--As used in Chapter 59A, Article
14 47 NMSA 1978:

15 A. "acquisition expenses" includes all expenses
16 incurred in connection with the solicitation and enrollment of
17 subscribers;

18 B. "administration expenses" means all expenses of
19 the health care plan other than the cost of health care expense
20 payments and acquisition expenses;

21 C. "agent" means a person appointed by a health
22 care plan authorized to transact business in this state to act
23 as its representative in any given locality for soliciting
24 health care policies and other related duties as may be
25 authorized;

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1 D. "chiropractor" means any person holding a
2 license provided for in the Chiropractic Physician Practice
3 Act;

4 E. "credentialing" means the process of obtaining
5 and verifying information about a provider and evaluating that
6 provider when that provider seeks to become a participating
7 provider;

8 F. "direct services" means services rendered to an
9 individual by a health care plan, health insurer or a health
10 care practitioner, facility or other provider, including case
11 management, disease management, health education and promotion,
12 preventive services, quality incentive payments to providers
13 and any portion of an assessment that covers services rather
14 than administration and for which a health care plan or a
15 health insurer does not receive a tax credit pursuant to the
16 Medical Insurance Pool Act; provided, however, that "direct
17 services" does not include care coordination, utilization
18 review or management or any other activity designed to manage
19 utilization or services;

20 G. "doctor of oriental medicine" means any person
21 licensed as a doctor of oriental medicine under the Acupuncture
22 and Oriental Medicine Practice Act;

23 H. "health care" means the treatment of persons for
24 the prevention, cure or correction of any illness or physical
25 or mental condition, including optometric services;

1 I. "health care expense payment" means a payment
2 for health care to a purveyor on behalf of a subscriber, or
3 such a payment to the subscriber;

4 J. "health care plan" means an organization that
5 demonstrates to the superintendent that it has been granted
6 exemption from the federal income tax by the United States
7 commissioner of internal revenue as an organization described
8 in Section 501(c)(3) of the United States Internal Revenue Code
9 of 1986, as that section may be amended or renumbered, and is
10 authorized by the superintendent to enter into contracts with
11 subscribers and to make health care expense payments, including
12 an organization that issues:

13 (1) a short-term health care plan;

14 (2) an excepted benefit health care plan
15 intended to supplement major medical coverage, including
16 medicare supplement, vision, dental, disease-specific,
17 accident-only or hospital indemnity-only insurance policies; or

18 (3) a policy or plan for long-term care or
19 disability income;

20 K. "indemnity benefit" means a payment that the
21 purveyor has not agreed to accept as payment in full for health
22 care furnished the subscriber;

23 L. "item of health care" means a service or
24 material used in health care;

25 M. "pharmacist" means a person licensed as a

1 pharmacist pursuant to the Pharmacy Act;

2 N. "pharmacist clinician" means a pharmacist who
3 exercises prescriptive authority pursuant to the Pharmacist
4 Prescriptive Authority Act;

5 O. "premium" means all income received from
6 individuals and private and public payers or sources for the
7 procurement of health coverage, including capitated payments,
8 self-funded administrative fees, self-funded claim
9 reimbursements, recoveries from third parties or other insurers
10 and interests less any ~~[premium]~~ state and local option gross
11 receipts tax paid ~~[pursuant to Section 59A-6-2 NMSA 1978]~~ and
12 fees associated with participating in a health insurance
13 exchange that serves as a clearinghouse for insurance;

14 P. "provider" means a physician or other individual
15 licensed or otherwise authorized to furnish health care
16 services in the state;

17 Q. "purveyor" means a person who furnishes any item
18 of health care and charges for that item;

19 R. "service benefit" means a payment that the
20 purveyor has agreed to accept as payment in full for health
21 care furnished the subscriber;

22 S. "short-term health care plan" means a
23 nonrenewable health care plan covering a resident of the state,
24 regardless of where the plan is delivered, that:

25 (1) has a maximum specified duration of not

1 more than three months after the effective date of the plan;
2 and

3 (2) is issued only to individuals who have not
4 been enrolled in a health care plan that provides the same or
5 similar nonrenewable coverage from any nonprofit health care
6 plan within the three months preceding enrollment in the
7 short-term plan;

8 T. "solicitor" means a person employed by the
9 licensed agent of a health care plan for the purpose of
10 soliciting health care policies and other related duties in
11 connection with the handling of the business of the agent as
12 may be authorized and paid for the person's services either on
13 a commission basis or salary basis or part by commission and
14 part by salary;

15 U. "subscriber" means any individual who, because
16 of a contract with a health care plan entered into by or for
17 the individual, is entitled to have health care expense
18 payments made on the individual's behalf or to the individual
19 by the health care plan; and

20 V. "underwriting manual" means the health care
21 plan's written criteria, approved by the superintendent, that
22 defines the terms and conditions under which subscribers may be
23 selected. The underwriting manual may be amended from time to
24 time, but the amendment will not be effective until approved by
25 the superintendent. The superintendent shall notify the health

1 care plan filing the underwriting manual or the amendment
2 thereto of the superintendent's approval or disapproval thereof
3 in writing within thirty days after filing or within sixty days
4 after filing if the superintendent shall so extend the time.

5 If the superintendent fails to act within such period, the
6 filing shall be deemed to be approved."

7 SECTION 70. Section 59A-47-8 NMSA 1978 (being Laws 1984,
8 Chapter 127, Section 879.6, as amended) is amended to read:

9 "59A-47-8. CERTIFICATE OF AUTHORITY REQUIRED--APPLICATION
10 AND CONDITIONS--EXCEPTIONS.--

11 A. No health care plan shall make health care
12 expense payments unless and until it has obtained from the
13 superintendent a certificate of authority to do business.
14 Violation of this provision shall constitute a misdemeanor
15 punishable upon conviction by a fine of not to exceed one
16 thousand dollars (\$1,000).

17 B. A newly formed health care plan's application
18 for initial certificate of authority must be filed with the
19 superintendent prior to expiration of one year from date of
20 issuance of the preliminary permit referred to in Section
21 59A-47-6 NMSA 1978.

22 C. The application for certificate of authority
23 shall be in the form prescribed and furnished by the
24 superintendent consistent with Chapter 59A, Article 47 NMSA
25 1978, and be verified by two of the applicant's officers. The

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1 application shall include or be accompanied by such proof as
2 the superintendent may reasonably require that the applicant is
3 qualified for the certificate of authority under this article.
4 At filing of the application, the applicant shall pay to the
5 superintendent the applicable filing fee as specified in
6 Section 59A-6-1 NMSA 1978. The filing fee shall not be
7 refundable.

8 D. No such certificate of authority shall be
9 required for a health care plan formerly so authorized, to
10 enable it to investigate and settle losses under its contracts
11 lawfully written in New Mexico, or to liquidate assets and
12 liabilities (other than collection of new premiums) resulting
13 from its former authorized operations in this state. A health
14 care plan not transacting new business in this state but
15 continuing collection of premiums on and servicing contracts
16 remaining in force as to residents of or risks located in this
17 state, is transacting business in New Mexico for the purpose of
18 [~~premium~~] gross receipts tax requirements only and is not
19 required to have a certificate of authority."

20 SECTION 71. Section 59A-54-3 NMSA 1978 (being Laws 1987,
21 Chapter 154, Section 3, as amended) is amended to read:

22 "59A-54-3. DEFINITIONS.--As used in the Medical Insurance
23 Pool Act:

24 A. "board" means the board of directors of the
25 pool;

1 B. "creditable coverage" means, with respect to
2 an individual, coverage of the individual pursuant to:
3 (1) a group health plan;
4 (2) health insurance coverage;
5 (3) Part A or Part B of Title 18 of the Social
6 Security Act;
7 (4) Title 19 of the Social Security Act except
8 coverage consisting solely of benefits pursuant to Section 1928
9 of that title;
10 (5) 10 USCA Chapter 55;
11 (6) the Medical Insurance Pool Act;
12 (7) a health plan offered pursuant to
13 5 USCA Chapter 89;
14 (8) a public health plan as defined in federal
15 regulations; or
16 (9) a health benefit plan offered pursuant to
17 Section 5(e) of the federal Peace Corps Act;
18 C. "federally defined eligible individual" means an
19 individual:
20 (1) for whom, as of the date on which the
21 individual seeks coverage under the Medical Insurance Pool Act,
22 the aggregate of the periods of creditable coverage is eighteen
23 or more months;
24 (2) whose most recent prior creditable
25 coverage was under a group health plan, governmental plan,

1 church plan or health insurance coverage, as those plans or
2 coverage are defined in Section 59A-23E-2 NMSA 1978, offered in
3 connection with that plan;

4 (3) who is not eligible for coverage under
5 a group health plan, Part A or Part B of Title 18 of the Social
6 Security Act or a state plan under Title 19 or Title 21 of the
7 Social Security Act or a successor program and who does not
8 have other health insurance coverage;

9 (4) with respect to whom the most recent
10 coverage within the period of aggregate creditable coverage was
11 not terminated based on a factor relating to nonpayment of
12 premiums or fraud;

13 (5) who, if offered the option of continuation
14 of coverage under a continuation provision pursuant to the
15 federal Consolidated Omnibus Budget Reconciliation Act of 1985
16 or a similar state program, elected this coverage; and

17 (6) who has exhausted continuation coverage
18 under this provision or program, if the individual elected the
19 continuation coverage described in Paragraph (5) of this
20 subsection;

21 D. "health care facility" means an entity providing
22 health care services that is licensed by the department of
23 health;

24 E. "health care services" means services or
25 products included in the furnishing to an individual of medical

1 care or hospitalization, or incidental to the furnishing of
2 that care or hospitalization, as well as the furnishing to a
3 person of other services or products for the purpose of
4 preventing, alleviating, curing or healing human illness or
5 injury;

6 F. "health insurance" means a hospital and medical
7 expense-incurred policy; nonprofit health care service plan
8 contract; health maintenance organization subscriber contract;
9 short-term, accident, fixed indemnity or specified disease
10 policy; disability income contracts; limited benefit insurance;
11 credit insurance; or as the term is defined by Section 59A-7-3
12 NMSA 1978. "Health insurance" does not include insurance
13 arising out of the Workers' Compensation Act or similar law,
14 automobile medical payment insurance or insurance under which
15 benefits are payable with or without regard to fault and that
16 is required by law to be contained in a liability insurance
17 policy;

18 G. "health maintenance organization" means [~~a~~
19 ~~person who provides, at a minimum, either directly or through~~
20 ~~contractual or other arrangements with others, basic health~~
21 ~~care services to enrollees on a fixed prepayment basis and who~~
22 ~~is responsible for the availability, accessibility and quality~~
23 ~~of the health care services provided or arranged, or]~~ "health
24 maintenance organization" as defined by Subsection [M] Q of
25 Section 59A-46-2 NMSA 1978;

1 H. "health plan" means an arrangement by which
2 persons, including dependents or spouses, covered or making
3 application to be covered under the pool have access to
4 hospital and medical benefits or reimbursement, including group
5 or individual insurance or subscriber contract; coverage
6 through health maintenance organizations, preferred provider
7 organizations or other alternate delivery systems; coverage
8 under prepayment, group practice or individual practice plans;
9 coverage under uninsured arrangements of group or group-type
10 contracts, including employer self-insured, cost-plus or other
11 benefits methodologies not involving insurance or not subject
12 to ~~[New Mexico premium]~~ state and local option gross receipts
13 taxes; coverage under group-type contracts that are not
14 available to the general public and can be obtained only
15 because of connection with a particular organization or group;
16 and coverage by medicare or other governmental benefits.

17 "Health plan" includes coverage through health insurance;

18 I. "insured" means an individual resident of this
19 state who is eligible to receive benefits from an insurer or
20 other health plan;

21 J. "insurer" means an insurance company authorized
22 to transact health insurance business in this state, a
23 nonprofit health care plan, a health maintenance organization
24 and self-insurers not subject to federal preemption. "Insurer"
25 does not include an insurance company that is licensed under

1 the Prepaid Dental Plan Law or a company that is solely engaged
2 in the sale of dental insurance and is licensed not under that
3 act, but under another provision of the Insurance Code;

4 K. "medicare" means coverage under Part A or Part B
5 of Title 18 of the Social Security Act, as amended;

6 L. "pool" means the New Mexico medical insurance
7 pool;

8 M. "preexisting condition" means a physical or
9 mental condition for which medical advice, medication,
10 diagnosis, care or treatment was recommended for or received by
11 an applicant within six months before the effective date of
12 coverage, except that pregnancy is not considered a preexisting
13 condition for a federally defined eligible individual; and

14 N. "therapist" means a licensed physical,
15 occupational, speech or respiratory therapist."

16 SECTION 72. Section 59A-54-7.1 NMSA 1978 (being Laws
17 2003, Chapter 396, Section 1) is amended to read:

18 "59A-54-7.1. PRESCRIPTION DRUG PROGRAM--COST-SHARING.--

19 A. The board may establish a prescription drug
20 program, in whole or in part, including a pilot or phase-in
21 program, to offer selected eligible persons the ability to
22 purchase prescription drugs. The board may establish varying
23 levels of eligibility and cost-sharing criteria as needed for
24 selected eligible persons and, if established, shall ensure
25 that cost-containment mechanisms are included in the program.

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1 B. The board may establish the cost-sharing amounts
2 payable by a person enrolled in the prescription drug program,
3 including the premium, deductible, coinsurance, co-payment and
4 other out-of-pocket expenses.

5 C. If the board establishes a prescription drug
6 program, the board shall establish the assessments pursuant to
7 Section 59A-54-10 NMSA 1978.

8 ~~[D. If the board establishes a prescription drug~~
9 ~~program, the assessment for a pool member shall be determined~~
10 ~~in the same manner as provided in this section provided that a~~
11 ~~pool member shall be allowed a fifty percent credit for the~~
12 ~~prescription drug program assessment on the premium tax return~~
13 ~~for that member.~~

14 ~~E.]~~ D. The board may issue a pool prescription drug
15 program benefit policy for a person who is over the age of
16 sixty-five and unable to purchase or is ineligible for a
17 similar prescription drug program. The board may issue a pool
18 prescription drug program benefit policy for a person who is
19 eligible for a state-funded or state-operated low-income
20 pharmacy benefit program.

21 ~~[F.]~~ E. If the board establishes a prescription
22 drug program, the board shall cooperate with other state and
23 federal prescription drug initiatives."

24 SECTION 73. Section 60-2E-47 NMSA 1978 (being Laws 1997,
25 Chapter 190, Section 49, as amended by Laws 2023, Chapter 122,

1 Section 1 and by Laws 2023, Chapter 154, Section 2) is amended
2 to read:

3 "60-2E-47. GAMING TAX--IMPOSITION--ADMINISTRATION.--

4 A. An excise tax is imposed on the privilege of
5 engaging in gaming activities in the state. This tax shall be
6 known as the "gaming tax".

7 B. The gaming tax is an amount equal to: [~~ten~~]

8 (1) two percent of the gross receipts of
9 manufacturer licensees from the sale, lease or other transfer
10 of gaming devices in or into the state, except receipts of a
11 manufacturer from the sale, lease or other transfer to a
12 licensed distributor for subsequent sale or lease may be
13 excluded from gross receipts;

14 (2) ten percent of the gross receipts of
15 distributor licensees from the sale, lease or other transfer of
16 gaming devices in or into the state;

17 (3) ten percent of the net take of a gaming
18 operator licensee that is a nonprofit organization; and

19 (4) prior to July 1, 2029, twenty-four and
20 eight-tenths percent of the net take [~~of every other gaming~~
21 ~~operator licensee. For the purposes of this section, "gross~~
22 ~~receipts" means the total amount of money or the value of other~~
23 ~~consideration received from selling, leasing or otherwise~~
24 ~~transferring gaming devices~~]; and

25 (5) beginning July 1, 2029, twenty-six

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1 percent of the net take.

2 C. The gaming tax imposed on a licensee is in lieu
3 of all state and local gross receipts taxes on that portion of
4 the licensee's gross receipts attributable to gaming
5 activities.

6 D. The gaming tax is to be paid on or before the
7 fifteenth day of the month following the month in which the
8 taxable event occurs. The gaming tax shall be administered and
9 collected by the taxation and revenue department in cooperation
10 with the board. The provisions of the Tax Administration Act
11 apply to the collection and administration of the tax.

12 E. In addition to the gaming tax, a gaming operator
13 licensee that is a racetrack shall pay:

14 (1) twenty percent of its net take solely to
15 purses in accordance with rules adopted by the state racing
16 commission; and

17 (2) prior to July 1, 2029, one and two-tenths
18 percent of its net take solely to offset the costs of jockey
19 and exercise rider insurance and to comply with federal and
20 state laws affecting horse racing.

21 F. An amount not to exceed twenty percent of the
22 interest earned on the balance of any fund consisting of money
23 for purses distributed by racetrack gaming operator licensees
24 pursuant to this subsection may be expended for the costs of
25 administering the distributions. The state racing commission

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1 is responsible for regulatory oversight of funds withdrawn for
2 exercise rider and jockey insurance and compliance with federal
3 and state laws affecting horse racing. The state racing
4 commission is also responsible for regulatory oversight of the
5 twenty percent and one and two-tenths percent fees funding from
6 gaming. A racetrack gaming operator licensee shall spend no
7 less than one-fourth percent of the net take of its gaming
8 machines to fund or support programs for the treatment and
9 assistance of compulsive gamblers.

10 G. A nonprofit gaming operator licensee shall
11 distribute at least twenty percent of the balance of its net
12 take, after payment of the gaming tax, any income taxes and
13 allowable gaming expenses, for charitable or educational
14 purposes.

15 H. As used in this section, "gross receipts" means
16 the total amount of money or the value of other consideration
17 received from selling, leasing or otherwise transferring gaming
18 devices."

19 SECTION 74. Section 60-2F-1 NMSA 1978 (being Laws 2009,
20 Chapter 81, Section 1) is amended to read:

21 "60-2F-1. SHORT TITLE.--~~[Sections 1 through 26 of this~~
22 ~~act]~~ Chapter 60, Article 2F NMSA 1978 may be cited as the "New
23 Mexico Bingo and Raffle Act".

24 SECTION 75. Section 60-2F-21 NMSA 1978 (being Laws 2009,
25 Chapter 81, Section 21) is amended to read:

1 "60-2F-21. TAX IMPOSITION.--

2 A. A bingo and raffle tax equal to ~~[one-half]~~ two
3 percent of the gross receipts of any game of chance held,
4 operated or conducted for or by a qualified organization shall
5 be imposed on the qualified organization.

6 B. No other state or local gross receipts tax shall
7 apply to a qualified organization's receipts generated by a
8 game of chance authorized by the New Mexico Bingo and Raffle
9 Act.

10 C. The tax imposed pursuant to this section shall
11 be submitted quarterly to the taxation and revenue department
12 on or before April 25, July 25, October 25 and January 25.

13 D. The taxation and revenue department shall
14 administer the tax imposed in this section pursuant to the Tax
15 Administration Act."

16 SECTION 76. A new section of the Motor Vehicle Code is
17 enacted to read:

18 "[NEW MATERIAL] ADDITIONAL REGISTRATION FEE--ELECTRIC AND
19 PLUG-IN HYBRID ELECTRIC VEHICLES.--

20 A. For registration of vehicles subject to the
21 registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA
22 1978, there is imposed an additional annual fee of six hundred
23 fifty dollars (\$650) for which an electric vehicle with a gross
24 vehicle weight of twenty-six thousand pounds or less is
25 registered.

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1 B. For registration of vehicles subject to the
2 registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA
3 1978, there is imposed an additional annual fee of three
4 hundred twenty-five dollars (\$325) for which a plug-in hybrid
5 electric vehicle with a gross vehicle weight of twenty-six
6 thousand pounds or less is registered.

7 C. All fees collected pursuant to this section
8 shall be paid to the state treasurer to the credit of the motor
9 vehicle suspense fund with distribution in accordance with
10 Section 66-6-23 NMSA 1978.

11 D. As used in this section:

12 (1) "electric vehicle" means a motor vehicle
13 that derives all of the vehicle's power from electricity stored
14 in a battery that:

15 (a) has a capacity of not less than six
16 kilowatt-hours;

17 (b) is capable of powering the vehicle
18 for a range of at least forty miles; and

19 (c) is capable of being recharged from
20 an external source of electricity; and

21 (2) "plug-in hybrid electric vehicle" means a
22 motor vehicle that derives part of the vehicle's power from
23 electricity stored in a battery that:

24 (a) has a capacity of not less than six
25 kilowatt-hours;

1 (b) is capable of powering the vehicle
2 for a range of at least forty miles; and

3 (c) is capable of being recharged from
4 an external source of electricity."

5 SECTION 77. Section 66-3-7 NMSA 1978 (being Laws 1978,
6 Chapter 35, Section 27, as amended) is amended to read:

7 "66-3-7. GROUNDS FOR REFUSING, SUSPENDING OR REVOKING
8 REGISTRATION OR CERTIFICATE OF TITLE.--The division may refuse,
9 suspend or revoke registration or issuance of a certificate of
10 title or a transfer of registration upon the ~~[ground]~~ grounds
11 that:

12 A. the application contains a false or fraudulent
13 statement or that the applicant failed to furnish the required
14 information or reasonable additional information requested by
15 the division or that the applicant is not entitled to the
16 issuance of a certificate of title or registration of the
17 vehicle under the Motor Vehicle Code;

18 B. the vehicle is mechanically unfit or unsafe to
19 be operated or moved upon the highways;

20 C. a commercial motor vehicle is operated by a
21 commercial motor carrier that is prohibited from operating the
22 vehicle by order of a state or federal agency;

23 D. the division has ~~[a]~~ reasonable ~~[ground]~~ grounds
24 to believe that the vehicle is a stolen or embezzled vehicle or
25 that the granting of registration or the issuance of a

1 certificate of title would constitute a fraud against the
2 rightful owner or other person having valid lien upon the
3 vehicle;

4 E. the registration of the vehicle stands suspended
5 or revoked for any reason as provided in the motor vehicle laws
6 of this state;

7 F. the required fee has not been paid;

8 ~~[G. the motor vehicle excise tax has not been paid;~~

9 ~~H.]~~ G. the weight distance tax has not been paid;

10 ~~[I.]~~ H. international fuel tax agreement taxes have
11 not been paid;

12 ~~[J.]~~ I. if the vehicle is a mobile home, the
13 property tax has not been paid;

14 ~~[K.]~~ J. the owner's address, as shown in the
15 records of the division, is within a class A county or within a
16 municipality that has a vehicle emission inspection and
17 maintenance program and the applicant has applied at an office
18 outside the designated county or municipality; or

19 ~~[L.]~~ K. the owner is required to but has failed to
20 provide proof of compliance with a vehicle emission inspection
21 and maintenance program, if required in the county or
22 municipality in which the owner resides."

23 SECTION 78. Section 66-3-118 NMSA 1978 (being Laws 1978,
24 Chapter 35, Section 65, as amended) is amended to read:

25 "66-3-118. MANUFACTURER'S CERTIFICATE OF ORIGIN--TRANSFER

1 OF VEHICLE NOT PREVIOUSLY REGISTERED.--

2 A. Whenever a manufacturer or the agent or
3 distributor of a manufacturer transfers a vehicle, not
4 previously registered, to a dealer in this state, the
5 manufacturer, agent or distributor at the time of transfer of
6 the vehicle shall deliver to the dealer a manufacturer's
7 certificate of origin. The certificate shall be signed by the
8 manufacturer and shall specify that the vehicle described has
9 been transferred to the dealer named and that the transfer is
10 the first transfer of the vehicle in ordinary trade and
11 commerce.

12 B. The certificate shall contain a description of
13 the vehicle, number of cylinders, type of body, engine number,
14 serial number or other standard identification number provided
15 by the manufacturer of the vehicle and space for proper
16 reassignment to a New Mexico dealer or to a dealer duly
17 licensed or recognized as such in another state, territory or
18 possession of the United States.

19 C. Any dealer when transferring a vehicle, not
20 previously registered, to another dealer shall, at the time of
21 transfer, give the transferee the proper manufacturer's
22 certificate of origin fully assigned to the transferee.

23 D. When a vehicle not previously registered is
24 transferred to a dealer who does not hold a franchise granted
25 by the manufacturer of the vehicle to sell that type or model

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1 of vehicle, the transferee must obtain a registration of the
2 vehicle and certificate of title [~~but shall not be required to~~
3 ~~pay the excise tax imposed by Section 7-14-3 NMSA 1978~~]."

4 SECTION 79. Section 66-3-401 NMSA 1978 (being Laws 1978,
5 Chapter 35, Section 80, as amended) is amended to read:

6 "66-3-401. OPERATION OF VEHICLES UNDER DEALER PLATES.--

7 A. Any vehicle that is required to be registered
8 pursuant to the Motor Vehicle Code and that is included in the
9 inventory of a dealer may be operated or moved upon the
10 highways for any purpose, provided that the vehicle display in
11 the manner prescribed in Section 66-3-18 NMSA 1978 a unique
12 plate issued to the dealer as provided in Section 66-3-402 NMSA
13 1978. This subsection shall not be construed as limiting the
14 use of temporary registration permits issued to dealers
15 pursuant to Section 66-3-6 NMSA 1978. Each dealer plate shall
16 be issued for a specific vehicle in a dealer's inventory. If a
17 dealer wishes to use the plate on a different vehicle, the
18 dealer must reregister that plate to the different vehicle.

19 B. The provisions of this section do not apply to
20 work or service vehicles used by a dealer. For the purposes of
21 this subsection, "work or service vehicle" includes any vehicle
22 used substantially as a:

- 23 (1) parts or delivery vehicle;
24 (2) vehicle used to tow another vehicle;
25 (3) courtesy shuttle; or

1 (4) vehicle loaned to customers for their
2 convenience.

3 C. Each vehicle included in a dealer's inventory
4 required to be registered pursuant to the provisions of
5 Subsection A of this section must conform to the registration
6 provisions of the Motor Vehicle Code, but is not required to be
7 titled pursuant to the provisions of that code. When a vehicle
8 is no longer included in a dealer's inventory, and is not sold
9 or leased to an unrelated entity, the dealer must title the
10 vehicle [~~and pay the motor vehicle excise tax that would have~~
11 ~~been due when the vehicle was first registered by the dealer~~].

12 D. In lieu of the use of dealer plates pursuant to
13 this section, a dealer may register and title a vehicle
14 included in a dealer's inventory in the name of the dealer upon
15 payment of the registration fee applicable to that vehicle,
16 [~~but without payment of the motor vehicle excise tax~~] provided
17 the vehicle is subsequently sold or leased in the ordinary
18 course of business in a transaction subject to the [~~motor~~
19 ~~vehicle excise~~] gross receipts tax or the leased vehicle gross
20 receipts tax."

21 SECTION 80. Section 66-3-1006 NMSA 1978 (being Laws 1978,
22 Chapter 35, Section 202, as amended) is amended to read:

23 "66-3-1006. GROUNDS FOR REFUSING REGISTRATION OR
24 CERTIFICATE OF TITLE.--The division may refuse registration or
25 issuance of a certificate of title or any transfer of a

1 registration certificate if:

2 A. the division has reasonable grounds to believe
3 that the application contains any false or fraudulent statement
4 or that the applicant has failed to furnish the required
5 information or reasonable additional information requested by
6 the division or that the applicant is not entitled to the
7 issuance of a certificate of title or registration certificate
8 of the off-highway motor vehicle under the Motor Vehicle Code
9 or laws of this state;

10 B. the division has reasonable grounds to believe
11 that the off-highway motor vehicle is stolen or embezzled or
12 that the granting of a registration certificate or the issuance
13 of a certificate of title would constitute a fraud against the
14 rightful owner or other person having a valid lien upon the
15 off-highway motor vehicle;

16 C. the division has reasonable grounds to believe
17 that a nonresident applicant is not entitled to registration
18 issuance under the laws of the nonresident applicant's state of
19 residence; or

20 D. the required fees have not been paid [~~or~~

21 ~~E. the motor vehicle excise tax has not been paid~~
22 ~~pursuant to Chapter 7, Article 14 NMSA 1978]."~~

23 SECTION 81. Section 66-6-23 NMSA 1978 (being Laws 1978,
24 Chapter 35, Section 358, as amended) is amended to read:

25 "66-6-23. DISPOSITION OF FEES.--

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1 A. After the necessary disbursements for refunds
2 and other purposes have been made, the money remaining in the
3 motor vehicle suspense fund, except for remittances received
4 within the previous two months that are unidentified as to
5 source or disposition, shall be distributed as follows:

6 (1) to each municipality, county or fee agent
7 operating a motor vehicle field office:

8 (a) an amount equal to six dollars
9 (\$6.00) per driver's license and five dollars (\$5.00) per
10 identification card or motor vehicle or motorboat registration
11 or title transaction performed;

12 (b) for each such agent determined by
13 the secretary pursuant to Section 66-2-16 NMSA 1978 to have
14 performed ten thousand or more transactions in the preceding
15 fiscal year, other than a class A county with a population
16 exceeding three hundred thousand or a municipality with a
17 population exceeding three hundred thousand that has been
18 designated as an agent pursuant to Section 66-2-14.1 NMSA 1978,
19 an amount equal to one dollar (\$1.00) in addition to the amount
20 distributed pursuant to Subparagraph (a) of this paragraph for
21 each driver's license, identification card, motor vehicle
22 registration, motorboat registration or title transaction
23 performed; and

24 (c) to each military installation
25 designated as a fee agent pursuant to Section 66-2-14.1 NMSA

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1 1978, an amount equal to one dollar fifty cents (\$1.50) in
2 addition to the amount distributed pursuant to Subparagraph (a)
3 of this paragraph for each administrative service fee remitted
4 by the military installation to the department pursuant to
5 Subsection A of Section 66-2-16 NMSA 1978;

6 (2) to each municipality or county, other than
7 a class A county with a population exceeding three hundred
8 thousand or a municipality with a population exceeding three
9 hundred thousand that has been designated as an agent pursuant
10 to Section 66-2-14.1 NMSA 1978, operating a motor vehicle field
11 office, an amount equal to one dollar fifty cents (\$1.50) for
12 each administrative service fee remitted by that county or
13 municipality to the department pursuant to the provisions of
14 Subsection A of Section 66-2-16 NMSA 1978;

15 (3) to the state road fund:

16 (a) an amount equal to the fees
17 collected pursuant to Sections 66-7-413 and 66-7-413.4 NMSA
18 1978;

19 (b) an amount equal to the fee collected
20 pursuant to Section 66-3-417 NMSA 1978;

21 (c) the remainder of each driver's
22 license fee collected by the department employees from an
23 applicant to whom a license is granted after deducting from the
24 driver's license fee the amount of the distribution authorized
25 in Paragraph (1) of this subsection with respect to that

1 collected driver's license fee; ~~[and]~~

2 (d) an amount equal to fifty percent of
3 the fees collected pursuant to Section 66-6-19 NMSA 1978; and

4 (e) an amount equal to fifty percent of
5 the fees collected pursuant to Section 76 of this 2026 act;

6 (4) to the transportation project fund, an
7 amount equal to fifty percent of the fees collected pursuant to
8 Section 76 of this 2026 act;

9 ~~[(4)]~~ (5) to the local governments road fund,
10 the amount of the fees collected pursuant to Subsection B of
11 Section 66-5-33.1 NMSA 1978 and the remainder of the fees
12 collected pursuant to Subsection A of Section 66-5-408 NMSA
13 1978;

14 ~~[(5)]~~ (6) to the department:

15 (a) any amounts reimbursed to the
16 department pursuant to Subsection D of Section 66-2-14.1 NMSA
17 1978;

18 (b) an amount equal to two dollars
19 (\$2.00) of each motorcycle registration fee collected pursuant
20 to Section 66-6-1 NMSA 1978;

21 (c) an amount equal to the fees provided
22 for in Subsection D of Section 66-2-7 NMSA 1978, Subsection E
23 of Section 66-2-16 NMSA 1978, Subsections K and L of Section
24 66-3-6 NMSA 1978 other than the administrative fee, Subsection
25 C of Section 66-5-44 NMSA 1978 and Subsection B of Section

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1 66-5-408 NMSA 1978;

2 (d) the amounts due to the department
3 for the manufacture and issuance of a special registration
4 plate collected pursuant to the section of law authorizing the
5 issuance of the specialty plate;

6 (e) an amount equal to the registration
7 fees collected pursuant to Section 66-6-6.1 NMSA 1978 for the
8 purposes of enforcing the provisions of the Mandatory Financial
9 Responsibility Act and for creating and maintaining a
10 multilanguage noncommercial driver's license testing program;
11 and after those purposes are met, the balance of the
12 registration fees shall be distributed to the department to
13 defray the costs of operating the division;

14 (f) an amount equal to fifty cents
15 (\$.50) for each administrative fee remitted to the department
16 by a county or municipality operating a motor vehicle field
17 office pursuant to Subsection A of Section 66-2-16 NMSA 1978;

18 (g) an amount equal to one dollar
19 twenty-five cents (\$1.25) for each administrative fee collected
20 by the department or any of its agents other than a county or
21 municipality operating a motor vehicle field office pursuant to
22 Subsection A of Section 66-2-16 NMSA 1978; and

23 (h) an amount equal to the royalties or
24 other consideration paid by commercial users of databases of
25 motor vehicle-related records of the department pursuant to

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1 Subsection C of Section 14-3-15.1 NMSA 1978 for the purpose of
2 defraying the costs of maintaining databases of motor vehicle-
3 related records of the department; and after that purpose is
4 met, the balance of the royalties and other consideration shall
5 be distributed to the department to defray the costs of
6 operating the division or for use pursuant to Subsection F of
7 Section 66-6-13 NMSA 1978;

8 ~~[(6)]~~ (7) to each New Mexico institution of
9 higher education, an amount equal to that part of the fees
10 distributed pursuant to Paragraph (2) of Subsection D of
11 Section 66-3-416 NMSA 1978 proportionate to the number of
12 special registration plates issued in the name of the
13 institution to all such special registration plates issued in
14 the name of all institutions;

15 ~~[(7)]~~ (8) to the armed forces veterans license
16 fund, the amount to be distributed pursuant to Paragraph (2) of
17 Subsection E of Section 66-3-419 NMSA 1978;

18 ~~[(8)]~~ (9) to the children's trust fund, the
19 amount to be distributed pursuant to Paragraph (2) of
20 Subsection D of Section 66-3-420 NMSA 1978;

21 ~~[(9)]~~ (10) to the department of
22 transportation, an amount equal to the fees collected pursuant
23 to Section 66-5-35 NMSA 1978;

24 ~~[(10)]~~ (11) to the state equalization
25 guarantee distribution made annually pursuant to the general

1 appropriation act, an amount equal to one hundred percent of
2 the driver safety fee collected pursuant to Subsection D of
3 Section 66-5-44 NMSA 1978;

4 [~~(11)~~] (12) to the motorcycle training fund,
5 seven dollars (\$7.00) of each motorcycle registration fee
6 collected pursuant to Section 66-6-1 NMSA 1978;

7 [~~(12)~~] (13) to the recycling and illegal
8 dumping fund:

9 (a) fifty cents (\$.50) of the tire
10 recycling fee collected pursuant to the provisions of Section
11 66-6-1 NMSA 1978;

12 (b) fifty cents (\$.50) of each of the
13 tire recycling fees collected pursuant to the provisions of
14 Sections 66-6-2 and 66-6-4 NMSA 1978; and

15 (c) twenty-five cents (\$.25) of each of
16 the tire recycling fees collected pursuant to Sections 66-6-5
17 and 66-6-8 NMSA 1978;

18 [~~(13)~~] (14) to the highway infrastructure
19 fund:

20 (a) fifty cents (\$.50) of the tire
21 recycling fee collected pursuant to the provisions of Section
22 66-6-1 NMSA 1978;

23 (b) one dollar (\$1.00) of each of the
24 tire recycling fees collected pursuant to the provisions of
25 Sections 66-6-2 and 66-6-4 NMSA 1978; and

1 (c) twenty-five cents (\$.25) of each of
2 the tire recycling fees collected pursuant to Sections 66-6-5
3 and 66-6-8 NMSA 1978;

4 [~~(14)~~] (15) to each county, an amount equal to
5 fifty percent of the fees collected pursuant to Section 66-6-19
6 NMSA 1978 multiplied by a fraction, the numerator of which is
7 the total mileage of public roads maintained by the county and
8 the denominator of which is the total mileage of public roads
9 maintained by all counties in the state;

10 [~~(15)~~] (16) to the litter control and
11 beautification fund, an amount equal to the fees collected
12 pursuant to Section 66-6-6.2 NMSA 1978;

13 [~~(16)~~] (17) to the local government division
14 of the department of finance and administration, an amount
15 equal to the fees collected pursuant to Section 66-3-424.3 NMSA
16 1978 for distribution to each county to support animal control
17 spaying and neutering programs in an amount proportionate to
18 the number of residents of that county who have purchased pet
19 care special registration plates pursuant to Section 66-3-424.3
20 NMSA 1978; and

21 [~~(17)~~] (18) to the Cumbres and Toltec scenic
22 railroad commission, twenty-five dollars (\$25.00) collected
23 pursuant to the Cumbres and Toltec scenic railroad special
24 registration plate.

25 B. The balance, exclusive of unidentified

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1 remittances, shall be distributed in accordance with Section
2 66-6-23.1 NMSA 1978.

3 C. If any of the paragraphs, subsections or
4 sections referred to in Subsection A of this section are
5 recompiled or otherwise redesignated without a corresponding
6 change to Subsection A of this section, the reference in
7 Subsection A of this section shall be construed to be the
8 recompiled or redesignated paragraph, subsection or section."

9 SECTION 82. Section 66-6-25 NMSA 1978 (being Laws 1978,
10 Chapter 35, Section 360, as amended) is amended to read:

11 "66-6-25. REGISTRATION BY COUNTY OR MUNICIPALITY
12 PROHIBITED.--

13 A. Except as provided in Subsection B of this
14 section, no county or municipality shall require registration
15 or charge fees for any vehicle subject to registration under
16 the Motor Vehicle Code.

17 B. ~~[Notwithstanding the provisions of Subsection A~~
18 ~~of this section]~~ A county or municipality designated as an
19 agent pursuant to Section 66-2-14.1 NMSA 1978 may impose a fee
20 in an amount not to exceed five dollars (\$5.00) per year in
21 addition to any other registration fee required. ~~[This fee~~
22 ~~shall not be imposed if the county or municipality has imposed~~
23 ~~a gasoline tax pursuant to the County and Municipal Gasoline~~
24 ~~Tax Act, the proceeds of which are used to fund a vehicle~~
25 ~~emission inspection program.]~~ Any money collected as a result

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1 of the imposition of an additional fee pursuant to this
2 subsection shall be used only to fund a vehicle emission
3 inspection program."

4 SECTION 83. Section 66-12-5.2 NMSA 1978 (being Laws 1987,
5 Chapter 247, Section 7) is amended to read:

6 "66-12-5.2. OWNER'S CERTIFICATE OF TITLE--FEES--
7 DUPLICATES.--

8 A. Except as provided in Subsection C of this
9 section, every owner of a boat subject to titling under the
10 provisions of the Boat Act shall apply to the division for
11 issuance of a certificate of title for the boat within thirty
12 days after acquisition. The application shall be on forms the
13 division prescribes and accompanied by the required fee. The
14 application shall be signed and sworn to before a notary public
15 or other person who administers oaths, or include a
16 certification signed in writing containing substantially the
17 representation that statements made are true and correct to the
18 best of the applicant's knowledge, information and belief,
19 under penalty of perjury. The application shall contain the
20 date of sale and gross price of the boat or the fair market
21 value if no sale immediately preceded the transfer and any
22 additional information the division requires. If the
23 application is made for a boat last previously registered or
24 titled in another state or foreign country, it shall contain
25 this information and any other information the division

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1 requires.

2 B. The division shall not issue or renew a
3 certificate of number to any boat required to be registered and
4 numbered in the state unless the division has issued a
5 certificate of title to the owner, if the boat is required to
6 be titled.

7 C. Any person who, on July 1, 1987, is the owner of
8 a boat with a valid certificate of number issued by the state
9 is not required to file an application for a certificate of
10 title for the boat until [~~he~~] the person transfers any part of
11 [~~his~~] the person's interest in the boat or [~~he~~] renews the
12 certificate of number for the boat.

13 D. If a dealer buys or acquires a used boat for
14 resale, [~~he~~] the dealer shall report the acquisition to the
15 division on forms the division provides, or [~~he~~] the dealer may
16 apply for and obtain a certificate of title as provided in this
17 section. If a dealer buys or acquires a used unnumbered boat,
18 [~~he~~] the dealer shall apply for a certificate of title in [~~his~~]
19 the dealer's name within thirty days. If a dealer buys or
20 acquires a new boat for resale, [~~he~~] the dealer may apply for a
21 certificate of title in [~~his~~] the dealer's name.

22 E. Every dealer transferring a boat requiring
23 titling under this section shall assign the title to the new
24 owner or, in the case of a new boat, assign the certificate of
25 origin. Within thirty days, the dealer or purchaser, as

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1 applicable, shall file with the division the necessary
2 application and fee required under this section.

3 F. The division shall maintain a record of any
4 certificate of title it issues.

5 G. No person shall sell, assign or transfer a boat
6 titled by the state without delivering to the purchaser or
7 transferee a certificate of title with an assignment on it
8 showing title in the purchaser or transferee and with a
9 statement of all liens upon the title. No person may purchase
10 or otherwise acquire a boat required to be titled by the state
11 without obtaining a certificate of title for it in ~~[his]~~ the
12 person's name.

13 H. The division shall charge a ten dollar (\$10.00)
14 fee to issue a certificate of title, a transfer of title, a
15 duplicate or corrected certificate of title.

16 I. If a certificate of title is lost, stolen,
17 mutilated, destroyed or becomes illegible, the first lienholder
18 or, if there is none, the owner named in the certificate, as
19 shown by the division's records, shall within thirty days
20 obtain a duplicate by applying to the division. The applicant
21 shall furnish information concerning the original certificate
22 and the circumstances of its loss, mutilation or destruction as
23 the division requires. Mutilated or illegible certificates
24 shall be returned to the division with the application for a
25 duplicate. ~~[Issuance of a duplicate certificate of title is~~

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1 ~~not subject to the excise tax imposed under Section 66-12-6.1~~
2 ~~NMSA 1978.]~~

3 J. The duplicate certificate of title shall be
4 plainly marked "duplicate" across its face and mailed or
5 delivered to the applicant.

6 K. If a lost or stolen original certificate of
7 title for which a duplicate has been issued is recovered, the
8 original shall be surrendered promptly to the division for
9 cancellation."

10 SECTION 84. Section 66-12-6.1 NMSA 1978 (being Laws 1987,
11 Chapter 247, Section 9) is repealed and a new Section 66-12-6.1
12 NMSA 1978 is enacted to read:

13 "66-12-6.1. [NEW MATERIAL] BOAT FUND.--The "boat fund" is
14 created as a nonreverting fund in the state treasury. The fund
15 consists of distributions, appropriations, gifts, grants,
16 donations and other transfers to the fund. The division shall
17 administer the fund, and money in the fund is appropriated to
18 the division for improvements and maintenance of lakes and
19 boating facilities owned or leased by the state and for
20 administration and enforcement of the Boat Act."

21 SECTION 85. TEMPORARY PROVISION--EXHAUSTION OF CREDITS.--

22 A. If a taxpayer has met the eligibility
23 requirements to apply for and claim a tax credit being repealed
24 by this act for a period prior to the effective date of the
25 repeal, the taxpayer may claim, and the taxation and revenue

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1 department may approve, the credit for those periods, including
2 amounts that may be carried forward pursuant to those sections
3 as they were in effect prior to the effective date of the
4 repeal.

5 B. If a taxpayer has claimed and been awarded a tax
6 credit being repealed by this act but a portion of the credit
7 claimed remains unused, the taxpayer may claim the unused
8 portion, including amounts that could have been carried forward
9 pursuant to those sections being repealed as they were in
10 effect prior to the effective date of the repeal.

11 SECTION 86. REPEAL--A PROVISION OF THE METROPOLITAN
12 REDEVELOPMENT CODE.--Section 3-60A-49 NMSA 1978 (being Laws
13 2023, Chapter 112, Section 6) is repealed.

14 SECTION 87. REPEAL--PROVISIONS OF THE TAX INCREMENT FOR
15 DEVELOPMENT ACT.--Sections 5-15-15.1, 5-15-21 and 5-15-29 NMSA
16 1978 (being Laws 2019, Chapter 275, Section 3, Laws 2006,
17 Chapter 75, Section 21 and Laws 2019, Chapter 275, Section 8,
18 as amended) are repealed.

19 SECTION 88. REPEAL--BONDS FOR COUNTY CORRECTIONAL
20 FACILITY LOANS--OUTDATED SECTION OF LAW.--Section 6-21-5.1 NMSA
21 1978 (being Laws 1998, Chapter 65, Section 1, as amended) is
22 repealed.

23 SECTION 89. REPEAL--PROVISIONS OF THE TAX ADMINISTRATION
24 ACT.--Sections 7-1-6.4, 7-1-6.36, 7-1-6.46, 7-1-6.47, 7-1-6.52
25 and 7-1-6.66 NMSA 1978 (being Laws 1983, Chapter 211, Section
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9; Laws 1992, Chapter 50, Section 13 and Laws 1992, Chapter 67, Section 13; Laws 2004, Chapter 116, Sections 1 and 2; Laws 2005, Chapter 104, Section 1; and Laws 2021, Chapter 4, Section 1, as amended) are repealed.

SECTION 90. REPEAL--PROVISIONS OF THE INCOME TAX ACT AND CORPORATE INCOME AND FRANCHISE TAX ACT.--Sections 7-2-7.4 through 7-2-7.7, 7-2-18.2, 7-2-18.10, 7-2-18.17, 7-2-18.18, 7-2-18.22, 7-2-18.24, 7-2-18.26, 7-2-18.33, 7-2-38, 7-2A-8.6, 7-2A-8.9, 7-2A-19 and 7-2A-26 NMSA 1978 (being Laws 2021, Chapter 4, Section 2, Laws 2022 (3rd S.S.), Chapter 2, Section 1, Laws 2022, Chapter 47, Section 4, Laws 2023, Chapter 211, Section 11, Laws 1984, Chapter 34, Section 1, Laws 2003, Chapter 331, Section 7, Laws 2007, Chapter 172, Section 1, Laws 2007, Chapter 204, Section 2, Laws 2007, Chapter 361, Section 2, Laws 2009, Chapter 271, Section 1, Laws 2010, Chapter 84, Section 1, Laws 2022, Chapter 47, Section 3, Laws 2019, Chapter 264, Section 1, Laws 1984, Chapter 34, Section 2, Laws 2003, Chapter 331, Section 8, Laws 2002, Chapter 59, Section 1 and Laws 2010, Chapter 84, Section 2, as amended) are repealed.

SECTION 91. REPEAL--RURAL JOB TAX CREDIT.--Section 7-2E-1.1 NMSA 1978 (being Laws 2007, Chapter 172, Section 2, as amended) is repealed.

SECTION 92. REPEAL--ESTATE TAX ACT AND ART ACCEPTANCE ACT.--Sections 7-7-1 through 7-7-20 NMSA 1978 (being Laws 1973, Chapter 345, Sections 1 through 12 and Laws 1983, Chapter 209,

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Sections 1 through 6, as amended) are repealed.

**SECTION 93. REPEAL--PROVISIONS OF THE GROSS RECEIPTS AND
COMPENSATING TAX ACT.--**Sections 7-9-13.1, 7-9-13.3 through
7-9-13.5, 7-9-15, 7-9-19 through 7-9-25, 7-9-26.1, 7-9-29
through 7-9-31, 7-9-38.1 through 7-9-41, 7-9-41.4, 7-9-41.6,
7-9-47 through 7-9-54.5, 7-9-56.1 through 7-9-57.2, 7-9-60
through 7-9-61.2, 7-9-62.1 through 7-9-69, 7-9-71 through
7-9-76.2, 7-9-77.1, 7-9-78, 7-9-83 through 7-9-87, 7-9-89,
7-9-91 through 7-9-95, 7-9-98 through 7-9-103.2, 7-9-107
through 7-9-109 and 7-9-110.2 through 7-9-112 NMSA 1978 (being
Laws 1989, Chapter 262, Section 4; Laws 2001, Chapter 231,
Section 12; Laws 2002, Chapter 20, Section 1; Laws 2005,
Chapter 351, Section 2; Laws 1970, Chapter 12, Section 1; Laws
1969, Chapter 144, Section 12; Laws 1988, Chapter 82, Section
1; Laws 1969, Chapter 144, Section 15; Laws 1987, Chapter 247,
Section 1; Laws 1969, Chapter 144, Section 16; Laws 1987,
Chapter 247, Section 2; Laws 1969, Chapter 144, Sections 17 and
18; Laws 2003, Chapter 62, Section 1; Laws 1970, Chapter 12,
Section 3; Laws 1969, Chapter 144, Sections 23 and 24; Laws
1992, Chapter 50, Section 12 and Laws 1992, Chapter 67, Section
12; Laws 2002, Chapter 18, Section 2; Laws 1969, Chapter 144,
Section 32; Laws 1970, Chapter 60, Section 2; Laws 1972,
Chapter 61, Section 2; Laws 2009, Chapter 62, Section 1; Laws
2020 (1st S.S.), Chapter 4, Section 3; Laws 1969, Chapter 144,
Sections 37 through 42; Laws 2012, Chapter 5, Section 6; Laws

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1 1969, Chapter 144, Sections 43 and 44; Laws 1992, Chapter 40,
2 Section 1; Laws 1995, Chapter 183, Section 2; Laws 2002,
3 Chapter 37, Section 8; Laws 2003, Chapter 62, Section 4; Laws
4 2004, Chapter 16, Section 3; Laws 1998, Chapter 92, Sections 1
5 and 2; Laws 2003, Chapter 232, Section 1; Laws 1969, Chapter
6 144, Section 47; Laws 2002, Chapter 10, Section 1; Laws 1970,
7 Chapter 12, Section 4; Laws 1981, Chapter 37, Section 52; Laws
8 2000, Chapter 48, Section 1; Laws 2000 (2nd S.S.), Chapter 4,
9 Section 2; Laws 1969, Chapter 144, Sections 53, 54, 56 and 57;
10 Laws 1984, Chapter 129, Section 2; Laws 1969, Chapter 144,
11 Sections 58, 60, 61 and 63; Laws 1970, Chapter 78, Section 2;
12 Laws 1991, Chapter 8, Section 3; Laws 1998, Chapter 95, Section
13 2 and Laws 1998, Chapter 99, Section 4; Laws 2014, Chapter 26,
14 Section 1; Laws 2024, Chapter 67, Section 12; Laws 1972,
15 Chapter 39, Section 2; Laws 1977, Chapter 288, Section 2; Laws
16 1979, Chapter 338, Section 7; Laws 1984, Chapter 2, Section 6;
17 Laws 1998, Chapter 96, Section 1; Laws 1969, Chapter 144,
18 Section 65; Laws 1993, Chapter 364, Sections 1 and 2; Laws
19 1994, Chapter 43, Section 1; Laws 1995, Chapter 155, Section
20 35; Laws 1998, Chapter 89, Section 2; Laws 2001, Chapter 135,
21 Section 1; Laws 2004, Chapter 116, Sections 5 and 6; Laws 2005,
22 Chapter 104, Sections 23 and 25; Laws 2005, Chapter 179,
23 Section 1; Laws 2006, Chapter 35, Sections 1 and 2; Laws 2007,
24 Chapter 3, Sections 16 through 18; Laws 2012, Chapter 12,
25 Sections 2 and 3; Laws 2007, Chapter 172, Sections 9 through

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1 11; Laws 2011, Chapter 60, Section 2 and Laws 2011, Chapter 61,
2 Section 2; Laws 2011, Chapter 60, Section 3 and Laws 2011,
3 Chapter 61, Section 3; Laws 2007, Chapter 361, Section 6; and
4 Laws 2007, Chapter 204, Section 10, as amended) are repealed.

5 SECTION 94. REPEAL--INVESTMENT CREDIT ACT.--Sections
6 7-9A-1 through 7-9A-11 NMSA 1978 (being Laws 1979, Chapter 347,
7 Sections 1 through 7, Laws 1983, Chapter 206, Section 6, Laws
8 1979, Chapter 347, Sections 8 and 9 and Laws 1997, Chapter 62,
9 Section 2, as amended) are repealed.

10 SECTION 95. REPEAL--INTERSTATE TELECOMMUNICATIONS GROSS
11 RECEIPTS TAX ACT.--Sections 7-9C-1 through 7-9C-11 NMSA 1978
12 (being Laws 1992, Chapter 50, Section 1 and Laws 1992, Chapter
13 67, Section 1; Laws 1992, Chapter 50, Section 2 and Laws 1992,
14 Chapter 67, Section 2; Laws 1992, Chapter 50, Section 3 and
15 Laws 1992, Chapter 67, Section 3; Laws 1992, Chapter 50,
16 Section 4 and Laws 1992, Chapter 67, Section 4; Laws 1992,
17 Chapter 50, Section 5 and Laws 1992, Chapter 67, Section 5;
18 Laws 1992, Chapter 50, Section 6 and Laws 1992, Chapter 67,
19 Section 6; Laws 1992, Chapter 50, Section 7 and Laws 1992,
20 Chapter 67, Section 7; Laws 1992, Chapter 50, Section 8 and
21 Laws 1992, Chapter 67, Section 8; Laws 1992, Chapter 50,
22 Section 9 and Laws 1992, Chapter 67, Section 9; Laws 1992,
23 Chapter 50, Section 10 and Laws 1992, Chapter 67, Section 10;
24 and Laws 1992, Chapter 50, Section 11 and Laws 1992, Chapter
25 67, Section 11, as amended) are repealed.

1 **SECTION 96. REPEAL--LABORATORY PARTNERSHIP WITH SMALL**
2 BUSINESS TAX CREDIT ACT.--Sections 7-9E-1 through 7-9E-11 NMSA
3 1978 (being Laws 2000 (2nd S.S.), Chapter 20, Sections 1
4 through 9 and Laws 2007, Chapter 172, Sections 19 and 20, as
5 amended) are repealed.

6 **SECTION 97. REPEAL--TECHNOLOGY JOBS AND RESEARCH AND**
7 DEVELOPMENT TAX CREDIT ACT.--Sections 7-9F-1 through 7-9F-13
8 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 22, Sections 1
9 through 6, 8 and 9, Laws 2015 (1st S.S.), Chapter 2, Section
10 17, Laws 2000 (2nd S.S.), Chapter 22, Sections 10 and 11 and
11 Laws 2015 (1st S.S.), Chapter 2, Section 18, as amended) are
12 repealed.

13 **SECTION 98. REPEAL--HIGH-WAGE JOBS TAX CREDIT.--Section**
14 7-9G-1 NMSA 1978 (being Laws 2004, Chapter 15, Section 1, as
15 amended) is repealed.

16 **SECTION 99. REPEAL--AFFORDABLE HOUSING TAX CREDIT ACT.--**
17 Sections 7-9I-1 through 7-9I-6 NMSA 1978 (being Laws 2005,
18 Chapter 104, Sections 17 through 22, as amended) are repealed.

19 **SECTION 100. REPEAL--RAILROAD CAR COMPANY TAX ACT.--**
20 Sections 7-11-1 through 7-11-6 NMSA 1978 (being Laws 1982,
21 Chapter 18, Sections 17 through 22, as amended) are repealed.

22 **SECTION 101. REPEAL--MOTOR VEHICLE EXCISE TAX ACT.--**
23 Sections 7-14-1 through 7-14-11 NMSA 1978 (being Laws 1988,
24 Chapter 73, Sections 11 through 17, Laws 1991, Chapter 197,
25 Section 4, Laws 1988, Chapter 73, Sections 18 and 19, Laws

1 1993, Chapter 347, Sections 4 and 5 and Laws 1988, Chapter 73,
2 Sections 20 and 21, as amended) are repealed.

3 SECTION 102. REPEAL--ALTERNATIVE FUEL TAX ACT.--Sections
4 7-16B-1 through 7-16B-10 NMSA 1978 (being Laws 1995, Chapter
5 16, Sections 1 through 10, as amended) are repealed.

6 SECTION 103. REPEAL--PROVISIONS OF THE SUPPLEMENTAL
7 MUNICIPAL GROSS RECEIPTS TAX ACT AND MUNICIPAL LOCAL OPTION
8 GROSS RECEIPTS AND COMPENSATING TAXES ACT.--Sections 7-19-14
9 and 7-19D-5 NMSA 1978 (being Laws 1979, Chapter 397, Section 5
10 and Laws 1993, Chapter 346, Section 5, as amended) are
11 repealed.

12 SECTION 104. REPEAL--COUNTY AND MUNICIPAL GASOLINE TAX
13 ACT.--Sections 7-24A-1 through 7-24A-21 NMSA 1978 (being Laws
14 1978, Chapter 182, Section 1, Laws 1991, Chapter 156, Section
15 2, Laws 1978, Chapter 182, Sections 3 through 6, Laws 1986,
16 Chapter 74, Section 1, Laws 1978, Chapter 182, Section 7, Laws
17 1990, Chapter 88, Section 8 and Laws 1978, Chapter 182,
18 Sections 8, 10 through 12 and 14 through 21, as amended) are
19 repealed.

20 SECTION 105. REPEAL--INSURANCE PREMIUM TAX ACT.--Sections
21 7-40-1 through 7-40-10 NMSA 1978 (being Laws 2018, Chapter 57,
22 Sections 1 through 7 and 10, as amended) are repealed.

23 SECTION 106. REPEAL--SESSION LAWS NOT YET IN EFFECT.--
24 Laws 2009, Chapter 114, Section 3 and Laws 2023, Chapter 122,
25 Section 2 are repealed.

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1 **SECTION 107. DELAYED REPEAL--FILM PRODUCTION TAX CREDIT**
2 ACT.--Sections 7-2F-1.1 through 7-2F-15 NMSA 1978 (being Laws
3 2011, Chapter 165, Section 2 and Laws 2011, Chapter 177,
4 Section 3; Laws 2003, Chapter 127, Section 2; Laws 2011,
5 Chapter 165, Sections 4 and 5; Laws 2015, Chapter 62, Section
6 1; and Laws 2019, Chapter 87, Sections 6 through 9, as amended)
7 are repealed effective July 1, 2035.

8 **SECTION 108. APPLICABILITY.--**The provisions of Sections
9 27 through 29 of this act apply to taxable years beginning on
10 or after January 1, 2027.

11 **SECTION 109. EFFECTIVE DATE.--**

12 A. The effective date of the provisions of Sections
13 3 through 5 of this act is July 1, 2026.

14 B. The effective date of the provisions of Sections
15 1, 2 and 6 through 106 of this act is January 1, 2027.

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