

1 SENATE BILL 559

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 William E. Sharer

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10 AN ACT

11 RELATING TO TAXATION; AMENDING THE TAX BRACKETS PURSUANT TO THE
12 INCOME TAX ACT AND CORPORATE INCOME AND FRANCHISE TAX ACT;
13 REDUCING THE RATES OF THE GROSS RECEIPTS TAX, GOVERNMENTAL
14 GROSS RECEIPTS TAX, COMPENSATING TAX, LEASED VEHICLE GROSS
15 RECEIPTS TAX AND GAMING TAX ON MANUFACTURER LICENSEES ON THE
16 TRANSFER OF GAMING DEVICES AND INCREASING THE RATE OF THE BINGO
17 AND RAFFLE TAX; REMOVING AUTHORIZATION FOR THE USE OF A STATE
18 GROSS RECEIPTS TAX INCREMENT TO FUND A METROPOLITAN
19 REDEVELOPMENT PROJECT; REMOVING AUTHORIZATION FOR A TAX
20 INCREMENT DEVELOPMENT DISTRICT TO DEDICATE AN INCREMENT OF THE
21 STATE GROSS RECEIPTS TAX; REPEALING THE ESTATE TAX ACT, ART
22 ACCEPTANCE ACT, INTERSTATE TELECOMMUNICATIONS GROSS RECEIPTS
23 TAX ACT, RAILROAD CAR COMPANY TAX ACT, MOTOR VEHICLE EXCISE TAX
24 ACT, ALTERNATIVE FUEL TAX ACT, COUNTY AND MUNICIPAL GASOLINE
25 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, ALTERNATIVE ENERGY PRODUCT
5 MANUFACTURERS TAX CREDIT ACT AND CERTAIN CREDITS, DEDUCTIONS
6 AND EXEMPTIONS PURSUANT TO THE INCOME TAX ACT, CORPORATE INCOME
7 AND FRANCHISE TAX ACT AND GROSS RECEIPTS AND COMPENSATING TAX
8 ACT; PROVIDING SUNSET DATES FOR CERTAIN CREDITS, DEDUCTIONS AND
9 EXEMPTIONS PURSUANT TO THE INCOME TAX ACT, CORPORATE INCOME AND
10 FRANCHISE TAX ACT AND GROSS RECEIPTS AND COMPENSATING TAX ACT;
11 PROVIDING A DELAYED REPEAL OF THE FILM PRODUCTION TAX CREDIT
12 ACT; REDUCING THE CAPITAL GAINS DEDUCTION PURSUANT TO THE
13 INCOME TAX ACT; ENACTING A GROSS RECEIPTS TAX EXEMPTION FOR
14 DONATIONS TO NONPROFIT ORGANIZATIONS; IMPOSING ADDITIONAL
15 REGISTRATION FEES FOR ELECTRIC AND PLUG-IN HYBRID ELECTRIC
16 VEHICLES; REPEALING CERTAIN GROSS RECEIPTS TAX DISTRIBUTIONS TO
17 MUNICIPALITIES; REPEALING CERTAIN SESSION LAWS THAT ARE NOT YET
18 IN EFFECT; 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) is amended to read:

23 "3-31-1. REVENUE BONDS--AUTHORITY TO ISSUE--PLEDGE OF
24 REVENUES--LIMITATION ON TIME OF ISSUANCE.--

25 A. In addition to any other law and constitutional

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1 home rule powers authorizing a municipality to issue revenue
2 bonds, a municipality may issue revenue bonds pursuant to
3 Chapter 3, Article 31 NMSA 1978 for the purposes specified in
4 this section.

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

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

21 D. Gross receipts tax revenue bonds may be issued
22 for any municipal purpose. A municipality may pledge
23 irrevocably any or all of the gross receipts tax revenue
24 received by the municipality pursuant to Section ~~[7-1-6.4 or]~~
25 7-1-6.12 NMSA 1978 to the payment of the interest on and

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

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

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1 interest on and principal of the gasoline tax revenue bonds.

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

25 G. Fire district revenue bonds may be issued for

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

23 H. Law enforcement protection revenue bonds may be
24 issued for the repair and purchase of law enforcement apparatus
25 and equipment that meet nationally recognized standards. The

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1 municipality may pledge irrevocably any or all of the revenues
2 received by the municipality from the law enforcement
3 protection fund distributions pursuant to the Law Enforcement
4 Protection Fund Act to the payment of the interest on and
5 principal of the law enforcement protection revenue bonds.

6 I. Except for the purpose of refunding previous
7 revenue bond issues, no municipality may sell revenue bonds
8 payable from pledged revenues after the expiration of two years
9 from the date of the ordinance authorizing the issuance of the
10 bonds or, for bonds to be issued and sold to the New Mexico
11 finance authority as authorized in Subsection C of Section
12 3-31-4 NMSA 1978, after the expiration of two years from the
13 date of the resolution authorizing the issuance of the bonds.
14 However, any period of time during which a particular revenue
15 bond issue is in litigation shall not be counted in determining
16 the expiration date of that issue."

17 SECTION 2. Section 3-31-1.1 NMSA 1978 (being Laws 2019,
18 Chapter 274, Section 2) is amended to read:

19 "3-31-1.1. DEFINITIONS.--As used in Chapter 3, Article 31
20 NMSA 1978:

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

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1 B. "gasoline tax revenue" means all or portions of
2 the amounts of tax revenues distributed to municipalities
3 pursuant to Sections 7-1-6.9 and 7-1-6.27 NMSA 1978;

4 C. "gasoline tax revenue bonds" means the bonds
5 authorized by Subsection E of Section 3-31-1 NMSA 1978;

6 D. "gross receipts tax revenue" means the amount of
7 money [~~distributed to a municipality pursuant to Section~~
8 ~~7-1-6.4 NMSA and~~] transferred to a municipality pursuant to
9 Section 7-1-6.12 NMSA 1978 for any municipal gross receipts tax
10 imposed pursuant to the Municipal Local Option Gross Receipts
11 and Compensating Taxes Act;

12 E. "gross receipts tax revenue bonds" means the
13 bonds authorized by Subsection D of Section 3-31-1 NMSA 1978;

14 F. "joint utility revenue bonds" or "joint utility
15 bonds" means the bonds authorized by Subsection C of Section
16 3-31-1 NMSA 1978;

17 G. "pledged revenues" means the revenues, net
18 income or net revenues authorized to be pledged to the payment
19 of revenue bonds as specifically provided in Chapter 3, Article
20 31 NMSA 1978;

21 H. "project revenue bonds" means the bonds
22 authorized by Subsection F of Section 3-31-1 NMSA 1978; and

23 I. "utility revenue bonds" or "utility bonds" means
24 the bonds authorized by Subsection B of Section 3-31-1 NMSA
25 1978."

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1 **SECTION 3.** Section 3-60A-21 NMSA 1978 (being Laws 2024,
2 Chapter 62, Section 1) is amended to read:

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

5 A. The procedures to be used in determining a
6 property tax increment are:

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

11 (2) upon receipt of the notification, the
12 county assessor shall identify the parcels of property within
13 the metropolitan redevelopment area within their respective
14 jurisdictions and certify to the county treasurer the net
15 taxable value of the property at the time of notification as
16 the base value for the distribution of property tax revenues
17 authorized by the Property Tax Code. If because of acquisition
18 by the local government the property becomes tax exempt, the
19 county assessor shall note that fact on their respective
20 records and so notify the county treasurer, but the county
21 assessor and the county treasurer shall preserve a record of
22 the net taxable value at the time of inclusion of the property
23 within the metropolitan redevelopment area as the base value
24 for the purpose of distribution of property tax revenues when
25 the parcel again becomes taxable. The county assessor is not

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1 required by this section to preserve the new taxable value at
2 the time of inclusion of the property within the metropolitan
3 redevelopment area as the base value for the purposes of
4 valuation of the property;

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

18 (4) current tax rates shall then be applied to
19 the new taxable value of property included in the metropolitan
20 redevelopment area. The amount by which the revenue received
21 exceeds that which would have been received by application of
22 the same rates to the base value before inclusion in the
23 metropolitan redevelopment area shall be multiplied by the
24 percentage of the increment dedicated by the local government
25 pursuant to Section 3-60A-23 NMSA 1978, credited to the local

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1 government and deposited in the metropolitan redevelopment
2 fund. This transfer shall take place only after the county
3 treasurer has been notified to apply the procedures pursuant to
4 this subsection to property included in a metropolitan
5 redevelopment area. Unless the entire metropolitan
6 redevelopment area is specifically included by the local
7 government for purposes of tax increment financing, the payment
8 by the county treasurer to the local government shall be
9 limited to those properties specifically included. The
10 remaining revenue shall be distributed to participating units
11 of government as authorized by the Property Tax Code.

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

14 (1) the local government shall notify the
15 taxation and revenue department of the geographic boundaries of
16 the metropolitan redevelopment area;

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

22 (3) using data from the twelve months of
23 reporting periods following designation of the reporting
24 location code, the taxation and revenue department shall
25 calculate the gross receipts tax revenue for the base year as

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1 follows [~~(a)~~] the amount of the local government's local option
2 gross receipts tax revenue attributable to the gross receipts
3 sourced to the metropolitan redevelopment area pursuant to
4 Section 7-1-14 NMSA 1978 in the previous twelve months; and

5 [~~(b) the amount of state gross receipts~~
6 ~~tax revenue attributable to gross receipts sourced to the~~
7 ~~metropolitan redevelopment area pursuant to Section 7-1-14 NMSA~~
8 ~~1978 in the previous twelve months, less any amount distributed~~
9 ~~to the municipality pursuant to Section 7-1-6.4 NMSA 1978~~
10 ~~attributable to gross receipts sourced to the metropolitan~~
11 ~~redevelopment area; and]~~

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

14 (a) the taxation and revenue department
15 shall compare the amounts of gross receipts tax revenues of the
16 base year with the amounts of gross receipts tax revenues of
17 that following twelve months, using the same calculation
18 methods as provided in Paragraph (3) of this subsection; and

19 (b) if there is an increase between the
20 gross receipts tax revenue of the base year and the gross
21 receipts tax revenue of that following twelve months, the
22 taxation and revenue department shall distribute, pursuant to
23 Section 7-1-6.71 NMSA 1978, [~~the sum of: 1~~] the product of
24 the total rate of the local government's local option gross
25 receipts tax multiplied by the increased amount of the local

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1 government's local option gross receipts tax revenue, further
2 multiplied by the percentage of the gross receipts tax
3 increment dedicated by the local government pursuant to Section
4 3-60A-23 NMSA 1978 ~~[plus 2) the product of the state gross~~
5 ~~receipts tax rate multiplied by the increased amount of the~~
6 ~~state gross receipts tax revenue, further multiplied by the~~
7 ~~percentage of the gross receipts tax increment dedicated by the~~
8 ~~state board of finance pursuant to Section 3-60A-23 NMSA 1978].~~

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

12 D. As used in this section, ~~[(1)]~~ "local option
13 gross receipts tax revenue" means revenue transferred to the
14 local government pursuant to Section 7-1-6.12 or 7-1-6.13 NMSA
15 1978, as appropriate ~~[and~~

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

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

21 "3-60A-23. APPROVAL OF ALTERNATIVE FUNDING METHOD.--

22 A. A metropolitan redevelopment plan, as originally
23 approved or as later modified, may contain a provision that a
24 portion of a property tax increment or gross receipts tax
25 increment may be dedicated for the purpose of funding a

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1 metropolitan redevelopment project for a period of up to twenty
2 years.

3 B. A local government may dedicate up to seventy-
4 five percent of a property tax increment or gross receipts tax
5 increment, [~~and the state board of finance, subject to the~~
6 ~~provisions of Subsection C of this section, may dedicate up to~~
7 ~~seventy-five percent of a gross receipts tax increment, each]~~
8 as determined pursuant to Section 3-60A-21 NMSA 1978, with the
9 agreement of the municipality or county, [~~or state board of~~
10 ~~finance]~~ evidenced by a resolution adopted by a majority vote
11 of those entities. A resolution to dedicate a property tax
12 increment or gross receipts tax increment shall become
13 effective only on January 1 or July 1 of the calendar year.

14 [~~C. The state board of finance shall condition a~~
15 ~~dedication of a gross receipts tax increment attributable to~~
16 ~~the state gross receipts tax on the approval required pursuant~~
17 ~~to Section 6 of this 2023 act and that the initial bonds~~
18 ~~issuance secured by such an increment shall be issued no later~~
19 ~~than four years after the state board of finance has adopted~~
20 ~~the resolution making the dedication. A resolution of the~~
21 ~~state board of finance shall find that:~~

22 (1) ~~the state board of finance has reviewed~~
23 ~~the request for the use of the state gross receipts tax~~
24 ~~increment; and~~

25 (2) ~~based upon review by the state board of~~

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1 ~~finance of the applicable metropolitan redevelopment plan, the~~
2 ~~dedication by the state board of finance of the gross receipts~~
3 ~~tax increment within the metropolitan redevelopment area for~~
4 ~~use in meeting the required goals of the metropolitan~~
5 ~~redevelopment plan is reasonable and in the best interest of~~
6 ~~the state.~~

7 D.] C. The governing body of the jurisdiction in
8 which a metropolitan redevelopment area has been established
9 shall timely notify the assessor of the county in which the
10 area has been established, the taxation and revenue department
11 and the local government division of the department of finance
12 and administration when:

13 (1) a metropolitan redevelopment plan has been
14 approved that contains a provision for the allocation and
15 percentage of property tax increments and gross receipts tax
16 increments;

17 (2) any outstanding bonds of the area have
18 been paid off; and

19 (3) the purposes of the area have otherwise
20 been achieved."

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

23 "3-60A-23.1. TAX INCREMENT BONDS.--

24 A. For the purpose of financing metropolitan
25 redevelopment projects, in whole or in part, a local government

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1 may issue tax increment bonds or tax increment bond
2 anticipation notes that are payable from and secured by revenue
3 from a gross receipts tax increment allocated to the
4 metropolitan redevelopment fund pursuant to Sections 3-60A-21
5 and 3-60A-23 NMSA 1978. The principal of, premium, if any, and
6 interest on the bonds or notes shall be payable from and
7 secured by a pledge of such revenues, and the local government
8 shall irrevocably pledge all or part of the revenues to the
9 payment of the bonds or notes. The revenues deposited in the
10 metropolitan redevelopment fund or the designated part thereof
11 may thereafter be used only for the payment of the principal
12 of, premium, if any, and interest on the bonds or notes, and a
13 holder of the bonds or notes shall have a first lien against
14 the revenues deposited in the metropolitan redevelopment fund
15 or the designated part thereof for the payment of principal of,
16 premium, if any, and interest on the bonds or notes. To
17 increase the security and marketability of the tax increment
18 bonds or notes, the local government may:

19 (1) create a lien for the benefit of the
20 bondholders on any public improvements or public works used
21 solely by the metropolitan redevelopment project or portion of
22 a project financed by the bonds or notes, or on the revenues of
23 such improvements or works;

24 (2) provide that the proceeds from the sale of
25 real and personal property acquired with the proceeds from the

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1 sale of bonds or notes issued pursuant to the Tax Increment Law
2 shall be deposited in the metropolitan redevelopment fund and
3 used for the purposes of repayment of principal of, premium, if
4 any, and interest on the bonds or notes; and

5 (3) make covenants and do any and all acts not
6 inconsistent with law as may be necessary, convenient or
7 desirable in order to additionally secure the bonds or notes or
8 make the bonds or notes more marketable in the exercise of the
9 discretion of the local government.

10 B. Bonds and notes issued pursuant to this section
11 shall not constitute an indebtedness within the meaning of any
12 constitutional or statutory debt limitation or restriction,
13 shall not be general obligations of the local government, shall
14 be collectible only from the proper pledged revenues and shall
15 not be subject to the provisions of any other law or charter
16 relating to the authorization, issuance or sale of tax
17 increment bonds or tax increment bond anticipation notes.

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

22 C. The bonds or notes shall be authorized by an
23 ordinance of the local government; shall be in a denomination
24 or denominations, bear a date and mature, in the case of bonds,
25 at a time not exceeding twenty years from their date, and in

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1 the case of notes, not exceeding five years from the date of
2 the original note; bear interest at a rate or have appreciated
3 principal value not exceeding the maximum net effective
4 interest rate permitted by the Public Securities Act; and be in
5 a form, carry registration privileges, be executed in a manner,
6 be payable at a place within or without the state, be payable
7 at intervals or at maturity and be subject to terms of
8 redemption as the authorizing ordinance or supplemental
9 resolution of the local government may provide.

10 D. The bonds or notes may be sold in one or more
11 series at, below or above par, at public or private sale, in a
12 manner and for a price as the local government, in its
13 discretion, shall determine; provided that the price at which
14 the bonds or notes are sold shall not result in a net effective
15 interest rate that exceeds the maximum permitted by the Public
16 Securities Act. As an incidental expense of a metropolitan
17 redevelopment project or the portion financed with the bonds or
18 notes, the local government in its discretion may employ
19 financial and legal consultants with regard to the financing of
20 the project.

21 E. In case any of the public officials of the local
22 government whose signatures appear on any bonds or notes issued
23 pursuant to the Tax Increment Law cease to be public officials
24 before the delivery of the bonds or notes, the signatures
25 shall, nevertheless, be valid and sufficient for all purposes,

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1 the same as if the officials had remained in office until
2 delivery. Any provision of law to the contrary
3 notwithstanding, any bonds or notes issued pursuant to the Tax
4 Increment Law shall be fully negotiable.

5 F. In any suit, action or proceeding involving the
6 validity or enforceability of any bond or note issued pursuant
7 to the Tax Increment Law or the security therefor, any bond or
8 note reciting in substance that it has been issued by the local
9 government in connection with a metropolitan redevelopment
10 project shall be conclusively deemed to have been issued for
11 that purpose and the project shall be conclusively deemed to
12 have been planned, located and carried out in accordance with
13 the provisions of the Metropolitan Redevelopment Code.

14 G. The proceedings under which tax increment bonds
15 or tax increment bond anticipation notes are authorized to be
16 issued and any mortgage, deed of trust, trust indenture or
17 other lien or security device on real and personal property
18 given to secure the same may contain provisions customarily
19 contained in instruments securing bonds and notes and
20 constituting a covenant with the bondholders.

21 H. A local government may issue bonds or notes
22 pursuant to this section with the proceeds from the bonds or
23 notes to be used as other money is authorized to be used in the
24 Metropolitan Redevelopment Code.

25 I. ~~[Subject to the provisions of Section 6 of this~~

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1 ~~2023 act~~] The local government shall have the power to issue
2 renewal notes, to issue bonds to pay notes and, whenever it
3 deems refunding expedient, to refund any bonds by the issuance
4 of new bonds, whether the bonds to be refunded have or have not
5 matured, and to issue bonds partly to refund bonds then
6 outstanding and partly for other purposes in connection with
7 financing metropolitan redevelopment projects, in whole or in
8 part. Refunding bonds issued pursuant to the Tax Increment Law
9 to refund outstanding tax increment bonds shall be payable from
10 a gross receipts tax increment, out of which the bonds to be
11 refunded thereby are payable or from other lawfully available
12 revenues.

13 J. The proceeds from the sale of any bonds or notes
14 shall be applied only for the purpose for which the bonds or
15 notes were issued, and if, for any reason, any portion of the
16 proceeds are not needed for the purpose for which the bonds or
17 notes were issued, the unneeded portion of the proceeds shall
18 be applied to the payment of the principal of or the interest
19 on the bonds or notes.

20 K. The cost of financing a metropolitan
21 redevelopment project shall be deemed to include the actual
22 cost of acquiring a site and the cost of the construction of
23 any part of a project, including architects' and engineers'
24 fees, the purchase price of any part of a project that may be
25 acquired by purchase and all expenses in connection with the

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1 authorization, sale and issuance of the bonds or notes to
2 finance the acquisition and any related costs incurred by the
3 local government.

4 L. No action shall be brought questioning the
5 legality of any contract, mortgage, deed of trust, trust
6 indenture or other lien or security device, proceeding or bonds
7 or notes executed in connection with any project authorized by
8 the Metropolitan Redevelopment Code on and after thirty days
9 from the effective date of the ordinance authorizing the
10 issuance of such bonds or notes."

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

13 "3-65-8. AUTHORIZATION OF PROJECT.--

14 A. Pursuant to the provisions of Section 6-21-6
15 NMSA 1978, the legislature authorizes the authority to make a
16 loan from the public project revolving fund to a municipality
17 to acquire land for and to design, purchase, construct,
18 remodel, renovate, rehabilitate, improve, equip or furnish a
19 minor league baseball stadium on terms and conditions
20 established by the authority.

21 B. Prior to receiving the loan, the governing body
22 shall approve the loan and related documents by an ordinance to
23 be adopted by a majority of the members of the governing body.
24 The ordinance shall pledge the stadium surcharge receipts to
25 make the loan payments. In addition to pledging stadium

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1 surcharge receipts for making loan payments, the ordinance
2 shall pledge legally available gross receipts tax revenues
3 ~~[distributed]~~ transferred to a municipality pursuant to Section
4 ~~[7-1-6.4 or]~~ 7-1-6.12 NMSA 1978 in an amount satisfactory to
5 the authority and in an amount at least sufficient to make the
6 loan payments. No action shall be brought questioning the
7 legality of the pledge of receipts and revenues, the ordinance,
8 the loan, the proceedings, the stadium surcharge or any other
9 matter concerning the loan after thirty days from the date of
10 publication of the ordinance approving the loan and related
11 documents and pledging stadium surcharge receipts and gross
12 receipts tax revenues of the municipality to make the loan
13 payments.

14 C. The legislature or a municipality shall not
15 repeal, amend or otherwise modify any law or ordinance that
16 adversely affects or impairs the stadium surcharge or any loan
17 from the authority secured by a pledge of the stadium surcharge
18 and gross receipts tax revenues, unless the loan has been paid
19 in full or provisions have been made for full payment."

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

22 "3-66-8. ISSUANCE OF BONDS.--

23 A. A municipality may issue revenue bonds, in
24 accordance with the procedures set forth in Sections 3-31-3
25 through 3-31-7 NMSA 1978, to acquire land for and to design,

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1 purchase, construct, remodel, renovate, rehabilitate, improve,
2 equip or furnish a municipal event center.

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

8 C. An action shall not be brought questioning the
9 legality of the pledge of event center revenues, event center
10 surcharge receipts or gross receipts tax revenues, bonds issued
11 pursuant to the Municipal Event Center Funding Act, issuance of
12 those bonds, an event center surcharge included in a vendor
13 contract or any other matter concerning the bonds after thirty
14 days from the date of publication of the ordinance authorizing
15 issuance of the bonds and the pledging of event center
16 receipts, event center surcharge receipts or gross receipts tax
17 revenues of a municipality to make debt service payments.

18 D. The legislature or a municipality shall not
19 repeal, amend or otherwise modify any law or ordinance that
20 adversely affects or impairs the event center surcharge or any
21 bonds secured by a pledge of the event center revenues, event
22 center surcharge receipts or gross receipts tax revenues,
23 unless the bonds have been paid in full or provisions have been
24 made for full payment."

25 SECTION 8. Section 5-10-17 NMSA 1978 (being Laws 2021

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1 (1st S.S.), Chapter 2, Section 2) is amended to read:

2 "5-10-17. GROSS RECEIPTS TAX AND COMPENSATING TAX REVENUE
3 AS PUBLIC SUPPORT FOR CERTAIN PROJECTS.--

4 A. Prior to July 1, 2034, a qualifying entity that
5 meets the following requirements may receive public support for
6 the qualifying entity's economic development project from funds
7 in the Local Economic Development Act fund pursuant to
8 Subsection B of Section 5-10-14 NMSA 1978 in an amount equal to
9 fifty percent of the net receipts attributable to the state
10 gross receipts tax and state compensating tax imposed on the
11 expenses related to the construction of the qualifying entity's
12 project, as determined by the department, related to the
13 economic development project and the amount dedicated pursuant
14 to Subsection B of this section; provided that the public
15 support shall be provided for a period of no more than ten
16 years, beginning on the date the applicable project
17 participation agreement with the qualifying entity is executed:

18 (1) the qualifying entity signs a project
19 participation agreement with the governing body of each local
20 government that has jurisdiction of the area in which the
21 qualifying entity's economic development project is located and
22 the local government has passed an ordinance dedicating local
23 government gross receipts tax revenue pursuant to Subsection B
24 of this section;

25 (2) the qualifying entity signs a project

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

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

21 (4) the qualifying entity and the economic
22 development project meet all other requirements to receive
23 public support pursuant to the Local Economic Development Act;
24 and

25 (5) prior to the end of each month, the

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1 qualifying entity submits the appropriate documents, including
2 tax documents of the qualifying entity and its contractors
3 submitted to the taxation and revenue department, to the
4 department and to the local governments with which the
5 qualifying entity signed a project participation agreement, on
6 forms and in a manner determined by the department, of the
7 taxable expenses related to the construction of the economic
8 development project for the previous month.

9 B. A local government may dedicate, by ordinance,
10 fifty percent of the tax revenue attributable to the gross
11 receipts and compensating taxes imposed by the local government
12 on the qualifying entity's receipts for expenses related to the
13 construction of the economic development project to the Local
14 Economic Development Act fund for the purposes provided in
15 Subsection B of Section 5-10-14 NMSA 1978.

16 C. Within thirty days after execution of a project
17 participation agreement with a qualifying entity, the
18 department shall issue a report to the department of finance
19 and administration and the legislative finance committee that
20 shall identify the qualifying entity intended to receive public
21 support pursuant to this section, the estimated expenses
22 related to the construction of the qualifying entity's project
23 as determined by the department, the location of the project,
24 the amount of public support pledged by the department and each
25 local government for the project pursuant to this section and

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1 the amount of any other public support pledged for the project
2 pursuant to the Local Economic Development Act.

3 D. As soon as practicable, the taxation and revenue
4 department shall implement a rate type to identify gross
5 receipts and compensating taxes reported and paid to the
6 taxation and revenue department for expenses related to the
7 construction of an economic development project. Once
8 implemented, all such gross receipts and compensating taxes
9 shall be reported and paid with that rate type.

10 E. If the taxation and revenue department has not
11 implemented the rate type provided in Subsection D of this
12 section, and if the requirements of Subsection A of this
13 section have been met, the economic development department and
14 the local governments that signed a project participation
15 agreement with the qualifying entity shall:

16 (1) review the documents submitted by a
17 qualifying entity pursuant to Paragraph (5) of Subsection A of
18 this section;

19 (2) estimate the amount equal to fifty percent
20 of the tax revenue attributable to the gross receipts tax and
21 compensating tax imposed on the taxable expenses related to the
22 construction of the economic development project appropriate
23 to:

24 (a) the local government's gross
25 receipts and compensating taxes if a local government; and

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1 (b) the state gross receipts and
2 compensating taxes if the department;

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

6 (4) if the department, on or before the
7 twenty-fifth day of December, March, June and September,
8 provide the estimates and any supporting documentation to the
9 taxation and revenue department, on forms and in a manner
10 determined by that department.

11 F. The taxation and revenue department shall review
12 the amounts estimated pursuant to Subsection E of this section
13 for accuracy and computation, make any necessary corrections or
14 adjustments and make a final determination of the amounts to be
15 distributed from the relevant tax revenue pursuant to Section
16 [~~5 of this 2021 act~~] 7-1-6.67 NMSA 1978."

17 SECTION 9. Section 5-15-3 NMSA 1978 (being Laws 2006,
18 Chapter 75, Section 3, as amended by Laws 2019, Chapter 212,
19 Section 199 and also by Laws 2019, Chapter 275, Section 1) is
20 amended to read:

21 "5-15-3. DEFINITIONS.--As used in the Tax Increment for
22 Development Act:

23 A. "base gross receipts taxes" means:

24 (1) the total amount of gross receipts taxes
25 collected within a tax increment development district, as

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1 estimated by the governing body that adopted a resolution to
2 form that district, in consultation with the taxation and
3 revenue department, in the calendar year preceding the
4 formation of the tax increment development district or, when an
5 area is added to an existing district, the amount of gross
6 receipts taxes collected in the calendar year preceding the
7 effective date of the modification of the tax increment
8 development plan and designated by the governing body to be
9 available as part of the gross receipts tax increment; and

10 (2) any amount of gross receipts taxes that
11 would have been collected in such year if any applicable
12 additional gross receipts taxes imposed after that year had
13 been imposed in that year;

14 B. "base property taxes" means:

15 (1) the portion of property taxes produced by
16 the total of all property tax levied at the rate fixed each
17 year by each governing body levying a property tax on the
18 assessed value of taxable property within the tax increment
19 development area last certified for the year ending immediately
20 prior to the year in which a tax increment development plan is
21 approved for the tax increment development area, or, when an
22 area is added to an existing tax increment development area,
23 "base property taxes" means that portion of property taxes
24 produced by the total of all property tax levied at the rate
25 fixed each year by each governing body levying a property tax

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1 upon the assessed value of taxable property within the tax
2 increment development area on the date of the modification of
3 the tax increment development plan and designated by the
4 governing body to be available as part of the property tax
5 increment; and

6 (2) any amount of property taxes that would
7 have been collected in such year if any applicable additional
8 property taxes imposed after that year had been imposed in that
9 year;

10 C. "county option gross receipts taxes" means gross
11 receipts taxes imposed by counties pursuant to the County Local
12 Option Gross Receipts and Compensating Taxes Act and designated
13 by the governing body of the county to be available as part of
14 the gross receipts tax increment;

15 D. "district" means a tax increment development
16 district;

17 E. "district board" means a board formed in
18 accordance with the provisions of the Tax Increment for
19 Development Act to govern a tax increment development district;

20 F. "enhanced services" means public services
21 provided by a municipality or county within the district at a
22 higher level or to a greater degree than otherwise available to
23 the land located in the district from the municipality or
24 county, including such services as public safety, fire
25 protection, street or sidewalk cleaning or landscape

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1 maintenance in public areas; provided that "enhanced services"
2 does not include the basic operation and maintenance related to
3 infrastructure improvements financed by the district pursuant
4 to the Tax Increment for Development Act;

5 G. "governing body" means the city council or city
6 commission of a city, the board of trustees or council of a
7 town or village or the board of county commissioners of a
8 county;

9 H. "gross receipts tax increment" means the county
10 and municipal option gross receipts taxes collected within a
11 tax increment development district in excess of the base gross
12 receipts taxes collected in the district;

13 I. "gross receipts tax increment bonds" means bonds
14 issued by a district in accordance with the Tax Increment for
15 Development Act, the pledged revenue for which is a gross
16 receipts tax increment;

17 J. "local government" means a municipality or
18 county;

19 K. "municipal option gross receipts taxes" means
20 those gross receipts taxes imposed by municipalities pursuant
21 to the Municipal Local Option Gross Receipts and Compensating
22 Taxes Act and designated by the governing body of the
23 municipality to be available as part of the gross receipts tax
24 increment;

25 L. "municipality" means an incorporated city, town

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1 or village;

2 M. "new full-time economic base job" means a job:

3 (1) that is primarily performed in New Mexico;

4 (2) that is held by an employee who is hired
5 to work an average of at least thirty-two hours per week for at
6 least forty-eight weeks per year;

7 (3) that is:

8 (a) involved, directly or in a
9 supervisory capacity, with the production of: 1) a service;
10 provided that the majority of the revenue generated from the
11 service is from sources outside the state; or 2) tangible or
12 intangible personal property for sale; or

13 (b) held by an employee that is employed
14 at a regional, national or international headquarters operation
15 or at an operation that primarily provides services for other
16 operations of the qualifying entity that are located outside
17 the state; and

18 (4) that is not directly involved with natural
19 resources extraction or processing, on-site services where the
20 customer is present for the delivery of the service, retail,
21 construction or agriculture except for value-added processing
22 performed on agricultural products that would then be sold for
23 wholesale or retail consumption;

24 N. "owner" means a person owning real property
25 within the boundaries of a district;

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1 O. "person" means an individual, corporation,
2 association, partnership, limited liability company or other
3 legal entity;

4 P. "project" means a tax increment development
5 project;

6 Q. "property tax increment" means all property tax
7 collected on real property within the designated tax increment
8 development area that is in excess of the base property tax
9 until termination of the district and distributed to the
10 district in the same manner as distributions are made under the
11 provisions of the Tax Administration Act;

12 R. "property tax increment bonds" means bonds
13 issued by a district in accordance with the Tax Increment for
14 Development Act, the pledged revenue for which is a property
15 tax increment;

16 S. "public improvements" means on-site improvements
17 and off-site improvements that directly or indirectly benefit a
18 tax increment development district or facilitate development
19 within a tax increment development area and that are dedicated
20 to the governing body in which the district lies. "Public
21 improvements" includes:

22 (1) sanitary sewage systems, including
23 collection, transport, treatment, dispersal, effluent use and
24 discharge;

25 (2) drainage and flood control systems,

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1 including collection, transport, storage, treatment, dispersal,
2 effluent use and discharge;

3 (3) water systems for domestic, commercial,
4 office, hotel or motel, industrial, irrigation, municipal or
5 fire protection purposes, including production, collection,
6 storage, treatment, transport, delivery, connection and
7 dispersal;

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

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

14 (6) pedestrian and transit facilities, parks,
15 recreational facilities and open space areas for the use of
16 members of the public for entertainment, assembly and
17 recreation;

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

20 (8) public buildings, public safety facilities
21 and fire protection and police facilities;

22 (9) electrical generation, transmission and
23 distribution facilities;

24 (10) natural gas distribution facilities;

25 (11) lighting systems;

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1 (12) cable or other telecommunications lines
2 and related equipment;

3 (13) traffic control systems and devices,
4 including signals, controls, markings and signage;

5 (14) school sites and facilities with the
6 consent of the governing board of the public school district
7 for which the facility is to be acquired, constructed or
8 renovated;

9 (15) library and other public educational or
10 cultural facilities;

11 (16) equipment, vehicles, furnishings and
12 other personal property related to the items listed in this
13 subsection;

14 (17) inspection, construction management,
15 planning and program management and other professional services
16 costs incidental to the project;

17 (18) workforce housing; and

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

20 [~~F. "state gross receipts tax" means the gross~~
21 ~~receipts tax imposed pursuant to the Gross Receipts and~~
22 ~~Compensating Tax Act, but does not include that portion~~
23 ~~distributed to municipalities pursuant to Sections 7-1-6.4 and~~
24 ~~7-1-6.46 NMSA 1978 or to counties pursuant to Section 7-1-6.47~~
25 ~~NMSA 1978;~~

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1 ~~U.~~ T. "sustainable development" means land
2 development that achieves sustainable economic and social goals
3 in ways that can be supported for the long term by conserving
4 resources, protecting the environment and ensuring human health
5 and welfare using mixed-use, pedestrian-oriented, multimodal
6 land use planning;

7 ~~V.~~ U. "tax increment development area" means the
8 land included within the boundaries of a tax increment
9 development district;

10 ~~W.~~ V. "tax increment development district" means
11 a district formed for the purposes of carrying out tax
12 increment development projects;

13 ~~X.~~ W. "tax increment development plan" means a
14 plan for the undertaking of a tax increment development
15 project;

16 ~~Y.~~ X. "tax increment development project" means
17 activities undertaken within a tax increment development area
18 to enhance the sustainability of the local, regional or
19 statewide economy; to support the creation of jobs, schools and
20 workforce housing; and to generate tax revenue for the
21 provision of public improvements and may include:

22 (1) acquisition of land within a designated
23 tax increment development area or a portion of that tax
24 increment development area;

25 (2) demolition and removal of buildings and

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1 improvements and installation, construction or reconstruction
2 of streets, utilities, parks, playgrounds and improvements
3 necessary to carry out the objectives of the Tax Increment for
4 Development Act;

5 (3) installation, construction or
6 reconstruction of streets, water utilities, sewer utilities,
7 parks, playgrounds and other public improvements necessary to
8 carry out the objectives of the Tax Increment for Development
9 Act;

10 (4) disposition of property acquired or held
11 by a tax increment development district as part of the
12 undertaking of a tax increment development project at the fair
13 market value of such property for uses in accordance with the
14 Tax Increment for Development Act;

15 (5) payments for professional services
16 contracts necessary to implement a tax increment development
17 plan or project;

18 (6) borrowing to purchase land, buildings or
19 infrastructure in an amount not to exceed the revenue stream
20 that may be derived from the gross receipts tax increment or
21 the property tax increment estimated to be received by a tax
22 increment development district; and

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

25 ~~[Z.]~~ Y. "taxing entity" means the governing body of

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1 a political subdivision of the state, the gross receipts tax
2 increment or property tax increment of which may be used for a
3 tax increment development project; and

4 ~~[AA-]~~ Z. "workforce housing" means decent, safe and
5 sanitary dwellings, apartments, single-family dwellings or
6 other living accommodations that are affordable for persons or
7 families earning less than eighty percent of the median income
8 within the county in which the tax increment development
9 project is located; provided that an owner-occupied housing
10 unit is affordable to a household if the expected sales price
11 is reasonably anticipated to result in monthly housing costs
12 that do not exceed thirty-three percent of the household's
13 gross monthly income; provided that:

14 (1) determination of mortgage amounts and
15 payments is to be based on down payment rates and interest
16 rates generally available to lower- and moderate-income
17 households; and

18 (2) a renter-occupied housing unit is
19 affordable to a household if the unit's monthly housing costs,
20 including rent and basic utility and energy costs, do not
21 exceed thirty-three percent of the household's gross monthly
22 income."

23 SECTION 10. Section 5-15-15 NMSA 1978 (being Laws 2006,
24 Chapter 75, Section 15, as amended by Laws 2019, Chapter 274,
25 Section 8 and by Laws 2019, Chapter 275, Section 2) is amended

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1 to read:

2 "5-15-15. TAX INCREMENT FINANCING--GROSS RECEIPTS TAX
3 INCREMENT TO SECURE BONDS.--

4 A. A tax increment development plan, as originally
5 approved or as later modified, may contain a provision that
6 gross receipts tax increments collected within the tax
7 increment development area after the effective date of approval
8 of the tax increment development plan may be dedicated for the
9 purpose of securing gross receipts tax increment bonds pursuant
10 to the Tax Increment for Development Act.

11 B. A municipality may dedicate a portion of [~~a~~
12 ~~gross receipts tax increment from any of the following taxes]~~
13 an increment of a municipal option gross receipts tax that is
14 dedicated by the ordinance imposing the increment to the
15 project to pay the principal of, the interest on and any
16 premium due in connection with the bonds of, loans or advances
17 to, or any indebtedness incurred by, whether funded, refunded,
18 assumed or otherwise, the authority for financing or
19 refinancing, in whole or in part, a tax increment development
20 project within the tax increment development area

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

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

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

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

14 [~~(2) the amount distributed to counties~~
15 ~~pursuant to Section 7-1-6.47 NMSA 1978.~~

16 D. ~~Subject to the provisions of Subsection G of~~
17 ~~this section, the state board of finance may dedicate a gross~~
18 ~~receipts tax increment attributable to the state gross receipts~~
19 ~~tax to pay the financing and refinancing costs, the principal~~
20 ~~of, the interest on and any premium due in connection with~~
21 ~~gross receipts tax increment bonds issued to finance a tax~~
22 ~~increment development project within the tax increment~~
23 ~~development area; provided that:~~

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

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

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

6 ~~(2) the state board of finance has adopted a~~
7 ~~resolution dedicating an increment attributable to the state~~
8 ~~gross receipts tax for the purpose of securing gross receipts~~
9 ~~tax increment bonds pursuant to Subsection G of this section;~~
10 ~~and~~

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

15 ~~E.]~~ D. The gross receipts tax increment generated
16 by the imposition of municipal or county option gross receipts
17 taxes specified by statute for particular purposes may
18 nonetheless be dedicated for the purposes of the Tax Increment
19 for Development Act if intent to do so is set forth in the tax
20 increment development plan approved by the governing body, if
21 the purpose for which the increment is intended to be used is
22 consistent with the purposes set forth in the statute
23 authorizing the municipal or county option gross receipts tax.

24 ~~[F.]~~ E. An imposition of a gross receipts tax
25 increment attributable to a gross receipts tax by a taxing

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1 entity may be dedicated for the purpose of securing gross
2 receipts tax increment bonds with the agreement of the taxing
3 entity, evidenced by a resolution adopted by a majority vote of
4 that taxing entity. A taxing entity shall not agree to
5 dedicate for the purposes of securing gross receipts tax
6 increment bonds more than seventy-five percent of its gross
7 receipts tax increment attributable to gross receipts taxes by
8 the taxing entity. A resolution of the taxing entity to
9 dedicate a gross receipts tax increment or to increase the
10 dedication of a gross receipts tax increment shall become
11 effective only on January 1 or July 1 of the calendar year.

12 ~~[G. The state board of finance shall condition a~~
13 ~~dedication of a gross receipts tax increment attributable to~~
14 ~~the state gross receipts tax on the approval required pursuant~~
15 ~~to Section 5-15-21 NMSA 1978 and that the initial gross~~
16 ~~receipts tax increment bonds issuance secured by a portion of~~
17 ~~the gross receipts tax increment attributable to the state~~
18 ~~gross receipts tax shall be issued no later than four years~~
19 ~~after the state board of finance has adopted the resolution~~
20 ~~making the dedication. Subject to the limitations provided in~~
21 ~~Subsection D of this section, the state board of finance shall~~
22 ~~not agree to dedicate more than seventy-five percent of the~~
23 ~~gross receipts tax increment attributable to the state gross~~
24 ~~receipts tax within the district. The resolution of the state~~
25 ~~board of finance shall become effective on January 1 or July 1~~

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1 of the calendar year following the notification period pursuant
2 to Section 5-15-27 NMSA 1978 and shall find that:

3 (1) the state board of finance has reviewed
4 the request for the use of the state gross receipts tax;

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

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

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1 ~~typically on site.~~

2 H.] F. The governing body of the jurisdiction in
3 which a tax increment development district has been established
4 shall timely notify the assessor of the county in which the
5 district has been established, the taxation and revenue
6 department and the local government division of the department
7 of finance and administration when:

8 (1) a tax increment development plan has been
9 approved that contains a provision for the allocation of a
10 gross receipts tax increment;

11 (2) any outstanding bonds of the district have
12 been paid off; and

13 (3) the purposes of the district have
14 otherwise been achieved.

15 G. The changes made by this 2025 act shall not
16 impair outstanding revenue bonds or loan guarantees that are
17 secured by a pledge of the state gross receipts tax. A pledge
18 of the state gross receipts tax made prior to the effective
19 date of this 2025 act shall continue to be dedicated until the
20 revenue bond or loan guarantee has been discharged in full or
21 provision has been fully made therefor."

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

24 "5-15-20. GENERAL BONDING AUTHORITY OF A TAX INCREMENT
25 DEVELOPMENT DISTRICT--OTHER LIMITATIONS.--

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1 A. A district board shall not issue bonds against
2 gross receipts tax increments attributable to

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

4 ~~(a) the state board of finance adopting~~
5 ~~a resolution dedicating a gross receipts tax increment~~
6 ~~attributable to the state gross receipts tax for the purpose of~~
7 ~~securing the gross receipts tax increment bonds pursuant to~~
8 ~~Subsection G of Section 5-15-15 NMSA 1978; and~~

9 ~~(b) the approval required by Section~~
10 ~~5-15-21 NMSA 1978; and~~

11 (2)] a gross receipts tax imposed by a taxing
12 entity without the agreement of the taxing entity as evidenced
13 by a resolution adopted pursuant to Subsection B or C of
14 Section 5-15-15 NMSA 1978.

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

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1 administration for the issuance of gross receipts tax increment
2 bonds or property tax increment bonds.

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

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

22 E. The indebtedness evidenced by the gross receipts
23 tax increment bonds or property tax increment bonds shall not
24 affect the general obligation bonding capacity of the
25 municipality or county in which the tax increment development

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1 district is located.

2 F. The indebtedness evidenced by the gross receipts
3 tax increment bonds or property tax increment bonds shall be
4 payable only from the special funds into which are deposited
5 the gross receipts tax increments and property tax increments
6 as set forth in the Tax Increment for Development Act.

7 G. Bonds issued by a tax increment development
8 district shall not be a general obligation of the state, the
9 county or the municipality in which the tax increment
10 development district is located and shall not pledge the full
11 faith and credit of the state, the county or the municipality
12 in which the tax increment development district is located."

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

15 "5-15-27. DEDICATION OF GROSS RECEIPTS TAX INCREMENT--
16 NOTICE TO TAXATION AND REVENUE DEPARTMENT.--~~[A.]~~ If ~~[the state~~
17 ~~board of finance or]~~ a taxing entity approves a dedication or
18 increase in the dedication of a gross receipts tax increment to
19 a district, ~~[the state board of finance or]~~ the taxing entity
20 shall notify the taxation and revenue department of that
21 approval at least one hundred twenty days before the effective
22 date of the dedication or increase in the dedication ~~[provided~~
23 ~~that the effective date of the dedication by the state board of~~
24 ~~finance is on or after the date the bonds are approved by the~~
25 ~~legislature pursuant to Section 5-15-21 NMSA 1978.~~

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

4 [~~(12)~~ ~~Alternative Fuel Tax Act;~~
5 ~~(13)~~] (12) Cigarette Tax Act;
6 [~~(14)~~ ~~Estate Tax Act;~~
7 ~~(15)~~ ~~Railroad Car Company Tax Act;~~
8 ~~(16)~~ ~~Investment Credit Act, rural job tax~~
9 ~~credit, Laboratory Partnership with Small Business Tax Credit~~
10 ~~Act, Technology Jobs and Research and Development Tax Credit~~
11 ~~Act]~~

12 (13) Film Production Tax Credit Act,
13 Affordable Housing Tax Credit Act and high-wage jobs tax
14 credit;

15 [~~(17)~~] (14) Corporate Income and Franchise Tax
16 Act;

17 [~~(18)~~] (15) Uniform Division of Income for Tax
18 Purposes Act;

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

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

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

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

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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

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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 TO
6 MUNICIPALITIES OR COUNTIES.--

7 A. The provisions of this section apply to:

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

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

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

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

18 [~~(5)~~] (4) any distribution to a municipality
19 or a county of gasoline taxes pursuant to Section 7-1-6.9 NMSA
20 1978;

21 [~~(6)~~] (5) any transfer to a county with
22 respect to any tax imposed in accordance with the Local Liquor
23 Excise Tax Act;

24 [~~(7)~~] (6) any distribution to a county from
25 the county government road fund pursuant to Section 7-1-6.26

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1 NMSA 1978;

2 [~~(8)~~] (7) any distribution to a municipality
3 of gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978; and

4 [~~(9)~~] ~~any distribution to a municipality of~~
5 ~~compensating taxes pursuant to Section 7-1-6.55 NMSA 1978; and~~

6 ~~(10)~~] (8) any distribution to a municipality
7 or a county of cannabis excise taxes pursuant to the Cannabis
8 Tax Act.

9 B. Before making a distribution or transfer
10 specified in Subsection A of this section to a municipality or
11 county for the month, amounts comprising the net receipts shall
12 be segregated into two mutually exclusive categories. One
13 category shall be for amounts relating to the current month,
14 and the other category shall be for amounts relating to prior
15 periods. The total of each category for a municipality or
16 county shall be reported each month to that municipality or
17 county. If the total of the amounts relating to prior periods
18 is less than zero and its absolute value exceeds the greater of
19 one hundred dollars (\$100) or an amount equal to twenty percent
20 of the average distribution or transfer amount for that
21 municipality or county, then the following procedures shall be
22 carried out:

23 (1) all negative amounts relating to any
24 period prior to the three calendar years preceding the year of
25 the current month, net of any positive amounts in that same

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1 time period for the same taxpayers to which the negative
2 amounts pertain, shall be excluded from the total relating to
3 prior periods. Except as provided in Paragraph (2) of this
4 subsection, the net receipts to be distributed or transferred
5 to the municipality or county shall be adjusted to equal the
6 amount for the current month plus the revised total for prior
7 periods; and

8 (2) if the revised total for prior periods
9 determined pursuant to Paragraph (1) of this subsection is
10 negative and its absolute value exceeds the greater of one
11 hundred dollars (\$100) or an amount equal to twenty percent of
12 the average distribution or transfer amount for that
13 municipality or county, the revised total for prior periods
14 shall be excluded from the distribution or transfers and the
15 net receipts to be distributed or transferred to the
16 municipality or county shall be equal to the amount for the
17 current month.

18 C. The department shall recover from a municipality
19 or county 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 municipality or county of the adjusted net
24 receipts, the department shall notify the municipality or
25 county whose distribution or transfer has been adjusted

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1 pursuant to 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 municipality or county and that
5 the department intends to recover that amount from future
6 distributions or transfers to the municipality or county;

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

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

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

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

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

25 (a) decreasing distributions or

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1 transfers to the municipality or county in accordance with a
2 repayment agreement entered into with the municipality or
3 county; or

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

11 (2) if, pursuant to Subsection B of this
12 section, the secretary determines that the recoverable amount
13 is more than fifty percent of the average distribution or
14 transfer of net receipts for that municipality or county, the
15 secretary:

16 (a) shall recover only up to fifty
17 percent of the average distribution or transfer of net receipts
18 for that municipality or county; and

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

22 (3) if, after application of a refund claim,
23 audit adjustment, correction of a mistake by the department or
24 other adjustment of a prior period, but prior to any recovery
25 of the department pursuant to this section, the total net

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1 receipts of a municipality or county for the twelve-month
2 period beginning with the current month are reduced or are
3 projected to be reduced to less than fifty percent of the
4 average distribution or transfer of net receipts, the secretary
5 may waive recovery of any portion of the recoverable amount,
6 subject to approval by the state board of finance.

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

14 G. On or before September 1 of each year beginning
15 in 2016, the secretary shall report to the state board of
16 finance and the legislative finance committee the total
17 recoverable amount waived pursuant to Subparagraph (b) of
18 Paragraph (2) and Paragraph (3) of Subsection E of this section
19 for each municipality and county in the prior fiscal year.

20 H. The secretary is authorized to decrease a
21 distribution or transfer to a municipality or county upon being
22 directed to do so by the secretary of finance and
23 administration pursuant to the State Aid Intercept Act or to
24 redirect a distribution or transfer to the New Mexico finance
25 authority pursuant to an ordinance or a resolution passed by

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

23 (1) prior to an adjustment of a distribution
24 or transfer of net receipts creating a recoverable amount owed
25 to the department takes precedence over any collection of any

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1 recoverable amount pursuant to Paragraph (2) of Subsection B of
2 this section, which may be made only from the net amount of the
3 distribution or transfer remaining after application of the
4 decrease or redirection pursuant to this subsection; and

5 (2) after an adjustment of a distribution or
6 transfer of net receipts creating a recoverable amount owed to
7 the department shall be subordinate to any collection of any
8 recoverable amount pursuant to Paragraph (2) of Subsection B of
9 this section.

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

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1 pursuant to this subsection shall be distributed to the
2 municipality or county upon direction of the secretary of
3 finance and administration.

4 J. As used in this section:

5 (1) "amounts relating to the current month"
6 means any amounts included in the net receipts of the current
7 month that represent payment of tax due for the current month,
8 correction of amounts processed in the current month that
9 relate to the current month or that otherwise relate to
10 obligations due for the current month;

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

18 (3) "average distribution or transfer amount"
19 means the following amounts; provided that a distribution or
20 transfer that is negative shall not be used in calculating the
21 amounts:

22 (a) the annual average of the total
23 amount distributed or transferred to a municipality or county
24 in each of the three twelve-month periods preceding the current
25 month;

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1 (b) if a distribution or transfer to a
2 municipality or county has been made for less than three years,
3 the total amount distributed or transferred in the year
4 preceding the current month; or

5 (c) if a municipality or county has not
6 received distributions or transfers of net receipts for twelve
7 or more months, the monthly average of net receipts distributed
8 or transferred to the municipality or county preceding the
9 current month multiplied by twelve;

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

12 (5) "repayment agreement" means an agreement
13 between the department and a municipality or county under which
14 the municipality or county agrees to allow the department to
15 recover an amount determined pursuant to Paragraph (2) of
16 Subsection B of this section by decreasing distributions or
17 transfers to the municipality or county for one or more months
18 beginning with the distribution or transfer to be made with
19 respect to a designated month. No interest shall be charged."

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

22 "7-1-6.42. DISTRIBUTION--STATE BUILDING BONDING FUND--
23 GROSS RECEIPTS TAX.--A distribution pursuant to Section 7-1-6.1
24 NMSA 1978 shall be made to the state building bonding fund in
25 the amount of six hundred eighty thousand dollars (\$680,000)

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1 from the net receipts attributable to the gross receipts tax
2 imposed by the Gross Receipts and Compensating Tax Act. The
3 distribution shall be made:

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

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

10 ~~[C.]~~ B. prior to any other distribution of net
11 receipts attributable to the gross receipts tax."

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

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

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

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

9 "7-1-6.62. DISTRIBUTION--~~[PREMIUM]~~ GROSS RECEIPTS TAX--
10 LAW ENFORCEMENT PROTECTION FUND--FIRE PROTECTION FUND--
11 EMERGENCY MEDICAL SERVICES FUND.--

12 A. A distribution pursuant to Section 7-1-6.1 NMSA
13 1978 shall be made to the law enforcement protection fund in an
14 amount equal to ~~[ten]~~ three-hundredths percent of the net
15 receipts attributable to the ~~[premium]~~ gross receipts tax ~~[from~~
16 ~~life, health, general casualty and title insurance business]~~.

17 B. A distribution pursuant to Section 7-1-6.1 NMSA
18 1978 shall be made to the fire protection fund in an amount
19 equal to twenty-one hundredths percent of the net receipts
20 attributable to the ~~[premium]~~ gross receipts tax ~~[derived from~~
21 ~~property and vehicle insurance business]~~.

22 C. A distribution pursuant to Section 7-1-6.1 NMSA
23 1978 shall be made to the emergency medical services fund in an
24 amount equal to ~~[five]~~ fifteen-thousandths percent of the net
25 receipts attributable to the ~~[premium]~~ gross receipts tax ~~[from~~

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1 ~~health insurance business~~]."

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

4 "7-1-6.69. DISTRIBUTION--~~[HEALTH INSURANCE PREMIUM~~
5 ~~SURTAX]~~ GROSS RECEIPTS TAX--HEALTH CARE AFFORDABILITY FUND.--A
6 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
7 made to the health care affordability fund in an amount equal
8 to ~~[the following amounts]~~ seventeen-hundredths percent of the
9 net receipts attributable to the ~~[health insurance premium~~
10 ~~surtax; provided that if the rate of the health insurance~~
11 ~~premium surtax is reduced pursuant to Subsection F of Section~~
12 ~~7-40-3 NMSA 1978, no distribution pursuant to this section~~
13 ~~shall be made:~~

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

15 B. ~~beginning July 1, 2024 and prior to September 1,~~
16 ~~2025, thirty percent; and~~

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

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

21 "7-1-6.70. DISTRIBUTION--LAND GRANT-MERCED ASSISTANCE
22 FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978
23 shall be made to the land grant-merced assistance fund in an
24 amount equal to five-hundredths percent of the net receipts
25 attributable to the gross receipts tax ~~[after distributions~~

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1 ~~have been made pursuant to Sections 7-1-6.46 and 7-1-6.47 NMSA~~
2 ~~1978]."~~

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

5 "[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX--STATE
6 ROAD FUND--TRANSPORTATION PROJECT FUND--BOAT FUND.--A

7 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
8 made of the following percentages of the net receipts
9 attributable to the gross receipts tax:

10 A. twelve-hundredths percent to the state road
11 fund;

12 B. eleven-hundredths percent to the transportation
13 project fund; and

14 C. fifty-four hundredths percent to the boat fund."

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

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

24 A. a committee of the legislature for a valid
25 legislative purpose, return information concerning any tax or

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1 fee imposed pursuant to the Cigarette Tax Act;

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

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

10 D. the secretary of health care authority or the
11 secretary's delegate under a written agreement with the
12 department:

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

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

22 (3) return information of low-income taxpayers
23 for the limited purpose of outreach to those taxpayers;
24 provided that the health care authority [~~department~~] shall pay
25 the department for expenses incurred by the department to

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1 derive the information requested by the health care authority
2 [~~department~~] if the information requested is not readily
3 available in reports for which the department's information
4 systems are programmed;

5 (4) return information required to administer
6 the Health Care Quality Surcharge Act and the Health Care
7 Delivery and Access Act; and

8 (5) return information in accordance with the
9 provisions of the Easy Enrollment Act;

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

17 F. the state courts, the random jury lists produced
18 by the department of information technology under Subsection E
19 of this section;

20 G. the director of the New Mexico department of
21 agriculture or the director's authorized representative, upon
22 request of the director or representative, the names and
23 addresses of all gasoline or special fuel distributors,
24 wholesalers and retailers;

25 [~~H. the public regulation commission, return~~

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1 ~~information with respect to the Corporate Income and Franchise~~
2 ~~Tax Act required to enable the commission to carry out its~~
3 ~~duties;~~

4 ~~F.]~~ H. the state racing commission, return
5 information with respect to the state, municipal and county
6 gross receipts taxes paid by racetracks;

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

10 ~~K.]~~ J. the director of the workers' compensation
11 administration or to the director's representatives authorized
12 for this purpose, return information to facilitate the
13 identification of taxpayers that are delinquent or noncompliant
14 in payment of fees required by Section 52-1-9.1 or 52-5-19 NMSA
15 1978;

16 ~~L.]~~ K. the secretary of workforce solutions or the
17 secretary's delegate, return information for use in enforcement
18 of unemployment insurance collections pursuant to the terms of
19 a written reciprocal agreement entered into by the department
20 with the secretary of workforce solutions for exchange of
21 information;

22 ~~M.]~~ L. the New Mexico finance authority,
23 information with respect to the amount of municipal and county
24 gross receipts taxes collected by municipalities and counties
25 pursuant to any local option municipal or county gross receipts

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1 taxes imposed, and information with respect to the amount of
2 governmental gross receipts taxes paid by every agency,
3 institution, instrumentality or political subdivision of the
4 state pursuant to Section 7-9-4.3 NMSA 1978;

5 ~~[N.]~~ M. the superintendent of insurance, return
6 information with respect to the ~~[premium]~~ gross receipts tax
7 ~~[and the health insurance premium surtax]~~ imposed on insurance
8 companies or any agent thereof and a property bondsman, as that
9 person is defined in Section 59A-51-2 NMSA 1978, as security or
10 surety for a bail bond in connection with a judicial
11 proceeding;

12 ~~[O.]~~ N. the secretary of finance and administration
13 or the secretary's designee, return information concerning a
14 credit pursuant to the Film Production Tax Credit Act;

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

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

21 ~~[R.]~~ Q. the secretary of transportation or the
22 secretary's designee, return information concerning the Weight
23 Distance Tax Act;

24 ~~[S.]~~ R. the secretary of energy, minerals and
25 natural resources or the secretary's designee, return

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1 information concerning tax credits or deductions for which
2 eligibility is certified or otherwise determined by the
3 secretary or the secretary's designee;

4 [F.] S. the secretary of environment or the
5 secretary's designee, return information concerning tax credits
6 for which eligibility is certified or otherwise determined by
7 the secretary or the secretary's designee; and

8 [U.] T. the secretary of state or the secretary's
9 designee, taxpayer information required to maintain voter
10 registration records and as otherwise provided in the Election
11 Code."

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

14 "7-1-13.1. METHOD OF PAYMENT OF CERTAIN TAXES DUE.--
15 A. Payment of the taxes, including any applicable
16 penalties and interest, described in Paragraph (1), (2), (3) or
17 (4) of this subsection shall be made on or before the date due
18 in accordance with Subsection B of this section if the
19 taxpayer's average tax payment for the group of taxes during
20 the preceding calendar year equaled or exceeded twenty-five
21 thousand dollars (\$25,000):

22 (1) Group 1: all taxes due under the
23 Withholding Tax Act, the Gross Receipts and Compensating Tax
24 Act, the local option gross receipts tax acts [~~the Interstate~~
25 ~~Telecommunications Gross Receipts Tax Act~~] and the Leased

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1 Vehicle Gross Receipts Tax Act;

2 (2) Group 2: all taxes due under the Oil and
3 Gas Severance Tax Act, the Oil and Gas Conservation Tax Act,
4 the Oil and Gas Emergency School Tax Act and the Oil and Gas Ad
5 Valorem Production Tax Act;

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

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

11 For taxpayers who have more than one identification number
12 issued by the department, the average tax payment shall be
13 computed by combining the amounts paid under the several
14 identification numbers.

15 B. Taxpayers who are required to make payment in
16 accordance with the provisions of this section shall make
17 payment by one or more of the following means on or before the
18 due date so that funds are immediately available to the state
19 on or before the due date:

20 (1) electronic payment; provided that a result
21 of the payment is that funds are immediately available to the
22 state of New Mexico on or before the due date;

23 (2) currency of the United States;

24 (3) check drawn on and payable at any New
25 Mexico financial institution provided that the check is

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1 received by the department at the place and time required by
2 the department at least one banking day prior to the due date;
3 or

4 (4) check drawn on and payable at any domestic
5 non-New Mexico financial institution provided that the check is
6 received by the department at the time and place required by
7 the department at least two banking days prior to the due date.

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

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

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

20 "7-1-26. DISPUTING LIABILITIES--CLAIM FOR CREDIT, REBATE
21 OR REFUND.--

22 A. A person who believes that an amount of tax has
23 been paid by or withheld from that person in excess of that for
24 which the person was liable, who has been denied a credit or
25 rebate claimed or who claims a prior right to property in the

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1 possession of the department pursuant to a levy made pursuant
2 to the authority of Sections 7-1-31 through 7-1-34 NMSA 1978
3 may claim a refund by directing to the secretary, within the
4 time limitations provided by Subsections F and G of this
5 section, a written claim for refund that, except as provided in
6 Subsection K of this section, includes:

7 (1) the taxpayer's name, address and
8 identification number;

9 (2) the type of tax for which a refund is
10 being claimed, the credit or rebate denied or the property
11 levied upon;

12 (3) the sum of money or other property being
13 claimed;

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

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

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

23 B. A claim for refund that meets the requirements
24 of Subsection A of this section and that is filed within the
25 time limitations provided by Subsections F and G of this

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1 section is deemed to be properly before the department for
2 consideration, regardless of whether the department requests
3 additional documentation after receipt of the claim for refund.

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

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

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

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

24 E. A person may elect to pursue only one of the
25 remedies provided in this subsection. A person who timely

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1 pursues more than one remedy is deemed to have elected the
2 first. The person may:

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

6 (a) the circumstances of: 1) an alleged
7 overpayment; 2) a denied credit; 3) a denied rebate; or 4) a
8 denial of a prior right to property levied upon by the
9 department;

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

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

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

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

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1 of the claim for refund. The plaintiff or the secretary may
2 appeal from any final decision or order of the district court
3 to the court of appeals.

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

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

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

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

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

21 (d) the final determination of value
22 occurs with respect to any overpayment that resulted from a
23 disapproval by any agency of the United States or the state of
24 New Mexico or any court of increase in value of a product
25 subject to taxation pursuant to the Oil and Gas Severance Tax

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1 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas
2 Emergency School Tax Act, the Oil and Gas Ad Valorem Production
3 Tax Act or the Natural Gas Processors Tax Act; or

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

7 ~~[(2) in the case of a denial of a claim for~~
8 ~~credit pursuant to the Investment Credit Act, Laboratory~~
9 ~~Partnership with Small Business Tax Credit Act or Technology~~
10 ~~Jobs and Research and Development Tax Credit Act or for the~~
11 ~~rural job tax credit provided by Section 7-2E-1.1 NMSA 1978 or~~
12 ~~similar credit, only within one year after the date of the~~
13 ~~denial;~~

14 ~~(3)]~~ (2) in the case of a taxpayer under audit
15 by the department who has signed a waiver of the limitation on
16 assessments on or after July 1, 1993 pursuant to Subsection F
17 of Section 7-1-18 NMSA 1978, only for a refund of the same tax
18 paid for the same period for which the waiver was given, and
19 only until a date one year after the later of the date of the
20 mailing of an assessment issued pursuant to the audit, the date
21 of the mailing of final audit findings to the taxpayer or the
22 date a proceeding is begun in court by the department with
23 respect to the same tax and the same period;

24 ~~[(4)]~~ (3) in the case of a payment of an
25 amount of tax not made within three years of the end of the

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1 calendar year in which the original due date of the tax or date
2 of the assessment of the department occurred, only for a claim
3 for refund of that amount of tax and only within one year of
4 the date on which the tax was paid; or

5 [~~(5)~~] (4) in the case of a taxpayer who has
6 been assessed a tax on or after July 1, 1993 pursuant to
7 Subsection B, C or D of Section 7-1-18 NMSA 1978 and an
8 assessment that applies to a period ending at least three years
9 prior to the beginning of the year in which the assessment was
10 made, only for a refund for the same tax for the period of the
11 assessment or for any period following that period within one
12 year of the date of the assessment unless a longer period for
13 claiming a refund is provided in this section.

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

25 H. If, as a result of an audit by the department or

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1 a managed audit covering multiple periods, an overpayment of
2 tax is found in any period under the audit and if the taxpayer
3 files a claim for refund for the overpayments identified in the
4 audit, that overpayment may be credited against an underpayment
5 of the same tax found in another period under audit pursuant to
6 Section 7-1-29 NMSA 1978.

7 I. A refund of tax paid under any tax or tax act
8 administered pursuant to Subsection B of Section 7-1-2 NMSA
9 1978 may be made, at the discretion of the department, in the
10 form of credit against future tax payments if future tax
11 liabilities in an amount at least equal to the credit amount
12 reasonably may be expected to become due.

13 J. For the purposes of this section, "oil and gas
14 tax return" means a return reporting tax due with respect to
15 oil, natural gas, liquid hydrocarbons, carbon dioxide, helium
16 or nonhydrocarbon gas pursuant to the Oil and Gas Severance Tax
17 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas
18 Emergency School Tax Act, the Oil and Gas Ad Valorem Production
19 Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas
20 Production Equipment Ad Valorem Tax Act.

21 K. The filing of a fully completed original income
22 tax return, corporate income tax return, corporate income and
23 franchise tax return [~~estate tax return~~] or special fuel excise
24 tax return [~~or annual insurance premium tax return~~] that shows
25 a balance due the taxpayer or a fully completed amended income

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1 tax return, an amended corporate income tax return, an amended
2 corporate income and franchise tax return, [~~an amended estate~~
3 ~~tax return~~] an amended special fuel excise tax return or an
4 amended oil and gas tax return [~~or an amended insurance premium~~
5 ~~tax return~~] that shows a lesser tax liability than the original
6 return constitutes the filing of a claim for refund for the
7 difference in tax due shown on the original and amended
8 returns.

9 L. In no case may a credit or refund be claimed if
10 the related federal adjustment is taken into account by a
11 partnership in the partnership's tax return for the adjustment
12 year and allocated to the partners in a manner similar to other
13 partnership tax items."

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

16 "7-1-29. AUTHORITY TO MAKE REFUNDS OR CREDITS.--

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

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1 erroneously paid amounting to twenty thousand dollars (\$20,000)
2 or more shall be made with the prior approval of the attorney
3 general, except that the secretary or the secretary's delegate
4 may make refunds with respect to the Oil and Gas Severance Tax
5 Act, the Oil and Gas Conservation Tax Act, the Oil and Gas
6 Emergency School Tax Act, the Oil and Gas Ad Valorem Production
7 Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas
8 Production Equipment Ad Valorem Tax Act, Section 7-13-17 NMSA
9 1978 and the Cigarette Tax Act without the prior approval of
10 the attorney general regardless of the amount.

11 B. Pursuant to the final order of the district
12 court, the court of appeals, the supreme court of New Mexico or
13 a federal court, from which order, appeal or review is not
14 successfully taken, adjudging that a person has properly
15 claimed a credit, rebate or a refund of overpaid tax, the
16 secretary shall authorize the payment to the person of the
17 amount thereof. After a court acquires jurisdiction but before
18 it issues a final order, the secretary may authorize payment of
19 a credit, rebate or refund pursuant to a closing agreement
20 pursuant to Section 7-1-20 NMSA 1978.

21 C. In the discretion of the secretary, any amount
22 of credit or rebate to be paid or tax to be refunded may be
23 offset against any amount of tax for which the person due to
24 receive the credit, rebate payment or refund is liable. The
25 secretary or the secretary's delegate shall give notice to the

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1 taxpayer that the credit, rebate payment or refund will be made
2 in this manner, and the taxpayer shall be entitled to interest
3 pursuant to Section 7-1-68 NMSA 1978 until the tax liability is
4 credited with the credit, rebate or refund amount.

5 D. In an audit by the department or a managed audit
6 covering multiple reporting periods in which both underpayments
7 and overpayments of a tax have been made in different reporting
8 periods, the department shall credit the tax overpayments
9 against the underpayments; provided that the taxpayer files a
10 claim for refund of the overpayments. An overpayment shall be
11 applied as a credit first to the earliest underpayment and then
12 to succeeding underpayments. An underpayment of tax to which
13 an overpayment is credited pursuant to this section shall be
14 deemed paid in the period in which the overpayment was made or
15 the period to which the overpayment was credited against an
16 underpayment, whichever is later. If the overpayments credited
17 pursuant to this section exceed the underpayments of a tax, the
18 amount of the net overpayment for the periods covered in the
19 audit shall be refunded to the taxpayer.

20 E. When a taxpayer makes a payment identified to a
21 particular return or assessment, and the department determines
22 that the payment exceeds the amount due pursuant to that return
23 or assessment, the secretary may apply the excess to the
24 taxpayer's other liabilities pursuant to the tax acts to which
25 the return or assessment applies, without requiring the

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1 taxpayer to file a claim for a refund. The liability to which
2 an overpayment is applied pursuant to this section shall be
3 deemed paid in the period in which the overpayment was made or
4 the period to which the overpayment was applied, whichever is
5 later.

6 F. If the department determines, upon review of an
7 original or amended income tax return, corporate income and
8 franchise tax return, [~~estate tax return~~] special [~~fuels~~] fuel
9 excise tax return or oil and gas tax return, that there has
10 been an overpayment of tax for the taxable period to which the
11 return or amended return relates in excess of the amount due to
12 be refunded to the taxpayer pursuant to the provisions of
13 Subsection K of Section 7-1-26 NMSA 1978, the department may
14 refund that excess amount to the taxpayer without requiring the
15 taxpayer to file a refund claim.

16 G. Records of refunds and credits made in excess of
17 ten thousand dollars (\$10,000) shall be available for
18 inspection by the public. The department shall keep such
19 records for a minimum of three years from the date of the
20 refund or credit.

21 H. In response to a timely refund claim pursuant to
22 Section 7-1-26 NMSA 1978 and notwithstanding any other
23 provision of the Tax Administration Act, the secretary or the
24 secretary's delegate may refund or credit a portion of an
25 assessment of tax paid, including applicable penalties and

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1 interest representing the amount of tax previously paid by
2 another person on behalf of the taxpayer on the same
3 transaction; provided that the requirements of equitable
4 recoupment are met. For purposes of this subsection, the
5 refund claim may be filed by the taxpayer to whom the
6 assessment was issued or by another person who claims to have
7 previously paid the tax on behalf of the taxpayer. Prior to
8 granting the refund or credit, the secretary may require a
9 waiver of all rights to claim a refund or credit of the tax
10 previously paid by another person paying a tax on behalf of the
11 taxpayer.

12 I. If, as a result of an audit by the department or
13 a managed audit, a person is determined to owe gross receipts
14 tax on receipts from the sale of property or services, the
15 department may credit against the amount owed an amount of
16 compensating tax paid by the purchaser if the person can
17 demonstrate that the purchaser timely paid the compensating tax
18 on the same property or services. The credit provided by this
19 subsection shall not be denied solely because the purchaser
20 cannot timely file for a refund of the compensating tax paid
21 and, if the credit is to be granted, the department shall
22 require, for the purpose of granting the credit, that the
23 purchaser give up any right to claim a refund of that tax."

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

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

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

5 B. Interest on overpayments of tax shall accrue and
6 be paid at the underpayment rate established pursuant to
7 Section 6621 of the Internal Revenue Code, computed on a daily
8 basis; provided that if a different rate is specified by a
9 compact or other interstate agreement to which New Mexico is a
10 party, that rate shall apply to amounts due under the compact
11 or other agreement.

12 C. Unless otherwise provided by this section,
13 interest on an overpayment not arising from an assessment by
14 the department shall be paid from the date of the claim for
15 refund until a date preceding by not more than thirty days the
16 date of the credit or refund to any person; and interest on an
17 overpayment arising from an assessment by the department shall
18 be paid from the date of overpayment until a date preceding by
19 not more than thirty days the date of the credit or refund to
20 any person.

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

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

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

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1 (a) fifty-five days of the date of the
2 complete claim for refund of income tax pursuant to ~~[either]~~
3 the Income Tax Act or the Corporate Income and Franchise Tax
4 Act for the tax year immediately preceding the tax year in
5 which the claim is made;

6 (b) sixty days of the date of the
7 complete claim for refund of any tax not provided for in this
8 paragraph;

9 (c) seventy-five days of the date of the
10 complete claim for refund of gasoline tax to users of gasoline
11 off the highways;

12 (d) one hundred twenty days of the date
13 of the complete claim for refund of tax imposed pursuant to the
14 Resources Excise Tax Act, the Severance Tax Act, the Oil and
15 Gas Severance Tax Act, the Oil and Gas Conservation Tax Act,
16 the Oil and Gas Emergency School Tax Act, the Oil and Gas Ad
17 Valorem Production Tax Act, the Natural Gas Processors Tax Act
18 or the Oil and Gas Production Equipment Ad Valorem Tax Act; or

19 (e) one hundred twenty days of the date
20 of the complete claim for refund of income tax, pursuant to the
21 Income Tax Act or the Corporate Income and Franchise Tax Act
22 for any tax year more than one year prior to the year in which
23 the claim is made;

24 (3) Sections 6611(f) and 6611(g) of the
25 Internal Revenue Code, as those sections may be amended or

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1 renumbered, prohibit payment of interest for federal income tax
2 purposes;

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

8 (5) the department applies the credit or
9 refund to an intercept program, to the taxpayer's estimated
10 payment prior to the due date for the estimated payment or to
11 offset prior liabilities of the taxpayer pursuant to Subsection
12 E of Section 7-1-29 NMSA 1978;

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

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

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

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

3 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--

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

7 (1) for married individuals filing separate
8 returns:

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

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

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

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

25 If the taxable income is: The tax shall be:

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1 Not over \$13,500 2.0% of taxable income
2 Over \$13,500 but not over \$40,000 \$270.00 plus 4.0% of
3 excess over \$13,500
4 Over \$40,000 \$1,330.00 plus 6.0% of
5 excess over \$40,000.

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

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

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

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

17 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

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

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1 ~~for the taxable year for which the deduction is being claimed].~~

2 B. Married individuals who file separate returns
3 for a taxable year in which they could have filed a joint
4 return may each claim only one-half of the deduction provided
5 by this section that would have been allowed on the joint
6 return.

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

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

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

17 "7-2A-5. [NEW MATERIAL] CORPORATE INCOME TAX RATES.--The
18 corporate income tax imposed on corporations by Section 7-2A-3
19 NMSA 1978 shall be at the following rates for any taxable year
20 beginning on or after January 1, 2025:

21 If the taxable income is:	The tax shall be:
22 Not over \$250,000	2.0% of taxable income
23 Over \$250,000 but not over \$500,000	\$5,000.00 plus 4.0% of
24	excess over \$250,000
25 Over \$500,000	\$15,000.00 plus 6.0% of

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1 excess over \$500,000."

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

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

6 A. For the privilege of engaging in business, an
7 excise tax equal to [~~the following percentages~~] two percent of
8 gross receipts is imposed on any person engaging in business in
9 New Mexico

10 [~~(1) prior to July 1, 2023, five percent; and~~
11 ~~(2) beginning July 1, 2023, four and seven-~~
12 ~~eighths percent, except as provided in Subsection C of this~~
13 ~~section].~~

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

16 [~~C. If, for any single fiscal year occurring after~~
17 ~~fiscal year 2025 and prior to fiscal year 2030, gross receipts~~
18 ~~tax revenues are less than ninety-five percent of the gross~~
19 ~~receipts tax revenues for the previous fiscal year, as~~
20 ~~determined by the secretary of finance and administration, the~~
21 ~~rate of the gross receipts tax shall be five and one-eighth~~
22 ~~percent beginning on the July 1 following the determination~~
23 ~~made by the secretary of finance and administration.~~

24 D. ~~On or before February 1 of each year, until the~~
25 ~~rate of the gross receipts tax is adjusted to five and one-~~

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1 ~~eight percent pursuant to Subsection C of this section, the~~
2 ~~secretary of finance and administration shall make a~~
3 ~~determination for the purposes of Subsection C of this section.~~
4 ~~If the rate of tax is adjusted pursuant to that subsection, the~~
5 ~~secretary shall certify to the secretary of taxation and~~
6 ~~revenue that the rate of the gross receipts tax shall be five~~
7 ~~and one-eighth percent, effective on the following July 1.~~

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

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

13 "7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS
14 "GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of
15 engaging in certain activities by governments, there is imposed
16 on every agency, institution, instrumentality or political
17 subdivision of the state, except any school district and an
18 entity licensed by the department of health, other than a
19 hospital, that is principally engaged in providing health care
20 services, an excise tax of [~~five~~] two percent of governmental
21 gross receipts. The tax imposed by this section shall be
22 referred to as the "governmental gross receipts tax"."

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

25 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS

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1 "COMPENSATING TAX".--

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

9 (1) manufactured by the person using the
10 property in the state; or

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

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

21 C. For the privilege of making taxable use of a
22 license or franchise in New Mexico, there is imposed on the
23 person using the license or franchise an excise tax equal to
24 the rate provided in Subsection A ~~[or G]~~ of this section ~~[as~~
25 ~~applicable]~~ against the value of the license or franchise in

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1 its use in this state. The department by rule, ruling or
2 instruction shall fairly apportion, where appropriate, the
3 value of a license or franchise to its value in use in New
4 Mexico. The tax shall apply only to the value of a license or
5 franchise used in New Mexico where the license or franchise was
6 acquired in a transaction the receipts from which were not
7 subject to the gross receipts tax.

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

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

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

24 ~~[G. If the gross receipts tax is increased to five~~
25 ~~and one-eighth percent pursuant to Subsection C of Section~~

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1 ~~7-9-4 NMSA 1978, the rate of the compensating tax shall be five~~
2 ~~and one eighth percent.~~

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

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

10 "7-9-13.2. EXEMPTION--GOVERNMENTAL GROSS RECEIPTS TAX--
11 RECEIPTS SUBJECT TO CERTAIN OTHER TAXES.--Exempted from the
12 governmental gross receipts tax are receipts from transactions
13 involving tangible personal property or services on which
14 receipts or transactions the gross receipts tax, compensating
15 tax, [motor vehicle excise tax] gasoline tax, [special fuel
16 tax] special fuel excise tax, oil and gas emergency school tax,
17 resources tax, processors tax or service tax [or the excise tax
18 imposed under Section 66-12-6.1 NMSA 1978] is imposed."

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

21 "7-9-18. [EXEMPTION] DEDUCTION--GROSS RECEIPTS TAX AND
22 GOVERNMENTAL GROSS RECEIPTS TAX--AGRICULTURAL PRODUCTS.--

23 A. [~~Exempted from the gross receipts tax and from~~
24 ~~the governmental gross receipts tax are the~~] Prior to July 1,
25 2028, receipts from selling livestock and receipts of growers,

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1 producers, trappers or nonprofit marketing associations from
2 selling livestock, live poultry, unprocessed agricultural
3 products, hides or pelts may be deducted from gross receipts
4 and governmental gross receipts. Persons engaged in the
5 business of buying and selling wool or mohair or of buying and
6 selling livestock on their own account are producers for the
7 purposes of this section.

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

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

14 D. The deductions provided by this section shall be
15 included in the tax expenditure budget pursuant to Section
16 7-1-84 NMSA 1978, including the annual aggregate cost of the
17 deductions.

18 ~~[G.]~~ E. As used in this section, "livestock" means
19 all domestic or domesticated animals that are used or raised on
20 a farm or ranch, including the carcasses thereof, and also
21 includes horses, asses, mules, cattle, sheep, goats, swine,
22 bison, poultry, ostriches, emus, rheas, camelids and farmed
23 cervidae upon any land in New Mexico; provided that for the
24 purposes of Chapter 77, Article 9 NMSA 1978, "animals" or
25 "livestock" have the meaning defined in that article.

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1 "Animals" or "livestock" does not include canine or feline
2 animals. For the purpose of the rules governing meat
3 inspection, wild animals, poultry and birds used for human
4 consumption shall also be included within the meaning of
5 "animals" or "livestock"."

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

8 "7-9-26. EXEMPTION--GROSS RECEIPTS AND COMPENSATING TAX--
9 FUEL.--Exempted from the gross receipts and compensating tax
10 are the receipts from selling and the use of gasoline or
11 special fuel [~~or alternative fuel~~] on which the gasoline tax
12 [~~imposed by Section 7-13-3, 7-16A-3 or 7-16B-4 NMSA 1978~~] or
13 special fuel excise tax has been paid and not refunded."

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

16 "7-9-41.5. EXEMPTION--NONPROFIT HOSPITALS FROM LOCAL
17 OPTION GROSS RECEIPTS TAXES.--

18 A. [~~Exempted from any local option gross receipts~~
19 ~~tax, but not the state gross receipts tax, are~~] Prior to July
20 1, 2034, receipts of a nonprofit hospital licensed by the
21 department of health are exempted from any local option gross
22 receipts tax but not the state gross receipts tax.

23 B. As used in this section, "nonprofit hospital"
24 means a hospital that has been granted exemption from federal
25 income tax by the United States commissioner of internal

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1 revenue as an organization described in Section 501(c)(3) of
2 the Internal Revenue Code."

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

5 "7-9-46. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS
6 RECEIPTS--SALES TO MANUFACTURERS AND MANUFACTURING SERVICE
7 PROVIDERS.--

8 A. Prior to July 1, 2034, receipts from selling
9 tangible personal property may be deducted from gross receipts
10 or from governmental gross receipts if the sale is made to a
11 person engaged in the business of manufacturing who delivers a
12 nontaxable transaction certificate to the seller or provides
13 alternative evidence pursuant to Section 7-9-43 NMSA 1978. The
14 buyer must incorporate the tangible personal property as an
15 ingredient or component part of the product that the buyer is
16 in the business of manufacturing.

17 B. Prior to July 1, 2034, receipts from selling a
18 manufacturing consumable to a manufacturer or a manufacturing
19 service provider may be deducted from gross receipts or from
20 governmental gross receipts if the buyer delivers a nontaxable
21 transaction certificate to the seller or provides alternative
22 evidence pursuant to Section 7-9-43 NMSA 1978; provided that if
23 the seller is a utility company, an agreement with the
24 department pursuant to Section 7-1-21.1 NMSA 1978 and a
25 nontaxable transaction certificate shall be required.

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1 C. Prior to July 1, 2034, receipts from selling or
2 leasing qualified equipment may be deducted from gross receipts
3 if the sale is made to, or the lease is entered into with, a
4 person engaged in the business of manufacturing or a
5 manufacturing service provider who delivers a nontaxable
6 transaction certificate to the seller or provides alternative
7 evidence pursuant to Section 7-9-43 NMSA 1978. [~~provided that~~
8 ~~a manufacturer or manufacturing service provider delivering a~~
9 ~~nontaxable transaction certificate or alternative evidence with~~
10 ~~respect to the qualified equipment shall not claim an~~
11 ~~investment credit pursuant to the Investment Credit Act for~~
12 ~~that same equipment.~~]

13 D. The purpose of the deductions provided in this
14 section is to encourage manufacturing businesses to locate in
15 New Mexico and to reduce the tax burden, including reducing
16 pyramiding, on the tangible personal property that is consumed
17 in the manufacturing process and that is purchased by
18 manufacturing businesses in New Mexico.

19 E. [~~The department shall annually report to the~~
20 ~~revenue stabilization and tax policy committee the aggregate~~
21 ~~amount of deductions taken pursuant to this section, the number~~
22 ~~of taxpayers claiming each of the deductions and any other~~
23 ~~information that is necessary to determine that the deductions~~
24 ~~are performing the purposes for which they are enacted] The
25 deductions provided by this section shall be included in the~~

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1 tax expenditure budget pursuant to Section 7-1-84 NMSA 1978,
2 including the annual aggregate cost of the deductions.

3 F. A taxpayer deducting gross receipts pursuant to
4 this section shall report the amount deducted separately for
5 each deduction provided in this section and attribute the
6 amount of the deduction to the appropriate authorization
7 provided in this section in a manner required by the department
8 that facilitates the evaluation by the legislature of the
9 benefit to the state of these deductions.

10 G. As used in this section:

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

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

22 (3) "qualified equipment" means machinery,
23 equipment and tools, including component, repair, replacement
24 and spare parts thereof, that are used directly in the
25 manufacturing process of a manufacturing operation. "Qualified

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

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

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

9 A. Prior to July 1, 2034, receipts from selling
10 professional services may be deducted from gross receipts or
11 from governmental gross receipts if the sale is made to a
12 person engaged in the business of manufacturing who delivers a
13 nontaxable transaction certificate to the seller or provides
14 alternative evidence pursuant to Section 7-9-43 NMSA 1978. The
15 professional services shall be related to the product that the
16 buyer is in the business of manufacturing.

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

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

25 D. ~~[The department shall compile an annual report~~

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

13 E. As used in this section:

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

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1 representation for individuals, regardless of whether those
2 individuals are owners of pass-through entities, such as
3 partnerships, limited liability companies or S corporations;

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

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

22 (4) "information technology services" means
23 separately stated services for installing and maintaining a
24 business's computers and computer network, including performing
25 computer network design; installing, repairing, maintaining or

1 restoring computer networks, hardware or software; and
2 performing custom software programming or making custom
3 modifications to existing software programming. "Information
4 technology services" does not include:

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

7 (b) computers, servers, chilling
8 equipment and pre-programmed software;

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

14 (d) access to telecommunications or
15 internet;

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

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1 does not include lobbying or government relations services,
2 title insurance agent services, licensing or selling legal
3 software or legal document templates, insurance investigation
4 services or any legal representation involving financial crimes
5 or tax evasion in New Mexico; and

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

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

11 "7-9-58. DEDUCTION--GROSS RECEIPTS TAX--FEED--
12 FERTILIZERS.--

13 A. Prior to July 1, 2028, receipts from selling
14 feed [~~for livestock~~], including the baling wire or twine used
15 to contain the feed, for livestock, fish raised for human
16 consumption, poultry or animals raised for their hides or pelts
17 and receipts from selling seeds, roots, bulbs, plants, soil
18 conditioners, fertilizers, insecticides, germicides, insects
19 used to control populations of other insects, fungicides or
20 weedicides or water for irrigation purposes may be deducted
21 from gross receipts if the sale is made to a person who states
22 in writing that [~~he~~] the person is regularly engaged in the
23 business of farming, ranching or raising animals for their
24 hides or pelts.

25 B. Prior to July 1, 2028, receipts of auctioneers

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1 from selling livestock or other agricultural products at
2 auction may also be deducted from gross receipts.

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

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

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

12 "7-9-59. DEDUCTION--GROSS RECEIPTS TAX--WAREHOUSING,
13 THRESHING, HARVESTING, GROWING, CULTIVATING AND PROCESSING
14 AGRICULTURAL PRODUCTS--TESTING OR TRANSPORTING MILK.--

15 A. Prior to July 1, 2028, receipts from warehousing
16 grain or other agricultural products may be deducted from gross
17 receipts.

18 B. Prior to July 1, 2028, receipts from threshing,
19 cleaning, growing, cultivating or harvesting agricultural
20 products, including the ginning of cotton, may be deducted from
21 gross receipts.

22 C. Prior to July 1, 2028, receipts from testing or
23 transporting milk for the producer or nonprofit marketing
24 association from the farm to a milk processing or dairy product
25 manufacturing plant may be deducted from gross receipts.

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1 D. Prior to July 1, 2028, receipts from processing
2 for growers, producers or nonprofit marketing associations of
3 agricultural products raised for food and fiber, including
4 livestock, may be deducted from gross receipts.

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

14 "7-9-62. DEDUCTION--GROSS RECEIPTS TAX--AGRICULTURAL
15 IMPLEMENTS--~~[AIRCRAFT MANUFACTURERS--VEHICLES THAT ARE NOT~~
16 ~~REQUIRED TO BE REGISTERED--AIRCRAFT PARTS AND MAINTENANCE~~
17 ~~SERVICES]~~ FARM TRACTORS--REPORTING REQUIREMENTS.--

18 A. Except for receipts deductible under Subsection
19 B of this section and prior to July 1, 2028, fifty percent of
20 the receipts from selling agricultural implements or farm
21 tractors ~~[aircraft or vehicles that are not required to be~~
22 ~~registered under the Motor Vehicle Code]~~ may be deducted from
23 gross receipts; provided that, with respect to agricultural
24 implements, the sale is made to a person who states in writing
25 that the person is regularly engaged in the business of farming

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1 or ranching. ~~[Any deduction allowed under Section 7-9-71 NMSA~~
2 ~~1978 must be taken before the deduction allowed by this~~
3 ~~subsection is computed.~~

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

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

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

18 ~~[E. The department shall compile an annual report~~
19 ~~on the deductions provided by this section that shall include~~
20 ~~the number of taxpayers approved by the department to receive~~
21 ~~the deductions, the aggregate amount of deductions approved and~~
22 ~~any other information necessary to evaluate the effectiveness~~
23 ~~of the deductions. Beginning in 2019 and every five years~~
24 ~~thereafter that the deductions are in effect. The department~~
25 ~~shall compile and present the annual reports to the revenue~~

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1 ~~stabilization and tax policy committee and the legislative~~
2 ~~finance committee with an analysis of the effectiveness and]~~

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

8 [~~(1)~~] ~~"affiliate" means a business entity that~~
9 ~~directly or indirectly through one or more intermediaries~~
10 ~~controls, is controlled by or is under common control with the~~
11 ~~aircraft manufacturer;~~

12 [~~(2)~~] "agricultural implement" means a tool,
13 utensil or instrument that is depreciable for federal income
14 tax purposes and that is:

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

18 [~~(b)~~] (2) designed primarily for use with a
19 source of motive power, such as a tractor, in planting,
20 growing, cultivating, harvesting or processing agricultural
21 crops at the place where the crop is grown; in raising poultry
22 or livestock; or in obtaining or processing food or fiber, such
23 as eggs, milk, wool or mohair, from living poultry or livestock
24 at the place where the poultry or livestock are kept for this
25 purpose

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1 ~~[(3) "aircraft manufacturer" means a business~~
2 ~~entity that in the ordinary course of business designs and~~
3 ~~builds private or commercial aircraft certified by the federal~~
4 ~~aviation administration;~~

5 ~~(4) "business entity" means a corporation,~~
6 ~~limited liability company, partnership, limited partnership,~~
7 ~~limited liability partnership or real estate investment trust,~~
8 ~~but does not mean an individual or a joint venture;~~

9 ~~(5) "control" means equity ownership in a~~
10 ~~business entity that:~~

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

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

15 ~~(6) "flight support" means providing~~
16 ~~navigation data, charts, weather information, online~~
17 ~~maintenance records and other aircraft or flight-related~~
18 ~~information and the software needed to access the~~
19 ~~information]."~~

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

22 "7-9-77. DEDUCTIONS--COMPENSATING TAX--AGRICULTURAL
23 IMPLEMENTS--FARM TRACTORS.--

24 A. Prior to July 1, 2028, fifty percent of the
25 value of agricultural implements and farm tractors [~~aircraft~~

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1 ~~not exempted under Section 7-9-30 NMSA 1978 or vehicles that~~
2 ~~are not required to be registered under the Motor Vehicle Code]~~
3 may be deducted from the value in computing the compensating
4 tax due; provided that, with respect to use of agricultural
5 implements, the person using the property is regularly engaged
6 in the business of farming or ranching. ~~[Any deduction allowed~~
7 ~~under Subsection B of this section is to be taken before the~~
8 ~~deduction allowed by this subsection is computed.]~~

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

12 C. The deductions provided by this section shall be
13 included in the tax expenditure budget pursuant to Section
14 7-1-84 NMSA 1978, including the annual aggregate cost of the
15 deductions.

16 D. As used in this subsection, "agricultural
17 implement" means a tool, utensil or instrument that is:

18 (1) designed primarily for use with a source
19 of motive power, such as a tractor, in planting, growing,
20 cultivating, harvesting or processing agricultural produce at
21 the place where the produce is grown; in raising poultry or
22 livestock; or in obtaining or processing food or fiber, such as
23 eggs, milk, wool or mohair, from living poultry or livestock at
24 the place where the poultry or livestock are kept for this
25 purpose; and

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1 (2) depreciable for federal income tax
2 purposes.

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

8 SECTION 44. Section 7-9-78.1 NMSA 1978 (being Laws 1999,
9 Chapter 231, Section 4) is amended to read:

10 "7-9-78.1. DEDUCTION--COMPENSATING TAX--URANIUM
11 ENRICHMENT PLANT EQUIPMENT.--Prior to July 1, 2034, the value
12 of equipment and replacement parts for that equipment may be
13 deducted in computing the compensating tax due if the person
14 uses the equipment and replacement parts to enrich uranium in a
15 uranium enrichment plant."

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

18 "7-9-90. DEDUCTIONS--GROSS RECEIPTS TAX--SALES OF URANIUM
19 HEXAFLUORIDE AND ENRICHMENT OF URANIUM.--

20 A. Prior to July 1, 2034, receipts from selling
21 uranium hexafluoride and from providing the service of
22 enriching uranium may be deducted from gross receipts.

23 B. [~~The department shall annually report to the~~
24 ~~revenue stabilization and tax policy committee aggregate~~
25 ~~amounts of deductions taken pursuant to this section, the~~

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1 ~~number of taxpayers claiming the deduction and any other~~
2 ~~information that is necessary to determine that the deduction~~
3 ~~is performing a purpose that is beneficial to the state]~~ The
4 deductions provided by this section shall be included in the
5 tax expenditure budget pursuant to Section 7-1-84 NMSA 1978,
6 including the annual aggregate cost of the deductions.

7 C. A taxpayer deducting gross receipts pursuant to
8 this section shall report the amount deducted separately and
9 attribute the amount of the deduction to the authorization
10 provided in this section in a manner required by the department
11 that facilitates the evaluation by the legislature for the
12 benefit to the state of this deduction."

13 SECTION 46. Section 7-9-110.1 NMSA 1978 (being Laws 2011,
14 Chapter 60, Section 1 and Laws 2011, Chapter 61, Section 1) is
15 amended to read:

16 "7-9-110.1. DEDUCTION--GROSS RECEIPTS TAX--COMPENSATING
17 TAX--LOCOMOTIVE ENGINE FUEL.--

18 A. Prior to July 1, 2034, receipts from the sale of
19 fuel to a common carrier to be loaded or used in a locomotive
20 engine may be deducted from gross receipts.

21 B. Prior to July 1, 2034, the value of fuel to be
22 loaded or used by a common carrier in a locomotive engine may
23 be deducted in computing the compensating tax due. To be
24 eligible for the deduction provided by this subsection, a
25 common carrier shall deliver an appropriate nontaxable

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1 transaction certificate to the seller and the sale shall be
2 made to a common carrier that, on or after July 1, 2012, made a
3 capital investment of fifty million dollars (\$50,000,000) or
4 more in new railroad infrastructure improvements, including
5 railroad facilities, track, signals and supporting railroad
6 network, located in New Mexico; provided that the new railroad
7 infrastructure improvements are not required by a regulatory
8 agency to correct problems, such as regular or preventative
9 maintenance, specifically identified by that agency as
10 requiring necessary corrective action.

11 C. To be eligible for the deductions provided by
12 this section, the fuel shall be used or loaded by a common
13 carrier that, on or after July 1, 2012, made a capital
14 investment of fifty million dollars (\$50,000,000) or more in
15 new railroad infrastructure improvements, including railroad
16 facilities, track, signals and supporting railroad network,
17 located in New Mexico; provided that the new railroad
18 infrastructure improvements are not required by a regulatory
19 agency to correct problems, such as regular or preventive
20 maintenance, specifically identified by that agency as
21 requiring necessary corrective action.

22 D. The economic development department shall
23 promulgate rules for the issuance of a certificate of
24 eligibility for the purposes of claiming a deduction on fuel
25 loaded or used by a common carrier in a locomotive engine from

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1 gross receipts or compensating tax. A common carrier may
2 request a certificate of eligibility from the economic
3 development department to provide to the taxation and revenue
4 department to establish eligibility for a nontaxable
5 transaction certificate for the deduction on fuel loaded or
6 used by a common carrier in a locomotive engine from gross
7 receipts. The taxation and revenue department shall issue
8 nontaxable transaction certificates to a common carrier upon
9 the presentation of a certificate of eligibility obtained from
10 the economic development department pursuant to this
11 subsection.

12 E. The economic development department shall keep a
13 record of temporary and permanent jobs from all railroad
14 activity where a capital investment is made by a common carrier
15 that claims a deduction on fuel loaded or used by a common
16 carrier in a locomotive engine from gross receipts tax or from
17 compensating tax. The economic development department and the
18 taxation and revenue department shall estimate the amount of
19 state revenue that is attributable to all railroad activity
20 where a capital investment is made by a common carrier that
21 claims a deduction on fuel loaded or used by a common carrier
22 in a locomotive engine from gross receipts tax or from
23 compensating tax.

24 F. The economic development department and the
25 taxation and revenue department shall compile an annual report

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1 with the number of taxpayers who claim a deduction pursuant to
2 this section, the number of jobs created as a result of that
3 deduction, the amount of deduction taken, the net revenue to
4 the state as a result of that deduction and any other
5 information required by the legislature to aid in evaluating
6 the effectiveness of that deduction. A taxpayer shall provide
7 the departments with the information required to compile the
8 report. The departments shall present the report before the
9 revenue stabilization and tax policy committee by November of
10 each year.

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

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

16 "7-9-120. DEDUCTION--GROSS RECEIPTS AND GOVERNMENTAL
17 GROSS RECEIPTS--FEMININE HYGIENE PRODUCTS.--

18 A. Prior to July 1, 2034, receipts from the sale of
19 feminine hygiene products may be deducted from gross receipts
20 and governmental gross receipts.

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

24 C. ~~[The department shall compile an annual report~~
25 ~~on the deduction provided by this section that shall include~~

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1 ~~the number of taxpayers that claimed the deduction, the~~
2 ~~aggregate amount of deductions claimed and any other~~
3 ~~information necessary to evaluate the effectiveness of the~~
4 ~~deduction. The department shall present the report to the~~
5 ~~revenue stabilization and tax policy committee and the~~
6 ~~legislative finance committee with an analysis of the] The~~
7 deduction provided by this section shall be included in the tax
8 expenditure budget pursuant to Section 7-1-84 NMSA 1978,
9 including the annual aggregate cost of the deduction.

10 D. As used in this section, "feminine hygiene
11 products" means tampons, menstrual pads and sanitary napkins,
12 pantliners, menstrual sponges and menstrual cups."

13 SECTION 48. A new section of the Gross Receipts and
14 Compensating Tax Act is enacted to read:

15 "[NEW MATERIAL] EXEMPTION--GROSS RECEIPTS--DONATIONS TO
16 CERTAIN NONPROFIT ORGANIZATIONS.--Exempted from the gross
17 receipts tax are the receipts of donations to an organization
18 that is exempt from the federal income tax as an organization
19 described in Section 501(c)(3) of the Internal Revenue Code of
20 1986, as amended or renumbered."

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

23 "7-14A-3. IMPOSITION AND RATE OF TAX--DENOMINATION AS
24 "LEASED VEHICLE GROSS RECEIPTS TAX".--

25 A. For the privilege of engaging in business, an

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1 excise tax equal to [~~five~~] two percent of gross receipts is
2 imposed on any person engaging in business in New Mexico.

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

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

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

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

14 B. Any protests, claims for refund, court
15 proceedings or other actions ongoing with respect to liquefied
16 petroleum gas or natural gas or to motor vehicles propelled by
17 such a fuel pursuant to the provisions of the Special Fuels
18 Supplier Tax Act on [~~the effective date of the Alternative Fuel~~
19 ~~Tax Act~~] January 1, 1996 shall be finally determined with
20 respect to the applicable provisions of the Special Fuels
21 Supplier Tax Act."

22 SECTION 51. Section 7-27-5.26 NMSA 1978 (being Laws 2000
23 (2nd S.S.), Chapter 6, Section 2, as amended) is amended to
24 read:

25 "7-27-5.26. INVESTMENT IN FILMS TO BE PRODUCED IN NEW

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1 MEXICO.--

2 A. No more than six percent of the market value of
3 the severance tax permanent fund may be invested in New Mexico
4 film private equity funds or a New Mexico film project under
5 this section.

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

11 C. The state investment officer shall make
12 investments pursuant to this section only upon approval of the
13 council after a review by the New Mexico film division of the
14 economic development department. The state investment officer
15 may make debt or equity investments pursuant to this section
16 only in New Mexico film projects or New Mexico film private
17 equity funds that invest only in film projects that:

18 (1) are filmed wholly or substantially in New
19 Mexico;

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

23 (3) have agreed that, while filming in New
24 Mexico, a majority of the production crew will be New Mexico
25 residents;

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

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

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

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

13 (c) by providing a full, unconditional
14 and irrevocable letter of credit from a United States
15 incorporated bank with a credit rating of not less than A by a
16 national rating agency; or

17 (d) from a substantial and solvent
18 entity as determined by the council in accordance with its
19 standards and practices; or

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

24 ~~[D. The state investment officer may loan at a~~
25 ~~market rate of interest, with respect to an eligible New Mexico~~

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1 ~~film project, up to eighty percent of an expected and estimated~~
2 ~~film production tax credit available to a film production~~
3 ~~company pursuant to the provisions of Section 7-2F-1 NMSA 1978;~~
4 ~~provided that the film production company agrees to name the~~
5 ~~state investment officer as its agent for the purpose of filing~~
6 ~~an application for the film production tax credit to which the~~
7 ~~company is entitled if the company does not apply for the film~~
8 ~~production tax credit. The New Mexico film division of the~~
9 ~~economic development department shall determine the estimated~~
10 ~~amount of a film production tax credit. The council shall~~
11 ~~establish guidelines for the state investment officer's~~
12 ~~initiation of a loan and the terms of the loan.~~

13 E.] D. As used in this section:

14 (1) "film project" means a single [media]
15 medium or multimedia program, including advertising messages,
16 fixed on film, videotape, computer disc, laser disc or other
17 similar delivery medium from which the program can be viewed or
18 reproduced and that is intended to be exhibited in theaters;
19 licensed for exhibition by individual television stations,
20 groups of stations, networks, cable television stations or
21 other means or licensed for the home viewing market; and

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

25 (a) has as its primary business activity

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1 the investment of funds in return for equity in film projects
2 produced wholly or partly in New Mexico;

3 (b) holds out the prospects for capital
4 appreciation from such investments; and

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

9 SECTION 52. Section 7-27-5.27 NMSA 1978 (being Laws 2020
10 (1st S.S.), Chapter 6, Section 8) is amended to read:

11 "7-27-5.27. LOCAL GOVERNMENT EMERGENCY ECONOMIC RELIEF.--

12 A. Within thirty days of [~~the effective date of~~
13 ~~this 2020 act~~] July 7, 2020, the state investment officer shall
14 make a commitment to the authority to invest one percent of the
15 average of the year-end market values of the severance tax
16 permanent fund for the immediately preceding five calendar
17 years for the purpose of making loans to local governments
18 pursuant to this section; provided that investments made
19 pursuant to this section are in compliance with the prudent
20 investor rule set forth in the Uniform Prudent Investor Act.
21 The authority may expend no more than one percent of the
22 funding made available to it pursuant to this section for
23 administering the provisions of this section.

24 B. The authority shall receive and review
25 applications for loans from the amount committed pursuant to
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1 Subsection A of this section to a local government that can
2 demonstrate that the local government experienced at least a
3 ten percent decline in local option gross receipts tax revenue
4 for the last quarter of fiscal year 2020 due to the economic
5 impacts of the coronavirus disease 2019 pandemic. The
6 authority shall adopt rules to govern the application
7 procedures and requirements for disbursing the loans.

8 C. The authority shall make loans from the amount
9 committed pursuant to Subsection A of this section in
10 accordance with the following:

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

13 (2) the authority shall determine the proper
14 amount for a loan in consultation with the local government
15 division of the department of finance and administration and
16 the local government; provided that:

17 (a) the authority shall take into
18 consideration the local government's actual decline of local
19 gross receipts tax revenue in the determination of a loan
20 amount; and

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

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

25 (a) a local government may use loan

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1 proceeds for general operating expenses and revenue
2 replacement;

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

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

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

12 (e) interest on a loan shall not
13 compound until twelve months following the date the loan
14 proceeds are made available to the local government; and

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

17 D. Receipts from the repayment of loans made
18 pursuant to this section shall be transferred to the severance
19 tax permanent fund.

20 E. No provision in a loan or the evidence of
21 indebtedness of a loan shall include a penalty or premium for
22 prepayment of the balance of the indebtedness.

23 F. On or before October 1 of a year that a loan
24 made pursuant to this section is outstanding, the authority
25 shall audit the loan program and submit a report of the

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1 findings to the New Mexico finance authority oversight
2 committee, the legislative finance committee and the office of
3 the governor. The report shall provide details regarding the
4 loans made pursuant to this section, including:

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

8 (2) the number of jobs saved that can be
9 attributed to receiving the loan, with evidence of how the loan
10 saved each job.

11 G. The authority may exercise any power provided to
12 the authority in the New Mexico Finance Authority Act to assist
13 in the administration of this section; provided that the power
14 is consistent with the provisions of this section.

15 H. As used in this section:

16 (1) "authority" means the New Mexico finance
17 authority;

18 (2) "local government" means a municipality or
19 county; and

20 (3) "local option gross receipts tax revenue"
21 means:

22 (a) for a municipality, revenue
23 [~~distributed to the municipality pursuant to Section 7-1-6.4~~
24 ~~NMSA 1978 and~~] transferred to the municipality pursuant to
25 Section 7-1-6.12 NMSA 1978; and

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

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

5 "7-36-8. TANGIBLE PERSONAL PROPERTY EXEMPT FROM PROPERTY
6 TAX--EXCEPTIONS.--

7 A. Except as provided in Subsection B of this
8 section, tangible personal property owned by a person is exempt
9 from property taxation.

10 B. The following tangible personal property owned
11 by a person is subject to valuation and taxation under the
12 Property Tax Code:

13 (1) livestock;

14 (2) manufactured homes;

15 (3) aircraft not registered under the Aircraft
16 Registration Act;

17 (4) private railroad cars [~~the earnings of~~
18 ~~which are not taxed under the provisions of the Railroad Car~~
19 ~~Company Tax Act~~];

20 (5) tangible personal property subject to
21 valuation under Sections 7-36-22 through 7-36-25 and 7-36-27
22 through 7-36-32 NMSA 1978;

23 (6) vehicles not registered under the
24 provisions of the Motor Vehicle Code and for which the owner
25 has claimed a deduction for depreciation for federal income tax

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1 purposes during any federal income taxable year occurring in
2 whole or in part during the twelve months immediately preceding
3 the first day of the property tax year; and

4 (7) other tangible personal property not
5 specified in Paragraphs (1) through (6) of this subsection:

6 (a) that is used, produced,
7 manufactured, held for sale, leased or maintained by a person
8 for purposes of the person's profession, business or
9 occupation; and

10 (b) for which the owner has claimed a
11 deduction for depreciation for federal income tax purposes
12 during any federal income taxable year occurring in whole or in
13 part during the twelve months immediately preceding the first
14 day of the property tax year."

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

17 "52-6-23. REVOCATION OF CERTIFICATE OF APPROVAL.--

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

20 (1) is found to be insolvent;
21 (2) fails to pay any ~~[premium]~~ gross receipts
22 tax, regulatory fee or assessment or special fund contribution
23 imposed upon it; or

24 (3) fails to comply with any of the provisions
25 of the Group Self-Insurance Act, with any rules or regulations

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1 promulgated [~~thereunder~~] pursuant to that act or with any
2 lawful order of the director within the time prescribed.

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

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

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

10 (3) the group or its administrator has
11 misappropriated, converted, illegally withheld or refused to
12 pay over, upon proper demand, any money that belongs to a
13 member, an employee of a member or a person otherwise entitled
14 to it and that has been entrusted to the group or its
15 administrator in its fiduciary capacities."

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

18 "59A-5-11. EXEMPTIONS FROM AUTHORITY REQUIREMENT.--A
19 certificate of authority shall not be required of an insurer
20 with respect to any of the following:

21 A. investigation, settlement or litigation of
22 claims under its policies lawfully written in this state, or
23 liquidation of assets and liabilities of the insurer (other
24 than collection of new premiums), all as resulting from its
25 former authorized operations in this state;

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

7 C. transactions thereunder subsequent to issuance
8 of a policy covering only subjects of insurance not resident,
9 located or expressly to be performed in this state at time of
10 issuance, and lawfully solicited, written and delivered outside
11 this state;

12 D. prosecution or defense of suits at law; but no
13 insurer unlawfully transacting insurance in this state without
14 certificate of authority shall be permitted to institute or
15 maintain (other than defend) any action at law or in equity in
16 any court of this state, either directly or through an assignee
17 or successor in interest, to enforce any right, claim or demand
18 arising out of such an insurance transaction until such insurer
19 or assignee or successor has obtained a certificate of
20 authority in this state. This provision does not apply to any
21 suit or action by the duly constituted receiver, rehabilitator
22 or liquidator of the insurer, assignee or successor under laws
23 similar to those contained in Chapter 59A, Article 41
24 [~~(conservation, rehabilitation, liquidation) of the Insurance~~
25 ~~Code~~] NMSA 1978;

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

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

7 G. reinsurance, except as to a domestic reinsurer;
8 or

9 H. transactions in this state involving group life
10 insurance, group health or blanket health insurance, or group
11 annuities, where the master policy or contract of such group
12 was lawfully solicited, issued and delivered pursuant to the
13 laws of a state in which the insurer was authorized to transact
14 such insurance, to a group organized for purposes other than
15 procurement of insurance, and where the policyholder is
16 domiciled or otherwise has a bona fide business situs. Except,
17 that such an insurer is subject to Section [261 ~~(superintendent~~
18 ~~is attorney of unauthorized insurer for service of process)]
19 59A-15-6 NMSA 1978 and related sections of the Insurance Code
20 with respect to contracts and certificates of insurance under
21 any such master policy or contract, issued for delivery and
22 delivered in this state to residents thereof."~~

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

25 "59A-5-23. CONTINUANCE, EXPIRATION, REINSTATEMENT OF
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1 CERTIFICATE OF AUTHORITY.--

2 A. A certificate of authority shall continue in
3 force as long as the insurer is entitled thereto under the
4 Insurance Code, and until suspended or revoked by the
5 superintendent or terminated at the insurer's request, subject,
6 however, to continuance of the certificate by the insurer each
7 year by:

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

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

13 (3) payment by the insurer when due of
14 [~~premium~~] gross receipts taxes with respect to the preceding
15 calendar year.

16 B. If not so continued by the insurer, its
17 certificate of authority shall expire at midnight on the date
18 of failure of the insurer to continue it in force, unless
19 earlier revoked as provided in Sections 59A-5-24 through
20 59A-5-26 NMSA 1978.

21 C. Upon the insurer's request made within three
22 months after expiration, the superintendent may reinstate a
23 certificate of authority that the insurer inadvertently
24 permitted to expire, after the insurer has fully cured all its
25 failures that resulted in the expiration, and upon payment by

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1 the insurer of the fee for reinstatement specified in Section
2 59A-6-1 NMSA 1978. Otherwise the superintendent shall grant
3 the insurer another certificate of authority only after filing
4 an application therefor and meeting all other requirements as
5 for an original certificate of authority in this state.

6 D. If an insurer allows a certificate of authority
7 issued by the superintendent to expire, the holder of the
8 expired certificate shall remain subject to the provisions of
9 the Insurance Code but is not authorized to transact any
10 insurance business. If the insurer reinstates the expired
11 certificate of authority within three months after expiration,
12 the reinstatement shall relate back to the date of the
13 expiration; provided that this shall not excuse any violation
14 of the Insurance Code that occurred during the intervening
15 period."

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

18 "59A-6-3. INSURER MUST PAY TAX ON WITHDRAWAL FROM
19 STATE.--Any insurer holding certificate of authority to
20 transact insurance in New Mexico that ceases to do business in
21 the state shall thereupon file with the secretary of taxation
22 and revenue a report of its premiums collected to date of such
23 cessation of business that are subject to the [~~premium tax or~~
24 ~~the health insurance premium surtax~~] gross receipts tax and not
25 theretofore reported, and forthwith pay to the secretary the

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1 tax thereon and surrender its certificate of authority to the
2 superintendent. Upon receipt, the secretary shall submit a
3 copy of the report to the superintendent and shall certify that
4 all tax obligations have been satisfied by the withdrawing
5 insurer."

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

8 "59A-6-6. PREEMPTION AND IN LIEU PROVISION.--The state
9 government of New Mexico preempts the field of taxation of
10 insurers, nonprofit health care plans, health maintenance
11 organizations, prepaid dental plans, prearranged funeral plans
12 and insurance producers as such. The payment of [~~the~~] state
13 and local gross receipts taxes and licenses and fees provided
14 for in the [~~Insurance Premium Tax Act and the~~] Insurance Code
15 shall be in lieu of all other taxes, licenses and fees of every
16 kind now or hereafter imposed by this state or any political
17 subdivision thereof on any of the foregoing specified entities
18 excepting the regular state, county and city taxes on property
19 located in New Mexico and excepting the income tax on insurance
20 producers. The provisions of this section shall not apply to
21 revenues or receipts that are not directly attributable to
22 persons, entities and activities subject to the provisions of
23 the Insurance Code."

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

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1 "59A-6-8. SUPERINTENDENT SHALL PROVIDE INFORMATION TO THE
2 TAXATION AND REVENUE DEPARTMENT [~~NECESSARY TO ADMINISTER THE~~
3 ~~INSURANCE PREMIUM TAX ACT~~].--The superintendent shall provide
4 to the taxation and revenue department information regarding an
5 insurer or plan subject to [~~the Insurance Premium Tax Act~~]
6 state and local option gross receipts taxes that is necessary
7 to that department to administer the provisions of [~~the~~
8 ~~Insurance Premium Tax Act~~] those taxes."

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

11 "59A-15-4. INSURANCE INDEPENDENTLY PROCURED--DUTY TO FILE
12 RETURNS.--

13 A. Each insured who in this state procures or
14 continues or renews insurance with a nonadmitted insurer on a
15 risk located or to be performed in whole or in part in this
16 state, other than insurance procured through a surplus lines
17 licensee pursuant to Chapter 59A, Article 14 NMSA 1978, shall
18 file returns pursuant to the [~~Insurance Premium~~] Gross Receipts
19 and Compensating Tax Act.

20 B. If an independently procured policy covers risks
21 or exposures only partially located or to be performed in this
22 state, the taxes, fees and penalties imposed pursuant to the
23 Insurance Code and the [~~Insurance Premium~~] Gross Receipts and
24 Compensating Tax Act shall be computed on the portion of the
25 premium properly attributable to the risks or exposures located

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1 or to be performed in this state and reported to the secretary
2 of taxation and revenue. In no event, however, shall a tax be
3 payable solely because the risk in question, or any portion
4 thereof, is located or to be performed in this state.

5 C. This section does not abrogate or modify, and
6 shall not be construed or deemed to abrogate or modify, any
7 provision of the Insurance Code.

8 D. This section does not apply to life insurance,
9 health insurance or annuities."

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

12 "59A-20-33. STANDARD NONFORFEITURE LAW--INDIVIDUAL
13 DEFERRED ANNUITIES.--

14 A. This section shall not apply to any reinsurance,
15 group annuity purchased under a retirement plan or plan of
16 deferred compensation established or maintained by an employer,
17 including a partnership or sole proprietorship or by an
18 employee organization, or by both, other than a plan providing
19 individual retirement accounts or individual retirement
20 annuities under Section 408 of the Internal Revenue Code of
21 1986, as now or hereafter amended, premium deposit fund,
22 variable annuity, investment annuity, immediate annuity, any
23 deferred annuity contract after annuity payments have commenced
24 or reversionary annuity, nor to any contract that shall be
25 delivered outside this state through an agent or other

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1 representative of the insurer issuing the contract.

2 B. In the case of contracts issued on or after the
3 operative date of this section as defined in Subsection P of
4 this section, no contract of annuity, except as stated in
5 Subsection A of this section, shall be delivered or issued for
6 delivery in this state unless it contains in substance the
7 following provisions, or corresponding provisions that in the
8 opinion of the superintendent are at least as favorable to the
9 contractholder, upon cessation of payment of considerations
10 under the contract:

11 (1) that upon cessation of payment of
12 considerations under a contract or upon the written request of
13 the contract owner, the insurer shall grant a paid-up annuity
14 benefit on a plan stipulated in the contract of such value as
15 is specified in Subsections H, I, J, K and M of this section;

16 (2) if a contract provided for a lump sum
17 settlement at maturity, or at any other time, that upon
18 surrender of the contract at or prior to the commencement of
19 any annuity payments, the insurer shall pay in lieu of any
20 paid-up annuity benefit a cash surrender benefit of such amount
21 as is specified in Subsections H, I, K and M of this section.
22 The insurer may reserve the right to defer the payment of such
23 cash surrender benefit for a period not to exceed six months
24 after demand therefor with surrender of the contract after
25 making written request and receiving written approval of the

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1 superintendent. The request shall address the necessity and
2 equatability to all policyholders of the deferral;

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

8 (4) a statement that any paid-up annuity, cash
9 surrender or death benefits that may be available under the
10 contract are not less than the minimum benefits required by any
11 statute of the state in which the contract is delivered and an
12 explanation of the manner in which such benefits are altered by
13 the existence of any additional amounts credited by the insurer
14 to the contract, any indebtedness to the insurer on the
15 contract or any prior withdrawals from or partial surrenders of
16 the contract.

17 C. Notwithstanding the requirements of this
18 section, any deferred annuity contract may provide that if no
19 considerations have been received under a contract for a period
20 of two full years and the portion of the paid-up annuity
21 benefit at maturity on the plan stipulated in the contract
22 arising from prior considerations paid would be less than
23 twenty dollars (\$20.00) monthly, the insurer may at its option
24 terminate such contract by payment in cash of the then present
25 value of such portion of the paid-up annuity benefit,

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1 calculated on the basis of the mortality table, if any, and
2 interest rate specified in the contract for determining the
3 paid-up annuity benefit, and by such payment shall be relieved
4 of any further obligation under such contract.

5 D. The minimum values as specified in Subsections
6 H, I, J, K and M of this section of any paid-up annuity, cash
7 surrender or death benefits available under an annuity contract
8 shall be based upon minimum nonforfeiture amounts as defined in
9 this section. The minimum nonforfeiture amount at any time at
10 or prior to the commencement of any annuity payments shall be
11 equal to an accumulation up to such time at rates of interest
12 as indicated in Subsection E of this section of the net
13 considerations, as hereinafter defined, paid prior to such
14 time, decreased by the sum of Paragraphs (1) through (4) of
15 this subsection:

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

19 (2) an annual contract charge of fifty dollars
20 (\$50.00), accumulated at rates of interest as indicated in
21 Subsection E of this section;

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

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

3 E. The net considerations for a given contract year
4 used to define the minimum nonforfeiture amount shall be an
5 amount equal to eighty-seven and one-half percent of the gross
6 considerations credited to the contract during that contract
7 year. The interest rate used in determining minimum
8 nonforfeiture amounts shall be an annual rate of interest
9 determined as the lesser of three percent per annum and the
10 following, which shall be specified in the contract if the
11 interest rate will be reset:

12 (1) the five-year constant maturity treasury
13 rate reported by the federal reserve as of a date, or average
14 over a period, rounded to the nearest one-twentieth percent,
15 specified in the contract no longer than fifteen months prior
16 to the contract issue date or redetermination date pursuant to
17 Paragraph (2) of this subsection reduced by one hundred twenty-
18 five basis points, where the resulting interest rate is not
19 less than one percent; and

20 (2) the interest rate shall apply for an
21 initial period and may be redetermined for additional periods.
22 The redetermination date, basis and period, if any, shall be
23 stated in the contract. The basis is the date or average over
24 a specified period that produces the value of the five-year
25 constant maturity treasury rate to be used at each

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1 redetermination date.

2 F. Notwithstanding the provisions of Subsections D
3 and E of this section, during the period or term that a
4 contract provides substantive participation in an equity
5 indexed benefit, it may increase the reduction described in
6 Paragraph (1) of Subsection E of this section by up to an
7 additional one hundred basis points to reflect the value of the
8 equity index benefit. The present value at the contract issue
9 date, and at each redetermination date thereafter, of the
10 additional reduction shall not exceed the market value of the
11 benefit. The superintendent may require a demonstration that
12 the present value of the reduction does not exceed the market
13 value of the benefit. Lacking such a demonstration that is
14 acceptable to the superintendent, the superintendent may
15 disallow or limit the additional reduction.

16 G. The superintendent may adopt rules to implement
17 the provisions of Subsection F of this section and to provide
18 for further adjustments to the calculation of minimum
19 nonforfeiture amounts for contracts that provide substantive
20 participation in an equity index benefit and for other
21 contracts that the superintendent determines adjustments are
22 justified.

23 H. Any paid-up annuity benefit available under a
24 contract shall be such that its present value on the date
25 annuity payments are to commence is at least equal to the

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1 minimum nonforfeiture amount on that date. Such present value
2 shall be computed using the mortality table, if any, and the
3 interest rates specified in the contract for determining the
4 minimum paid-up annuity benefits guaranteed in the contract.

5 I. For contracts that provide cash surrender
6 benefits, such cash surrender benefits available prior to
7 maturity shall not be less than the present value as of the
8 date of surrender of that portion of the maturity value of the
9 paid-up annuity benefit that would be provided under the
10 contract at maturity arising from considerations paid prior to
11 the time of cash surrender reduced by the amount appropriate to
12 reflect any prior withdrawals from or partial surrenders of the
13 contract, such present value being calculated on the basis of
14 an interest rate not more than one percent higher than the
15 interest rate specified in the contract for accumulating the
16 net considerations to determine such maturity value, decreased
17 by the amount of any indebtedness to the insurer on the
18 contract, including interest due and accrued, and increased by
19 any existing additional amounts credited by the insurer to the
20 contract. In no event shall any cash surrender benefit be less
21 than the minimum nonforfeiture amount at that time. The death
22 benefit under such contracts shall be at least equal to the
23 cash surrender benefit.

24 J. For contracts that do not provide cash surrender
25 benefits, the present value of any paid-up annuity benefit

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1 available as a nonforfeiture option at any time prior to
2 maturity shall not be less than the present value of that
3 portion of the maturity value of the paid-up annuity benefit
4 provided under the contract arising from considerations paid
5 prior to the time the contract is surrendered in exchange for,
6 or changed to, a deferred paid-up annuity, such present value
7 being calculated for the period prior to the maturity date on
8 the basis of the interest rate specified in the contract for
9 accumulating the net considerations to determine such maturity
10 value, and increased by any existing additional amounts
11 credited by the insurer to the contract. For contracts that do
12 not provide any death benefits prior to the commencement of any
13 annuity payments, such present values shall be calculated on
14 the bases of such interest rate and the mortality table
15 specified in the contract for determining the maturity value of
16 the paid-up annuity benefit. However, in no event shall the
17 present value of a paid-up annuity benefit be less than the
18 minimum nonforfeiture amount at that time.

19 K. For the purpose of determining the benefits
20 calculated under Subsections I and J of this section, in the
21 case of annuity contracts under which an election may be made
22 to have annuity payments commence at optional maturity dates,
23 the maturity date shall be deemed to be the latest date for
24 which election shall be permitted by the contract, but shall
25 not be deemed to be later than the anniversary of the contract

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1 next following the annuitant's seventieth birthday or the tenth
2 anniversary of the contract, whichever is later.

3 L. Any contract that does not provide cash
4 surrender benefits or does not provide death benefits at least
5 equal to the minimum nonforfeiture amount prior to the
6 commencement of any annuity payments shall include a statement
7 in a prominent place in the contract that such benefits are not
8 provided.

9 M. Any paid-up annuity, cash surrender or death
10 benefits available at any time, other than on the contract
11 anniversary under any contract with fixed scheduled
12 considerations, shall be calculated with allowance for the
13 lapse of time and the payment of any scheduled considerations
14 beyond the beginning of the contract year in which cessation of
15 payment of considerations under the contract occurs.

16 N. For any contract that provides, within the same
17 contract by rider or supplemental contract provision, both
18 annuity benefits and life insurance benefits that are in excess
19 of the greater of cash surrender benefits or a return of the
20 gross considerations with interest, the minimum nonforfeiture
21 benefits shall be equal to the sum of the minimum nonforfeiture
22 benefits for the annuity portion and the minimum nonforfeiture
23 benefits, if any, for the life insurance portion computed as if
24 each portion were a separate contract. Notwithstanding the
25 provisions of Subsections H, I, J, K and M of this section,

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1 additional benefits payable in the event of total and permanent
2 disability, as reversionary annuity or deferred reversionary
3 annuity benefits, or as other policy benefits additional to
4 life insurance, endowment and annuity benefits, and
5 considerations for all such additional benefits, shall be
6 disregarded in ascertaining the minimum nonforfeiture amounts,
7 paid-up annuity, cash surrender and death benefits that may be
8 required by this section. The inclusion of such additional
9 benefits shall not be required in any paid-up benefits, unless
10 such additional benefits separately would require minimum
11 nonforfeiture amounts, paid-up annuity, cash surrender and
12 death benefits.

13 O. The superintendent may adopt rules to implement
14 the provisions of this section.

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

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

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

23 A. A health insurer shall reimburse direct services
24 as follows:

25 (1) for small groups, at no less than eighty

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1 percent of aggregate premiums for all such products; and

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

4 B. Reimbursement for direct services shall be
5 determined based on services provided over the preceding three
6 calendar years, but not earlier than calendar year 2010, as
7 determined by reports filed with the office of superintendent
8 of insurance. Reimbursement calculations shall include short-
9 term plans, but exclude all other excepted benefits plans
10 governed by the provisions of Chapter 59A, Article 23G NMSA
11 1978.

12 C. For individually underwritten health care
13 policies, plans or contracts, the superintendent shall
14 establish, after notice and informal hearing, the level of
15 reimbursement for direct services, as determined by the reports
16 filed with the office of superintendent of insurance, as a
17 percent of premiums. Additional informal hearings may be held
18 at the superintendent's discretion. In establishing the level
19 of reimbursement for direct services, the superintendent shall
20 consider the costs associated with the individual marketing and
21 medical underwriting of these policies, plans or contracts at a
22 level not less than seventy-five percent of premiums. A health
23 insurer writing these policies shall make reimbursement for
24 direct services at a level not less than that level established
25 by the superintendent pursuant to this subsection over the

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1 three calendar years preceding the date upon which that rate is
2 established, but not earlier than calendar year 2010. Nothing
3 in this subsection shall be construed to preclude a purchaser
4 of one of these policies, plans or contracts from negotiating
5 an agreement with a health insurer that requires a higher
6 amount of premiums paid to be used for reimbursement for direct
7 services.

8 D. An insurer that fails to comply with the
9 reimbursement requirements pursuant to this section shall issue
10 a dividend or credit against future premiums to all
11 policyholders in an amount sufficient to ensure that the
12 benefits paid in the preceding three calendar years plus the
13 amount of the dividends or credits are equal to the required
14 direct services reimbursement level pursuant to Subsection A of
15 this section for group health coverage and blanket health
16 coverage or the required direct services reimbursement level
17 pursuant to Subsection B of this section for individually
18 underwritten health policies, contracts or plans for the
19 preceding three calendar years. If the insurer fails to issue
20 the dividend or credit in accordance with the requirements of
21 this section, the superintendent shall enforce these
22 requirements and may pursue any other penalties as provided by
23 law, including general penalties pursuant to Section 59A-1-18
24 NMSA 1978.

25 E. After notice and hearing, the superintendent may

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1 adopt and promulgate reasonable rules necessary and proper to
2 carry out the provisions of this section.

3 F. For the purposes of this section:

4 (1) "direct services" means services rendered
5 to an individual by a health insurer or a health care
6 practitioner, facility or other provider, including case
7 management, disease management, health education and promotion,
8 preventive services, quality incentive payments to providers
9 and any portion of an assessment that covers services rather
10 than administration and for which an insurer does not receive a
11 tax credit pursuant to the Medical Insurance Pool Act;
12 provided, however, that "direct services" does not include care
13 coordination, utilization review or management or any other
14 activity designed to manage utilization or services;

15 (2) "health insurer" means a person duly
16 authorized to transact the business of health insurance in the
17 state pursuant to the Insurance Code, including a person that
18 issues a short-term plan and a person that only issues an
19 excepted benefit policy intended to supplement major medical
20 coverage, including medicare supplement, vision, dental,
21 disease-specific, accident-only or hospital indemnity-only
22 insurance policies, or that only issues policies for long-term
23 care or disability income;

24 (3) "premium" means all income received from
25 individuals and private and public payers or sources for the

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1 procurement of health coverage, including capitated payments,
2 self-funded administrative fees, self-funded claim
3 reimbursements, recoveries from third parties or other insurers
4 and interests less any state and local option gross receipts
5 tax paid [~~pursuant to the Insurance Premium Tax Act~~] and fees
6 associated with participating in a health insurance exchange
7 that serves as a clearinghouse for insurance; and

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

11 (a) has a maximum specified duration of
12 not more than three months after the effective date of the
13 plan;

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

19 (c) is not an excepted benefit or
20 combination of excepted benefits."

21 SECTION 63. Section 59A-23C-10 NMSA 1978 (being Laws
22 2010, Chapter 94, Section 2, as amended) is amended to read:

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

24 A. A health insurer shall make reimbursement for
25 direct services at a level not less than eighty-five percent of

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1 premiums across all health product lines over the preceding
2 three calendar years, but not earlier than calendar year 2010,
3 as determined by reports filed with the office of
4 superintendent of insurance. Nothing in this subsection shall
5 be construed to preclude a purchaser from negotiating an
6 agreement with a health insurer that requires a higher amount
7 of premiums paid to be used for reimbursement for direct
8 services for one or more products or for one or more years.

9 B. An insurer that fails to comply with the eighty-
10 five percent reimbursement requirement in Subsection A of this
11 section shall issue a dividend or credit against future
12 premiums to all policyholders in an amount sufficient to assure
13 that the benefits paid in the preceding three calendar years
14 plus the amount of the dividends or credits equal eighty-five
15 percent of the premiums collected in the preceding three
16 calendar years. If the insurer fails to issue the dividend or
17 credit in accordance with the requirements of this section, the
18 superintendent shall enforce the requirements and may pursue
19 any other penalties as provided by law, including general
20 penalties pursuant to Section 59A-1-18 NMSA 1978.

21 C. After notice and hearing, the superintendent may
22 adopt and promulgate reasonable rules necessary and proper to
23 carry out the provisions of this section.

24 D. For the purposes of this section:

25 (1) "direct services" means services rendered

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1 to an individual by a health insurer or a health care
2 practitioner, facility or other provider, including case
3 management, disease management, health education and promotion,
4 preventive services, quality incentive payments to providers
5 and any portion of an assessment that covers services rather
6 than administration and for which an insurer does not receive a
7 tax credit pursuant to the Medical Insurance Pool Act;
8 provided, however, that "direct services" does not include care
9 coordination, utilization review or management or any other
10 activity designed to manage utilization or services;

11 (2) "health insurer" means a person duly
12 authorized to transact the business of health insurance in the
13 state pursuant to the Insurance Code but does not include a
14 person that only issues a limited-benefit policy intended to
15 supplement major medical coverage, including medicare
16 supplement, vision, dental, disease-specific, accident-only or
17 hospital indemnity-only insurance policies, or that only issues
18 policies for long-term care or disability income; and

19 (3) "premium" means all income received from
20 individuals and private and public payers or sources for the
21 procurement of health coverage, including capitated payments,
22 self-funded administrative fees, self-funded claim
23 reimbursements, recoveries from third parties or other insurers
24 and interests less any state and local option gross receipts
25 tax paid [~~pursuant to the Insurance Premium Tax Act and~~] fees

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1 associated with participating in a health insurance exchange
2 that serves as a clearinghouse for insurance."

3 SECTION 64. Section 59A-23F-6.1 NMSA 1978 (being Laws
4 2020, Chapter 35, Section 6) is amended to read:

5 "59A-23F-6.1. BOARD--ADDITIONAL DUTIES AND POWERS.--In
6 addition to other duties and powers in the New Mexico Health
7 Insurance Exchange Act, the board shall:

8 A. in consultation with the superintendent:

9 (1) establish policies and procedures for the
10 review and recommendation of health benefits plans to be
11 offered on the exchange;

12 (2) determine additional minimum requirements
13 for a health insurance issuer to be considered for
14 participation in the exchange; and

15 (3) determine standards and criteria for
16 health benefits plans to be offered through the exchange that
17 offer an optimal level of choice, value, quality and service
18 and that are in the best interests of qualified individuals and
19 qualified small employers;

20 B. establish policies and procedures that allow
21 city, county and state governments, Indian nations, tribes and
22 pueblos, tribal organizations, urban Native American
23 organizations, private foundations and other entities to pay
24 premiums and cost-sharing on behalf of qualified individuals
25 consistent with federal requirements;

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1 C. provide for the operation of a toll-free hotline
2 to respond to requests for assistance, using staff that is
3 trained to provide assistance in a culturally and
4 linguistically appropriate manner;

5 D. provide for an annual regular enrollment period
6 and special enrollment periods in the best interest of
7 qualified individuals and qualified small employers;

8 E. maintain an internet website through which
9 enrollees and prospective enrollees of qualified health plans
10 may obtain standardized comparative information on those plans;

11 F. use a standardized format for presenting health
12 benefit plan options in the exchange;

13 G. determine the criteria and process for
14 eligibility, enrollment and disenrollment of enrollees and
15 potential enrollees in the exchange and coordinate that process
16 with the ~~[human services department]~~ health care authority in
17 order to ensure consistent eligibility and enrollment processes
18 and seamless transitions between coverages;

19 H. inform individuals of eligibility requirements
20 for medicaid, the children's health insurance program or other
21 applicable state or local public programs. If the exchange
22 assesses that an individual may be eligible for a program, the
23 board shall share information with that program to facilitate
24 the eligibility determination and enrollment of the individual;

25 I. establish and make available by electronic means

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1 a calculator to determine the actual cost of coverage after the
2 application of any [~~premium tax credits and~~] cost-sharing
3 reductions under applicable federal or state law;

4 J. perform duties required of, or delegated to, the
5 exchange by the secretary of the United States department of
6 health and human services or the United States secretary of the
7 treasury related to determining eligibility for [~~premium tax~~
8 ~~credits or~~] reduced cost sharing;

9 K. maintain a statewide consumer assistance
10 program, including a navigator program; and

11 L. maintain a small business health options program
12 exchange through which qualified employers may access coverage
13 for their employees, providing as appropriate premium
14 aggregation and other related services to minimize the
15 administrative burdens for qualified employers and to:

16 (1) enable a qualified employer to specify a
17 level of coverage so that its employees may enroll in a
18 qualified health plan offered through the small business health
19 options program exchange at the specified level of coverage; or

20 (2) enable a qualified employer to provide a
21 specific amount or other payment formulated in accordance with
22 federal law to be used as part of an employee's choice of
23 plan."

24 **SECTION 65.** Section 59A-23F-11 NMSA 1978 (being Laws
25 2021, Chapter 136, Section 4, as amended) is amended to read:

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1 "59A-23F-11. HEALTH CARE AFFORDABILITY FUND.--

2 A. The "health care affordability fund" is created
3 in the state treasury. The fund consists of distributions,
4 appropriations, gifts, grants and donations. Money in the fund
5 at the end of a fiscal year shall not revert to any other fund.
6 The health care authority shall administer the fund, and money
7 in the fund is subject to appropriation by the legislature for
8 purposes provided by this section. Disbursements from the fund
9 shall be made by warrant of the secretary of finance and
10 administration pursuant to vouchers signed by the secretary of
11 health care authority or the secretary's authorized
12 representative.

13 B. The purpose of the fund is to:

14 (1) reduce health care premiums and cost
15 sharing for New Mexico residents who purchase health care
16 coverage on the New Mexico health insurance exchange;

17 (2) reduce premiums for small businesses and
18 their employees purchasing health care coverage in the fully
19 insured small group market;

20 (3) provide resources for planning, design and
21 implementation of health care coverage initiatives for
22 uninsured New Mexico residents; and

23 (4) provide resources for administration of
24 state health care coverage initiatives for uninsured New Mexico
25 residents.

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1 C. If the federal Patient Protection and Affordable
2 Care Act is repealed in full or in part by an act of congress
3 or invalidated by the United States supreme court and
4 eliminates or reduces comprehensive health care coverage for
5 New Mexico residents through medicaid or the New Mexico health
6 insurance exchange, the fund may be used to maintain coverage
7 through the New Mexico health insurance exchange or through
8 medical assistance programs administered by the health care
9 authority; provided that coverage is prioritized for New Mexico
10 residents with incomes below two hundred percent of the federal
11 poverty level.

12 ~~[D. Prior to July 1, 2025, the staff of the~~
13 ~~legislative finance committee shall conduct a program~~
14 ~~evaluation to measure the impact of changes to the health~~
15 ~~insurance premium surtax and the creation of the health care~~
16 ~~affordability fund as it relates to the purpose of the fund.~~

17 E.] D. Prior to July 1 of each year, the health
18 care authority shall provide actuarial data from the health
19 care affordability fund to the legislative finance committee.

20 ~~[F.]~~ E. Prior to July 1 of each year, the secretary
21 of health care authority, in consultation with the
22 superintendent, the secretary of taxation and revenue and the
23 chief executive officer of the New Mexico health insurance
24 exchange, shall work with the legislative finance committee and
25 the department of finance and administration to develop and

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1 report on performance measures relating to the health care
2 affordability fund and any programs or initiatives funded by
3 the fund."

4 SECTION 66. Section 59A-34-33 NMSA 1978 (being Laws 1984,
5 Chapter 127, Section 579) is amended to read:

6 "59A-34-33. UNAUTHORIZED BUSINESS IN OTHER STATES.--

7 A. No domestic insurer shall transact insurance in
8 any other state without first being legally authorized to do so
9 under the laws of [~~such~~] that state.

10 B. Subsection A [~~above~~] of this section shall not
11 apply to:

12 (1) contracts entered into where the
13 prospective insured when [~~he~~] the prospective insured signs the
14 application for the insurance is personally present in a state
15 in which the insurer is then authorized to transact the kind of
16 insurance involved;

17 (2) issuance of certificates under a lawfully
18 transacted group life or group health insurance policy where
19 the master policy or contract was entered into in a state in
20 which the insurer was then authorized to transact the insurance
21 involved and in which the policyholder was then domiciled or
22 otherwise had a bona fide situs; or

23 (3) renewal or continuance in force, with or
24 without modification, of policies and insurance contracts
25 otherwise lawful and not originally issued in violation of

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1 Subsection A [~~above~~] of this section.

2 C. The superintendent may revoke the certificate of
3 authority of an insurer [~~which~~] that violates this section, and
4 may require the insurer to pay to the state in which the
5 business was so unlawfully written the [~~premium~~] taxes
6 otherwise applicable as provided by the laws of [~~such~~] the
7 state."

8 SECTION 67. Section 59A-39-5 NMSA 1978 (being Laws 1984,
9 Chapter 127, Section 662, as amended) is amended to read:

10 "59A-39-5. ATTORNEY.--

11 A. "Attorney", as used in Chapter 59A, Article 39
12 NMSA 1978, refers to the attorney-in-fact of a reciprocal
13 insurer. The attorney may be an individual, firm or
14 corporation.

15 B. The attorney of a foreign reciprocal insurer,
16 which insurer is duly authorized to transact insurance in this
17 state, shall not, by virtue of the discharge of its duties as
18 such attorney with respect to the insurer's transactions in
19 this state, be thereby deemed to be doing business in this
20 state within the meaning of any laws of this state applying to
21 foreign persons, firms or corporations.

22 C. The subscribers and the attorney-in-fact
23 comprise a reciprocal insurer and single entity for the
24 purposes of the [~~Insurance Premium~~] Gross Receipts and
25 Compensating Tax Act and Sections 59A-6-3 through 59A-6-6 NMSA

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1 1978 as to all operations under the insurer's certificate of
2 authority."

3 SECTION 68. Section 59A-46-2 NMSA 1978 (being Laws 1993,
4 Chapter 266, Section 2, as amended by Laws 2019, Chapter 235,
5 Section 10 and by Laws 2019, Chapter 259, Section 17) is
6 amended to read:

7 "59A-46-2. DEFINITIONS.--As used in the Health
8 Maintenance Organization Law:

9 A. "basic health care services" means medically
10 necessary services consisting of preventive care, emergency
11 care, inpatient and outpatient hospital and physician care,
12 diagnostic laboratory, diagnostic and therapeutic radiological
13 services and services of pharmacists and pharmacist clinicians;

14 B. "capitated basis" means fixed per member per
15 month payment or percentage of premium payment wherein the
16 provider assumes the full risk for the cost of contracted
17 services without regard to the type, value or frequency of
18 services provided and includes the cost associated with
19 operating staff model facilities;

20 C. "carrier" means a health maintenance
21 organization, an insurer, a nonprofit health care plan or other
22 entity responsible for the payment of benefits or provision of
23 services under a group contract;

24 D. "copayment" means an amount an enrollee must pay
25 in order to receive a specific service that is not fully

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1 prepaid;

2 E. "credentialing" means the process of obtaining
3 and verifying information about a provider and evaluating that
4 provider when that provider seeks to become a participating
5 provider;

6 F. "deductible" means the amount an enrollee is
7 responsible to pay out-of-pocket before the health maintenance
8 organization begins to pay the costs associated with treatment;

9 G. "direct services" means services rendered to an
10 individual by a carrier or a health care practitioner, facility
11 or other provider, which services include case management,
12 disease management, health education and promotion, preventive
13 services, quality incentive payments to providers and any
14 proportion of an assessment that covers services rather than
15 administration and for which a carrier does not receive a tax
16 credit pursuant to the Medical Insurance Pool Act; provided
17 that "direct services" does not include care coordination,
18 utilization review or management or any other activity designed
19 to manage utilization or services;

20 H. "enrollee" means an individual who is covered by
21 a health maintenance organization;

22 I. "evidence of coverage" means a policy, contract
23 or certificate showing the essential features and services of
24 the health maintenance organization coverage that is given to
25 the subscriber by the health maintenance organization or by the

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1 group contract holder;

2 J. "extension of benefits" means the continuation
3 of coverage under a particular benefit provided under a
4 contract or group contract following termination with respect
5 to an enrollee who is totally disabled on the date of
6 termination;

7 K. "grievance" means a written complaint submitted
8 in accordance with the health maintenance organization's formal
9 grievance procedure by or on behalf of the enrollee regarding
10 any aspect of the health maintenance organization relative to
11 the enrollee;

12 L. "group contract" means a contract for health
13 care services that by its terms limits eligibility to members
14 of a specified group and may include coverage for dependents;

15 M. "group contract holder" means the person to whom
16 a group contract has been issued;

17 N. "health care services" means any services
18 included in the furnishing to any individual of medical,
19 mental, dental, pharmaceutical or optometric care or
20 hospitalization or nursing home care or incident to the
21 furnishing of such care or hospitalization, as well as the
22 furnishing to any person of any and all other services for the
23 purpose of preventing, alleviating, curing or healing human
24 physical or mental illness or injury;

25 O. "health maintenance organization" means a person

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1 that undertakes to provide or arrange for the delivery of basic
2 health care services to enrollees on a prepaid basis, except
3 for enrollee responsibility for copayments or deductibles,
4 including a carrier that issues:

5 (1) a short-term contract;

6 (2) an excepted benefit policy or contract
7 intended to supplement major medical coverage, including
8 medicare supplement, vision, dental, disease-specific,
9 accident-only or hospital indemnity-only insurance policies; or

10 (3) a policy for long-term care or disability
11 income;

12 P. "health maintenance organization agent" means a
13 person who solicits, negotiates, effects, procures, delivers,
14 renews or continues a policy or contract for health maintenance
15 organization membership or who takes or transmits a membership
16 fee or premium for such a policy or contract, other than for
17 that person, or a person who advertises or otherwise makes any
18 representation to the public as such;

19 Q. "individual contract" means a contract for
20 health care services issued to and covering an individual, and
21 it may include dependents of the subscriber;

22 R. "insolvent" or "insolvency" means that the
23 organization has been declared insolvent and placed under an
24 order of liquidation by a court of competent jurisdiction;

25 S. "managed hospital payment basis" means

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1 agreements in which the financial risk is related primarily to
2 the degree of utilization rather than to the cost of services;

3 T. "net worth" means the excess of total admitted
4 assets over total liabilities, but the liabilities shall not
5 include fully subordinated debt;

6 U. "participating provider" means a provider as
7 defined in Subsection Z of this section that, under an express
8 contract with the health maintenance organization or with its
9 contractor or subcontractor, has agreed to provide health care
10 services to enrollees with an expectation of receiving payment,
11 other than copayment or deductible, directly or indirectly from
12 the health maintenance organization;

13 V. "person" means an individual or other legal
14 entity;

15 W. "pharmacist" means a person licensed as a
16 pharmacist pursuant to the Pharmacy Act;

17 X. "pharmacist clinician" means a pharmacist who
18 exercises prescriptive authority pursuant to the Pharmacist
19 Prescriptive Authority Act;

20 Y. "premium" means all income received from
21 individuals and private and public payers or sources for the
22 procurement of health coverage, including capitated payments,
23 self-funded administrative fees, self-funded claim
24 reimbursements, recoveries from third parties or other carriers
25 and interests less any ~~[premium]~~ state and local option gross

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1 receipts tax paid [~~pursuant to Section 59A-6-2 NMSA 1978~~] and
2 fees associated with participating in a health insurance
3 exchange that serves as a clearinghouse for insurance;

4 Z. "provider" means a physician, pharmacist,
5 pharmacist clinician, hospital or other person licensed or
6 otherwise authorized to furnish health care services;

7 AA. "replacement coverage" means the benefits
8 provided by a succeeding carrier;

9 BB. "short-term contract" means a nonrenewable
10 health maintenance organization contract covering a resident of
11 the state, regardless of where the contract is delivered, that:

12 (1) has a maximum specified duration of not
13 more than three months after the effective date of the
14 contract; and

15 (2) is issued only to individuals who have not
16 been enrolled in a health maintenance organization contract
17 that provides the same or similar nonrenewable coverage from
18 any carrier within the three months preceding enrollment in the
19 short-term contract;

20 CC. "subscriber" means an individual whose
21 employment or other status, except family dependency, is the
22 basis for eligibility for enrollment in the health maintenance
23 organization or, in the case of an individual contract, the
24 person in whose name the contract is issued; and

25 DD. "uncovered expenditures" means the costs to the

1 health maintenance organization for health care services that
2 are the obligation of the health maintenance organization, for
3 which an enrollee may also be liable in the event of the health
4 maintenance organization's insolvency and for which no
5 alternative arrangements have been made that are acceptable to
6 the superintendent."

7 SECTION 69. Section 59A-47-3 NMSA 1978 (being Laws 1984,
8 Chapter 127, Section 879.1, as amended) is amended to read:

9 "59A-47-3. DEFINITIONS.--As used in Chapter 59A, Article
10 47 NMSA 1978:

11 A. "acquisition expenses" includes all expenses
12 incurred in connection with the solicitation and enrollment of
13 subscribers;

14 B. "administration expenses" means all expenses of
15 the health care plan other than the cost of health care expense
16 payments and acquisition expenses;

17 C. "agent" means a person appointed by a health
18 care plan authorized to transact business in this state to act
19 as its representative in any given locality for soliciting
20 health care policies and other related duties as may be
21 authorized;

22 D. "chiropractor" means any person holding a
23 license provided for in the Chiropractic Physician Practice
24 Act;

25 E. "credentialing" means the process of obtaining

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1 and verifying information about a provider and evaluating that
2 provider when that provider seeks to become a participating
3 provider;

4 F. "direct services" means services rendered to an
5 individual by a health care plan, health insurer or a health
6 care practitioner, facility or other provider, including case
7 management, disease management, health education and promotion,
8 preventive services, quality incentive payments to providers
9 and any portion of an assessment that covers services rather
10 than administration and for which a health care plan or a
11 health insurer does not receive a tax credit pursuant to the
12 Medical Insurance Pool Act; provided, however, that "direct
13 services" does not include care coordination, utilization
14 review or management or any other activity designed to manage
15 utilization or services;

16 G. "doctor of oriental medicine" means any person
17 licensed as a doctor of oriental medicine under the Acupuncture
18 and Oriental Medicine Practice Act;

19 H. "health care" means the treatment of persons for
20 the prevention, cure or correction of any illness or physical
21 or mental condition, including optometric services;

22 I. "health care expense payment" means a payment
23 for health care to a purveyor on behalf of a subscriber, or
24 such a payment to the subscriber;

25 J. "health care plan" means an organization that

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1 demonstrates to the superintendent that it has been granted
2 exemption from the federal income tax by the United States
3 commissioner of internal revenue as an organization described
4 in Section 501(c)(3) of the United States Internal Revenue Code
5 of 1986, as that section may be amended or renumbered, and is
6 authorized by the superintendent to enter into contracts with
7 subscribers and to make health care expense payments, including
8 an organization that issues:

9 (1) a short-term health care plan;

10 (2) an excepted benefit health care plan
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 or plan for long-term care or
15 disability income;

16 K. "indemnity benefit" means a payment that the
17 purveyor has not agreed to accept as payment in full for health
18 care furnished the subscriber;

19 L. "item of health care" means a service or
20 material used in health care;

21 M. "pharmacist" means a person licensed as a
22 pharmacist pursuant to the Pharmacy Act;

23 N. "pharmacist clinician" means a pharmacist who
24 exercises prescriptive authority pursuant to the Pharmacist
25 Prescriptive Authority Act;

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1 O. "premium" means all income received from
2 individuals and private and public payers or sources for the
3 procurement of health coverage, including capitated payments,
4 self-funded administrative fees, self-funded claim
5 reimbursements, recoveries from third parties or other insurers
6 and interests less any ~~[premium]~~ state and local option gross
7 receipts tax paid ~~[pursuant to Section 59A-6-2 NMSA 1978]~~ and
8 fees associated with participating in a health insurance
9 exchange that serves as a clearinghouse for insurance;

10 P. "provider" means a physician or other individual
11 licensed or otherwise authorized to furnish health care
12 services in the state;

13 Q. "purveyor" means a person who furnishes any item
14 of health care and charges for that item;

15 R. "service benefit" means a payment that the
16 purveyor has agreed to accept as payment in full for health
17 care furnished the subscriber;

18 S. "short-term health care plan" means a
19 nonrenewable health care plan covering a resident of the state,
20 regardless of where the plan is delivered, that:

21 (1) has a maximum specified duration of not
22 more than three months after the effective date of the plan;
23 and

24 (2) is issued only to individuals who have not
25 been enrolled in a health care plan that provides the same or

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1 similar nonrenewable coverage from any nonprofit health care
2 plan within the three months preceding enrollment in the
3 short-term plan;

4 T. "solicitor" means a person employed by the
5 licensed agent of a health care plan for the purpose of
6 soliciting health care policies and other related duties in
7 connection with the handling of the business of the agent as
8 may be authorized and paid for the person's services either on
9 a commission basis or salary basis or part by commission and
10 part by salary;

11 U. "subscriber" means any individual who, because
12 of a contract with a health care plan entered into by or for
13 the individual, is entitled to have health care expense
14 payments made on the individual's behalf or to the individual
15 by the health care plan; and

16 V. "underwriting manual" means the health care
17 plan's written criteria, approved by the superintendent, that
18 defines the terms and conditions under which subscribers may be
19 selected. The underwriting manual may be amended from time to
20 time, but the amendment will not be effective until approved by
21 the superintendent. The superintendent shall notify the health
22 care plan filing the underwriting manual or the amendment
23 thereto of the superintendent's approval or disapproval thereof
24 in writing within thirty days after filing or within sixty days
25 after filing if the superintendent shall so extend the time.

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1 If the superintendent fails to act within such period, the
2 filing shall be deemed to be approved."

3 SECTION 70. Section 59A-47-8 NMSA 1978 (being Laws 1984,
4 Chapter 127, Section 879.6, as amended) is amended to read:

5 "59A-47-8. CERTIFICATE OF AUTHORITY REQUIRED--APPLICATION
6 AND CONDITIONS--EXCEPTIONS.--

7 A. No health care plan shall make health care
8 expense payments unless and until it has obtained from the
9 superintendent a certificate of authority to do business.
10 Violation of this provision shall constitute a misdemeanor
11 punishable upon conviction by a fine of not to exceed one
12 thousand dollars (\$1,000).

13 B. A newly formed health care plan's application
14 for initial certificate of authority must be filed with the
15 superintendent prior to expiration of one year from date of
16 issuance of the preliminary permit referred to in Section
17 59A-47-6 NMSA 1978.

18 C. The application for certificate of authority
19 shall be in the form prescribed and furnished by the
20 superintendent consistent with Chapter 59A, Article 47 NMSA
21 1978, and be verified by two of the applicant's officers. The
22 application shall include or be accompanied by such proof as
23 the superintendent may reasonably require that the applicant is
24 qualified for the certificate of authority under this article.
25 At filing of the application, the applicant shall pay to the

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1 superintendent the applicable filing fee as specified in
2 Section 59A-6-1 NMSA 1978. The filing fee shall not be
3 refundable.

4 D. No such certificate of authority shall be
5 required for a health care plan formerly so authorized, to
6 enable it to investigate and settle losses under its contracts
7 lawfully written in New Mexico, or to liquidate assets and
8 liabilities (other than collection of new premiums) resulting
9 from its former authorized operations in this state. A health
10 care plan not transacting new business in this state but
11 continuing collection of premiums on and servicing contracts
12 remaining in force as to residents of or risks located in this
13 state, is transacting business in New Mexico for the purpose of
14 [~~premium~~] gross receipts tax requirements only and is not
15 required to have a certificate of authority."

16 SECTION 71. Section 59A-54-3 NMSA 1978 (being Laws 1987,
17 Chapter 154, Section 3, as amended) is amended to read:

18 "59A-54-3. DEFINITIONS.--As used in the Medical Insurance
19 Pool Act:

20 A. "board" means the board of directors of the
21 pool;

22 B. "creditable coverage" means, with respect to
23 an individual, coverage of the individual pursuant to:

24 (1) a group health plan;

25 (2) health insurance coverage;

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1 (3) Part A or Part B of Title 18 of the Social
2 Security Act;

3 (4) Title 19 of the Social Security Act except
4 coverage consisting solely of benefits pursuant to Section 1928
5 of that title;

6 (5) 10 USCA Chapter 55;

7 (6) the Medical Insurance Pool Act;

8 (7) a health plan offered pursuant to
9 5 USCA Chapter 89;

10 (8) a public health plan as defined in federal
11 regulations; or

12 (9) a health benefit plan offered pursuant to
13 Section 5(e) of the federal Peace Corps Act;

14 C. "federally defined eligible individual" means an
15 individual:

16 (1) for whom, as of the date on which the
17 individual seeks coverage under the Medical Insurance Pool Act,
18 the aggregate of the periods of creditable coverage is eighteen
19 or more months;

20 (2) whose most recent prior creditable
21 coverage was under a group health plan, governmental plan,
22 church plan or health insurance coverage, as those plans or
23 coverage are defined in Section 59A-23E-2 NMSA 1978, offered in
24 connection with that plan;

25 (3) who is not eligible for coverage under

1 a group health plan, Part A or Part B of Title 18 of the Social
2 Security Act or a state plan under Title 19 or Title 21 of the
3 Social Security Act or a successor program and who does not
4 have other health insurance coverage;

5 (4) with respect to whom the most recent
6 coverage within the period of aggregate creditable coverage was
7 not terminated based on a factor relating to nonpayment of
8 premiums or fraud;

9 (5) who, if offered the option of continuation
10 of coverage under a continuation provision pursuant to the
11 federal Consolidated Omnibus Budget Reconciliation Act of 1985
12 or a similar state program, elected this coverage; and

13 (6) who has exhausted continuation coverage
14 under this provision or program, if the individual elected the
15 continuation coverage described in Paragraph (5) of this
16 subsection;

17 D. "health care facility" means an entity providing
18 health care services that is licensed by the department of
19 health;

20 E. "health care services" means services or
21 products included in the furnishing to an individual of medical
22 care or hospitalization, or incidental to the furnishing of
23 that care or hospitalization, as well as the furnishing to a
24 person of other services or products for the purpose of
25 preventing, alleviating, curing or healing human illness or

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1 injury;

2 F. "health insurance" means a hospital and medical
3 expense-incurred policy; nonprofit health care service plan
4 contract; health maintenance organization subscriber contract;
5 short-term, accident, fixed indemnity or specified disease
6 policy; disability income contracts; limited benefit insurance;
7 credit insurance; or as the term is defined by Section 59A-7-3
8 NMSA 1978. "Health insurance" does not include insurance
9 arising out of the Workers' Compensation Act or similar law,
10 automobile medical payment insurance or insurance under which
11 benefits are payable with or without regard to fault and that
12 is required by law to be contained in a liability insurance
13 policy;

14 G. "health maintenance organization" means [~~a~~
15 ~~person who provides, at a minimum, either directly or through~~
16 ~~contractual or other arrangements with others, basic health~~
17 ~~care services to enrollees on a fixed prepayment basis and who~~
18 ~~is responsible for the availability, accessibility and quality~~
19 ~~of the health care services provided or arranged, or] "health
20 maintenance organization" as defined by Subsection [M] Q of
21 Section 59A-46-2 NMSA 1978;~~

22 H. "health plan" means an arrangement by which
23 persons, including dependents or spouses, covered or making
24 application to be covered under the pool have access to
25 hospital and medical benefits or reimbursement, including group

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1 or individual insurance or subscriber contract; coverage
2 through health maintenance organizations, preferred provider
3 organizations or other alternate delivery systems; coverage
4 under prepayment, group practice or individual practice plans;
5 coverage under uninsured arrangements of group or group-type
6 contracts, including employer self-insured, cost-plus or other
7 benefits methodologies not involving insurance or not subject
8 to ~~[New Mexico premium]~~ state and local option gross receipts
9 taxes; coverage under group-type contracts that are not
10 available to the general public and can be obtained only
11 because of connection with a particular organization or group;
12 and coverage by medicare or other governmental benefits.

13 "Health plan" includes coverage through health insurance;

14 I. "insured" means an individual resident of this
15 state who is eligible to receive benefits from an insurer or
16 other health plan;

17 J. "insurer" means an insurance company authorized
18 to transact health insurance business in this state, a
19 nonprofit health care plan, a health maintenance organization
20 and self-insurers not subject to federal preemption. "Insurer"
21 does not include an insurance company that is licensed under
22 the Prepaid Dental Plan Law or a company that is solely engaged
23 in the sale of dental insurance and is licensed not under that
24 act, but under another provision of the Insurance Code;

25 K. "medicare" means coverage under Part A or Part B

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1 of Title 18 of the Social Security Act, as amended;

2 L. "pool" means the New Mexico medical insurance
3 pool;

4 M. "preexisting condition" means a physical or
5 mental condition for which medical advice, medication,
6 diagnosis, care or treatment was recommended for or received by
7 an applicant within six months before the effective date of
8 coverage, except that pregnancy is not considered a preexisting
9 condition for a federally defined eligible individual; and

10 N. "therapist" means a licensed physical,
11 occupational, speech or respiratory therapist."

12 SECTION 72. Section 59A-54-7.1 NMSA 1978 (being Laws
13 2003, Chapter 396, Section 1) is amended to read:

14 "59A-54-7.1. PRESCRIPTION DRUG PROGRAM--COST-SHARING.--

15 A. The board may establish a prescription drug
16 program, in whole or in part, including a pilot or phase-in
17 program, to offer selected eligible persons the ability to
18 purchase prescription drugs. The board may establish varying
19 levels of eligibility and cost-sharing criteria as needed for
20 selected eligible persons and, if established, shall ensure
21 that cost-containment mechanisms are included in the program.

22 B. The board may establish the cost-sharing amounts
23 payable by a person enrolled in the prescription drug program,
24 including the premium, deductible, coinsurance, co-payment and
25 other out-of-pocket expenses.

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1 C. If the board establishes a prescription drug
2 program, the board shall establish the assessments pursuant to
3 Section 59A-54-10 NMSA 1978.

4 ~~[D. If the board establishes a prescription drug~~
5 ~~program, the assessment for a pool member shall be determined~~
6 ~~in the same manner as provided in this section provided that a~~
7 ~~pool member shall be allowed a fifty percent credit for the~~
8 ~~prescription drug program assessment on the premium tax return~~
9 ~~for that member.~~

10 E.] D. The board may issue a pool prescription drug
11 program benefit policy for a person who is over the age of
12 sixty-five and unable to purchase or is ineligible for a
13 similar prescription drug program. The board may issue a pool
14 prescription drug program benefit policy for a person who is
15 eligible for a state-funded or state-operated low-income
16 pharmacy benefit program.

17 ~~[F.]~~ E. If the board establishes a prescription
18 drug program, the board shall cooperate with other state and
19 federal prescription drug initiatives."

20 SECTION 73. Section 60-2E-47 NMSA 1978 (being Laws 1997,
21 Chapter 190, Section 49, as amended by Laws 2023, Chapter 122,
22 Section 1 and by Laws 2023, Chapter 154, Section 2) is amended
23 to read:

24 "60-2E-47. GAMING TAX--IMPOSITION--ADMINISTRATION.--

25 A. An excise tax is imposed on the privilege of

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1 engaging in gaming activities in the state. This tax shall be
2 known as the "gaming tax".

3 B. The gaming tax is an amount equal to: [~~ten~~]

4 (1) two percent of the gross receipts of
5 manufacturer licensees from the sale, lease or other transfer
6 of gaming devices in or into the state, except receipts of a
7 manufacturer from the sale, lease or other transfer to a
8 licensed distributor for subsequent sale or lease may be
9 excluded from gross receipts;

10 (2) ten percent of the gross receipts of
11 distributor licensees from the sale, lease or other transfer of
12 gaming devices in or into the state;

13 (3) ten percent of the net take of a gaming
14 operator licensee that is a nonprofit organization; and

15 (4) prior to July 1, 2028:

16 (a) twenty-four and eight-tenths percent
17 of the net take [~~of every other gaming operator licensee. For~~
18 ~~the purposes of this section, "gross receipts" means the total~~
19 ~~amount of money or the value of other consideration received~~
20 ~~from selling, leasing or otherwise transferring gaming~~
21 ~~devices]; and~~

22 (b) beginning July 1, 2028, twenty-six
23 percent of the net take.

24 C. The gaming tax imposed on a licensee is in lieu
25 of all state and local gross receipts taxes on that portion of

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1 the licensee's gross receipts attributable to gaming
2 activities.

3 D. The gaming tax is to be paid on or before the
4 fifteenth day of the month following the month in which the
5 taxable event occurs. The gaming tax shall be administered and
6 collected by the taxation and revenue department in cooperation
7 with the board. The provisions of the Tax Administration Act
8 apply to the collection and administration of the tax.

9 E. In addition to the gaming tax, a gaming operator
10 licensee that is a racetrack shall pay:

11 (1) twenty percent of its net take solely to
12 purses in accordance with rules adopted by the state racing
13 commission; and

14 (2) prior to July 1, 2028, one and two-tenths
15 percent of its net take solely to offset the costs of jockey
16 and exercise rider insurance and to comply with federal and
17 state laws affecting horse racing.

18 F. An amount not to exceed twenty percent of the
19 interest earned on the balance of any fund consisting of money
20 for purses distributed by racetrack gaming operator licensees
21 pursuant to this subsection may be expended for the costs of
22 administering the distributions. The state racing commission
23 is responsible for regulatory oversight of funds withdrawn for
24 exercise rider and jockey insurance and compliance with federal
25 and state laws affecting horse racing. The state racing

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1 commission is also responsible for regulatory oversight of the
2 twenty percent and one and two-tenths percent fees funding from
3 gaming. A racetrack gaming operator licensee shall spend no
4 less than one-fourth percent of the net take of its gaming
5 machines to fund or support programs for the treatment and
6 assistance of compulsive gamblers.

7 G. A nonprofit gaming operator licensee shall
8 distribute at least twenty percent of the balance of its net
9 take, after payment of the gaming tax, any income taxes and
10 allowable gaming expenses, for charitable or educational
11 purposes.

12 H. As used in this section, "gross receipts" means
13 the total amount of money or the value of other consideration
14 received from selling, leasing or otherwise transferring gaming
15 devices."

16 SECTION 74. Section 60-2F-21 NMSA 1978 (being Laws 2009,
17 Chapter 81, Section 21) is amended to read:

18 "60-2F-21. TAX IMPOSITION.--

19 A. A bingo and raffle tax equal to [~~one-half~~] two
20 percent of the gross receipts of any game of chance held,
21 operated or conducted for or by a qualified organization shall
22 be imposed on the qualified organization.

23 B. No other state or local gross receipts tax shall
24 apply to a qualified organization's receipts generated by a
25 game of chance authorized by the New Mexico Bingo and Raffle

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1 Act.

2 C. The tax imposed pursuant to this section shall
3 be submitted quarterly to the taxation and revenue department
4 on or before April 25, July 25, October 25 and January 25.

5 D. The taxation and revenue department shall
6 administer the tax imposed in this section pursuant to the Tax
7 Administration Act."

8 SECTION 75. A new section of the Motor Vehicle Code is
9 enacted to read:

10 "[NEW MATERIAL] ADDITIONAL REGISTRATION FEE--ELECTRIC AND
11 PLUG-IN HYBRID ELECTRIC VEHICLES.--

12 A. For registration of vehicles subject to the
13 registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA
14 1978, there is imposed an additional annual fee of six hundred
15 fifty dollars (\$650) for which an electric vehicle with a gross
16 vehicle weight of twenty-six thousand pounds or less is
17 registered.

18 B. For registration of vehicles subject to the
19 registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA
20 1978, there is imposed an additional annual fee of three
21 hundred twenty-five dollars (\$325) for which a plug-in hybrid
22 electric vehicle with a gross vehicle weight of twenty-six
23 thousand pounds or less is registered.

24 C. All fees collected pursuant to this section
25 shall be paid to the state treasurer to the credit of the motor

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1 vehicle suspense fund with distribution in accordance with
2 Section 66-6-23 NMSA 1978.

3 D. As used in this section:

4 (1) "electric vehicle" means a motor vehicle
5 that derives all of the vehicle's power from electricity stored
6 in a battery that:

7 (a) has a capacity of not less than six
8 kilowatt-hours;

9 (b) is capable of powering the vehicle
10 for a range of at least forty miles; and

11 (c) is capable of being recharged from
12 an external source of electricity; and

13 (2) "plug-in hybrid electric vehicle" means a
14 motor vehicle that derives part of the vehicle's power from
15 electricity stored in a battery that:

16 (a) has a capacity of not less than six
17 kilowatt-hours;

18 (b) is capable of powering the vehicle
19 for a range of at least forty miles; and

20 (c) is capable of being recharged from
21 an external source of electricity."

22 SECTION 76. Section 66-3-7 NMSA 1978 (being Laws 1978,
23 Chapter 35, Section 27, as amended) is amended to read:

24 "66-3-7. GROUNDS FOR REFUSING, SUSPENDING OR REVOKING
25 REGISTRATION OR CERTIFICATE OF TITLE.--The division may refuse,

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1 suspend or revoke registration or issuance of a certificate of
2 title or a transfer of registration upon the [~~ground~~] grounds
3 that:

4 A. the application contains a false or fraudulent
5 statement or that the applicant failed to furnish the required
6 information or reasonable additional information requested by
7 the division or that the applicant is not entitled to the
8 issuance of a certificate of title or registration of the
9 vehicle under the Motor Vehicle Code;

10 B. the vehicle is mechanically unfit or unsafe to
11 be operated or moved upon the highways;

12 C. a commercial motor vehicle is operated by a
13 commercial motor carrier that is prohibited from operating the
14 vehicle by order of a state or federal agency;

15 D. the division has [~~a~~] reasonable [~~ground~~] grounds
16 to believe that the vehicle is a stolen or embezzled vehicle or
17 that the granting of registration or the issuance of a
18 certificate of title would constitute a fraud against the
19 rightful owner or other person having valid lien upon the
20 vehicle;

21 E. the registration of the vehicle stands suspended
22 or revoked for any reason as provided in the motor vehicle laws
23 of this state;

24 F. the required fee has not been paid;

25 [~~G. the motor vehicle excise tax has not been paid;~~

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1 ~~H.~~ G. the weight distance tax has not been paid;

2 ~~I.~~ H. international fuel tax agreement taxes have
3 not been paid;

4 ~~J.~~ I. if the vehicle is a mobile home, the
5 property tax has not been paid;

6 ~~K.~~ J. the owner's address, as shown in the
7 records of the division, is within a class A county or within a
8 municipality that has a vehicle emission inspection and
9 maintenance program and the applicant has applied at an office
10 outside the designated county or municipality; or

11 ~~L.~~ K. the owner is required to but has failed to
12 provide proof of compliance with a vehicle emission inspection
13 and maintenance program, if required in the county or
14 municipality in which the owner resides."

15 SECTION 77. Section 66-3-118 NMSA 1978 (being Laws 1978,
16 Chapter 35, Section 65, as amended) is amended to read:

17 "66-3-118. MANUFACTURER'S CERTIFICATE OF ORIGIN--TRANSFER
18 OF VEHICLE NOT PREVIOUSLY REGISTERED.--

19 A. Whenever a manufacturer or the agent or
20 distributor of a manufacturer transfers a vehicle, not
21 previously registered, to a dealer in this state, the
22 manufacturer, agent or distributor at the time of transfer of
23 the vehicle shall deliver to the dealer a manufacturer's
24 certificate of origin. The certificate shall be signed by the
25 manufacturer and shall specify that the vehicle described has

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1 been transferred to the dealer named and that the transfer is
2 the first transfer of the vehicle in ordinary trade and
3 commerce.

4 B. The certificate shall contain a description of
5 the vehicle, number of cylinders, type of body, engine number,
6 serial number or other standard identification number provided
7 by the manufacturer of the vehicle and space for proper
8 reassignment to a New Mexico dealer or to a dealer duly
9 licensed or recognized as such in another state, territory or
10 possession of the United States.

11 C. Any dealer when transferring a vehicle, not
12 previously registered, to another dealer shall, at the time of
13 transfer, give the transferee the proper manufacturer's
14 certificate of origin fully assigned to the transferee.

15 D. When a vehicle not previously registered is
16 transferred to a dealer who does not hold a franchise granted
17 by the manufacturer of the vehicle to sell that type or model
18 of vehicle, the transferee must obtain a registration of the
19 vehicle and certificate of title [~~but shall not be required to~~
20 ~~pay the excise tax imposed by Section 7-14-3 NMSA 1978~~]."

21 SECTION 78. Section 66-3-401 NMSA 1978 (being Laws 1978,
22 Chapter 35, Section 80, as amended) is amended to read:

23 "66-3-401. OPERATION OF VEHICLES UNDER DEALER PLATES.--

24 A. Any vehicle that is required to be registered
25 pursuant to the Motor Vehicle Code and that is included in the

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1 inventory of a dealer may be operated or moved upon the
2 highways for any purpose, provided that the vehicle display in
3 the manner prescribed in Section 66-3-18 NMSA 1978 a unique
4 plate issued to the dealer as provided in Section 66-3-402 NMSA
5 1978. This subsection shall not be construed as limiting the
6 use of temporary registration permits issued to dealers
7 pursuant to Section 66-3-6 NMSA 1978. Each dealer plate shall
8 be issued for a specific vehicle in a dealer's inventory. If a
9 dealer wishes to use the plate on a different vehicle, the
10 dealer must reregister that plate to the different vehicle.

11 B. The provisions of this section do not apply to
12 work or service vehicles used by a dealer. For the purposes of
13 this subsection, "work or service vehicle" includes any vehicle
14 used substantially as a:

- 15 (1) parts or delivery vehicle;
- 16 (2) vehicle used to tow another vehicle;
- 17 (3) courtesy shuttle; or
- 18 (4) vehicle loaned to customers for their
19 convenience.

20 C. Each vehicle included in a dealer's inventory
21 required to be registered pursuant to the provisions of
22 Subsection A of this section must conform to the registration
23 provisions of the Motor Vehicle Code, but is not required to be
24 titled pursuant to the provisions of that code. When a vehicle
25 is no longer included in a dealer's inventory, and is not sold

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1 or leased to an unrelated entity, the dealer must title the
2 vehicle [~~and pay the motor vehicle excise tax that would have~~
3 ~~been due when the vehicle was first registered by the dealer~~].

4 D. In lieu of the use of dealer plates pursuant to
5 this section, a dealer may register and title a vehicle
6 included in a dealer's inventory in the name of the dealer upon
7 payment of the registration fee applicable to that vehicle,
8 [~~but without payment of the motor vehicle excise tax~~] provided
9 the vehicle is subsequently sold or leased in the ordinary
10 course of business in a transaction subject to the [~~motor~~
11 ~~vehicle excise~~] gross receipts tax or the leased vehicle gross
12 receipts tax."

13 SECTION 79. Section 66-3-1006 NMSA 1978 (being Laws 1978,
14 Chapter 35, Section 202, as amended) is amended to read:

15 "66-3-1006. GROUNDS FOR REFUSING REGISTRATION OR
16 CERTIFICATE OF TITLE.--The division may refuse registration or
17 issuance of a certificate of title or any transfer of a
18 registration certificate if:

19 A. the division has reasonable grounds to believe
20 that the application contains any false or fraudulent statement
21 or that the applicant has failed to furnish the required
22 information or reasonable additional information requested by
23 the division or that the applicant is not entitled to the
24 issuance of a certificate of title or registration certificate
25 of the off-highway motor vehicle under the Motor Vehicle Code

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1 or laws of this state;

2 B. the division has reasonable grounds to believe
3 that the off-highway motor vehicle is stolen or embezzled or
4 that the granting of a registration certificate or the issuance
5 of a certificate of title would constitute a fraud against the
6 rightful owner or other person having a valid lien upon the
7 off-highway motor vehicle;

8 C. the division has reasonable grounds to believe
9 that a nonresident applicant is not entitled to registration
10 issuance under the laws of the nonresident applicant's state of
11 residence; or

12 D. the required fees have not been paid [~~or~~

13 ~~E. the motor vehicle excise tax has not been paid~~
14 ~~pursuant to Chapter 7, Article 14 NMSA 1978]."~~

15 SECTION 80. Section 66-6-23 NMSA 1978 (being Laws 1978,
16 Chapter 35, Section 358, as amended) is amended to read:

17 "66-6-23. DISPOSITION OF FEES.--

18 A. After the necessary disbursements for refunds
19 and other purposes have been made, the money remaining in the
20 motor vehicle suspense fund, except for remittances received
21 within the previous two months that are unidentified as to
22 source or disposition, shall be distributed as follows:

23 (1) to each municipality, county or fee agent
24 operating a motor vehicle field office:

25 (a) an amount equal to six dollars

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1 (\$6.00) per driver's license and five dollars (\$5.00) per
2 identification card or motor vehicle or motorboat registration
3 or title transaction performed;

4 (b) for each such agent determined by
5 the secretary pursuant to Section 66-2-16 NMSA 1978 to have
6 performed ten thousand or more transactions in the preceding
7 fiscal year, other than a class A county with a population
8 exceeding three hundred thousand or a municipality with a
9 population exceeding three hundred thousand that has been
10 designated as an agent pursuant to Section 66-2-14.1 NMSA 1978,
11 an amount equal to one dollar (\$1.00) in addition to the amount
12 distributed pursuant to Subparagraph (a) of this paragraph for
13 each driver's license, identification card, motor vehicle
14 registration, motorboat registration or title transaction
15 performed; and

16 (c) to each military installation
17 designated as a fee agent pursuant to Section 66-2-14.1 NMSA
18 1978, an amount equal to one dollar fifty cents (\$1.50) in
19 addition to the amount distributed pursuant to Subparagraph (a)
20 of this paragraph for each administrative service fee remitted
21 by the military installation to the department pursuant to
22 Subsection A of Section 66-2-16 NMSA 1978;

23 (2) to each municipality or county, other than
24 a class A county with a population exceeding three hundred
25 thousand or a municipality with a population exceeding three

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1 hundred thousand that has been designated as an agent pursuant
2 to Section 66-2-14.1 NMSA 1978, operating a motor vehicle field
3 office, an amount equal to one dollar fifty cents (\$1.50) for
4 each administrative service fee remitted by that county or
5 municipality to the department pursuant to the provisions of
6 Subsection A of Section 66-2-16 NMSA 1978;

7 (3) to the state road fund:

8 (a) an amount equal to the fees
9 collected pursuant to Sections 66-7-413 and 66-7-413.4 NMSA
10 1978;

11 (b) an amount equal to the fee collected
12 pursuant to Section 66-3-417 NMSA 1978;

13 (c) the remainder of each driver's
14 license fee collected by the department employees from an
15 applicant to whom a license is granted after deducting from the
16 driver's license fee the amount of the distribution authorized
17 in Paragraph (1) of this subsection with respect to that
18 collected driver's license fee; [~~and~~]

19 (d) an amount equal to fifty percent of
20 the fees collected pursuant to Section 66-6-19 NMSA 1978; and

21 (e) an amount equal to fifty percent of
22 the fees collected pursuant to Section 75 of this 2025 act;

23 (4) to the transportation project fund, an
24 amount equal to fifty percent of the fees collected pursuant to
25 Section 75 of this 2025 act;

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1 [~~(4)~~] (5) to the local governments road fund,
2 the amount of the fees collected pursuant to Subsection B of
3 Section 66-5-33.1 NMSA 1978 and the remainder of the fees
4 collected pursuant to Subsection A of Section 66-5-408 NMSA
5 1978;

6 [~~(5)~~] (6) to the department:

7 (a) any amounts reimbursed to the
8 department pursuant to Subsection D of Section 66-2-14.1 NMSA
9 1978;

10 (b) an amount equal to two dollars
11 (\$2.00) of each motorcycle registration fee collected pursuant
12 to Section 66-6-1 NMSA 1978;

13 (c) an amount equal to the fees provided
14 for in Subsection D of Section 66-2-7 NMSA 1978, Subsection E
15 of Section 66-2-16 NMSA 1978, Subsections K and L of Section
16 66-3-6 NMSA 1978 other than the administrative fee, Subsection
17 C of Section 66-5-44 NMSA 1978 and Subsection B of Section
18 66-5-408 NMSA 1978;

19 (d) the amounts due to the department
20 for the manufacture and issuance of a special registration
21 plate collected pursuant to the section of law authorizing the
22 issuance of the specialty plate;

23 (e) an amount equal to the registration
24 fees collected pursuant to Section 66-6-6.1 NMSA 1978 for the
25 purposes of enforcing the provisions of the Mandatory Financial

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1 Responsibility Act and for creating and maintaining a
2 multilanguage noncommercial driver's license testing program;
3 and after those purposes are met, the balance of the
4 registration fees shall be distributed to the department to
5 defray the costs of operating the division;

6 (f) an amount equal to fifty cents
7 (\$.50) for each administrative fee remitted to the department
8 by a county or municipality operating a motor vehicle field
9 office pursuant to Subsection A of Section 66-2-16 NMSA 1978;

10 (g) an amount equal to one dollar
11 twenty-five cents (\$.25) for each administrative fee collected
12 by the department or any of its agents other than a county or
13 municipality operating a motor vehicle field office pursuant to
14 Subsection A of Section 66-2-16 NMSA 1978; and

15 (h) an amount equal to the royalties or
16 other consideration paid by commercial users of databases of
17 motor vehicle-related records of the department pursuant to
18 Subsection C of Section 14-3-15.1 NMSA 1978 for the purpose of
19 defraying the costs of maintaining databases of motor vehicle-
20 related records of the department; and after that purpose is
21 met, the balance of the royalties and other consideration shall
22 be distributed to the department to defray the costs of
23 operating the division or for use pursuant to Subsection F of
24 Section 66-6-13 NMSA 1978;

25 ~~[(6)]~~ (7) to each New Mexico institution of
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1 higher education, an amount equal to that part of the fees
2 distributed pursuant to Paragraph (2) of Subsection D of
3 Section 66-3-416 NMSA 1978 proportionate to the number of
4 special registration plates issued in the name of the
5 institution to all such special registration plates issued in
6 the name of all institutions;

7 ~~[(7)]~~ (8) to the armed forces veterans license
8 fund, the amount to be distributed pursuant to Paragraph (2) of
9 Subsection E of Section 66-3-419 NMSA 1978;

10 ~~[(8)]~~ (9) to the children's trust fund, the
11 amount to be distributed pursuant to Paragraph (2) of
12 Subsection D of Section 66-3-420 NMSA 1978;

13 ~~[(9)]~~ (10) to the department of
14 transportation, an amount equal to the fees collected pursuant
15 to Section 66-5-35 NMSA 1978;

16 ~~[(10)]~~ (11) to the state equalization
17 guarantee distribution made annually pursuant to the general
18 appropriation act, an amount equal to one hundred percent of
19 the driver safety fee collected pursuant to Subsection D of
20 Section 66-5-44 NMSA 1978;

21 ~~[(11)]~~ (12) to the motorcycle training fund,
22 seven dollars (\$7.00) of each motorcycle registration fee
23 collected pursuant to Section 66-6-1 NMSA 1978;

24 ~~[(12)]~~ (13) to the recycling and illegal
25 dumping fund:

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1 (a) fifty cents (\$.50) of the tire
2 recycling fee collected pursuant to the provisions of Section
3 66-6-1 NMSA 1978;

4 (b) fifty cents (\$.50) of each of the
5 tire recycling fees collected pursuant to the provisions of
6 Sections 66-6-2 and 66-6-4 NMSA 1978; and

7 (c) twenty-five cents (\$.25) of each of
8 the tire recycling fees collected pursuant to Sections 66-6-5
9 and 66-6-8 NMSA 1978;

10 [~~(13)~~] (14) to the highway infrastructure
11 fund:

12 (a) fifty cents (\$.50) of the tire
13 recycling fee collected pursuant to the provisions of Section
14 66-6-1 NMSA 1978;

15 (b) one dollar (\$1.00) of each of the
16 tire recycling fees collected pursuant to the provisions of
17 Sections 66-6-2 and 66-6-4 NMSA 1978; and

18 (c) twenty-five cents (\$.25) of each of
19 the tire recycling fees collected pursuant to Sections 66-6-5
20 and 66-6-8 NMSA 1978;

21 [~~(14)~~] (15) to each county, an amount equal to
22 fifty percent of the fees collected pursuant to Section 66-6-19
23 NMSA 1978 multiplied by a fraction, the numerator of which is
24 the total mileage of public roads maintained by the county and
25 the denominator of which is the total mileage of public roads

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1 maintained by all counties in the state;

2 [~~(15)~~] (16) to the litter control and
3 beautification fund, an amount equal to the fees collected
4 pursuant to Section 66-6-6.2 NMSA 1978;

5 [~~(16)~~] (17) to the local government division
6 of the department of finance and administration, an amount
7 equal to the fees collected pursuant to Section 66-3-424.3 NMSA
8 1978 for distribution to each county to support animal control
9 spaying and neutering programs in an amount proportionate to
10 the number of residents of that county who have purchased pet
11 care special registration plates pursuant to Section 66-3-424.3
12 NMSA 1978; and

13 [~~(17)~~] (18) to the Cumbres and Toltec scenic
14 railroad commission, twenty-five dollars (\$25.00) collected
15 pursuant to the Cumbres and Toltec scenic railroad special
16 registration plate.

17 B. The balance, exclusive of unidentified
18 remittances, shall be distributed in accordance with Section
19 66-6-23.1 NMSA 1978.

20 C. If any of the paragraphs, subsections or
21 sections referred to in Subsection A of this section are
22 recompiled or otherwise redesignated without a corresponding
23 change to Subsection A of this section, the reference in
24 Subsection A of this section shall be construed to be the
25 recompiled or redesignated paragraph, subsection or section."

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1 SECTION 81. Section 66-6-25 NMSA 1978 (being Laws 1978,
2 Chapter 35, Section 360, as amended) is amended to read:

3 "66-6-25. REGISTRATION BY COUNTY OR MUNICIPALITY
4 PROHIBITED.--

5 A. Except as provided in Subsection B of this
6 section, no county or municipality shall require registration
7 or charge fees for any vehicle subject to registration under
8 the Motor Vehicle Code.

9 B. [~~Notwithstanding the provisions of Subsection A~~
10 ~~of this section~~] A county or municipality designated as an
11 agent pursuant to Section 66-2-14.1 NMSA 1978 may impose a fee
12 in an amount not to exceed five dollars (\$5.00) per year in
13 addition to any other registration fee required. [~~This fee~~
14 ~~shall not be imposed if the county or municipality has imposed~~
15 ~~a gasoline tax pursuant to the County and Municipal Gasoline~~
16 ~~Tax Act, the proceeds of which are used to fund a vehicle~~
17 ~~emission inspection program.~~] Any money collected as a result
18 of the imposition of an additional fee pursuant to this
19 subsection shall be used only to fund a vehicle emission
20 inspection program."

21 SECTION 82. Section 66-12-5.2 NMSA 1978 (being Laws 1987,
22 Chapter 247, Section 7) is amended to read:

23 "66-12-5.2. OWNER'S CERTIFICATE OF TITLE--FEES--
24 DUPLICATES.--

25 A. Except as provided in Subsection C of this

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1 section, every owner of a boat subject to titling under the
2 provisions of the Boat Act shall apply to the division for
3 issuance of a certificate of title for the boat within thirty
4 days after acquisition. The application shall be on forms the
5 division prescribes and accompanied by the required fee. The
6 application shall be signed and sworn to before a notary public
7 or other person who administers oaths, or include a
8 certification signed in writing containing substantially the
9 representation that statements made are true and correct to the
10 best of the applicant's knowledge, information and belief,
11 under penalty of perjury. The application shall contain the
12 date of sale and gross price of the boat or the fair market
13 value if no sale immediately preceded the transfer and any
14 additional information the division requires. If the
15 application is made for a boat last previously registered or
16 titled in another state or foreign country, it shall contain
17 this information and any other information the division
18 requires.

19 B. The division shall not issue or renew a
20 certificate of number to any boat required to be registered and
21 numbered in the state unless the division has issued a
22 certificate of title to the owner, if the boat is required to
23 be titled.

24 C. Any person who, on July 1, 1987, is the owner of
25 a boat with a valid certificate of number issued by the state

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1 is not required to file an application for a certificate of
2 title for the boat until ~~[he]~~ the person transfers any part of
3 ~~[his]~~ the person's interest in the boat or he renews the
4 certificate of number for the boat.

5 D. If a dealer buys or acquires a used boat for
6 resale, ~~[he]~~ the dealer shall report the acquisition to the
7 division on forms the division provides, or ~~[he]~~ the dealer may
8 apply for and obtain a certificate of title as provided in this
9 section. If a dealer buys or acquires a used unnumbered boat,
10 ~~[he]~~ the dealer shall apply for a certificate of title in ~~[his]~~
11 the dealer's name within thirty days. If a dealer buys or
12 acquires a new boat for resale, ~~[he]~~ the dealer may apply for a
13 certificate of title in ~~[his]~~ the dealer's name.

14 E. Every dealer transferring a boat requiring
15 titling under this section shall assign the title to the new
16 owner or, in the case of a new boat, assign the certificate of
17 origin. Within thirty days, the dealer or purchaser, as
18 applicable, shall file with the division the necessary
19 application and fee required under this section.

20 F. The division shall maintain a record of any
21 certificate of title it issues.

22 G. No person shall sell, assign or transfer a boat
23 titled by the state without delivering to the purchaser or
24 transferee a certificate of title with an assignment on it
25 showing title in the purchaser or transferee and with a

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1 statement of all liens upon the title. No person may purchase
2 or otherwise acquire a boat required to be titled by the state
3 without obtaining a certificate of title for it in [~~his~~] the
4 person's name.

5 H. The division shall charge a ten dollar (\$10.00)
6 fee to issue a certificate of title, a transfer of title, a
7 duplicate or corrected certificate of title.

8 I. If a certificate of title is lost, stolen,
9 mutilated, destroyed or becomes illegible, the first lienholder
10 or, if there is none, the owner named in the certificate, as
11 shown by the division's records, shall within thirty days
12 obtain a duplicate by applying to the division. The applicant
13 shall furnish information concerning the original certificate
14 and the circumstances of its loss, mutilation or destruction as
15 the division requires. Mutilated or illegible certificates
16 shall be returned to the division with the application for a
17 duplicate. [~~Issuance of a duplicate certificate of title is~~
18 ~~not subject to the excise tax imposed under Section 66-12-6.1~~
19 ~~NMSA 1978.~~]

20 J. The duplicate certificate of title shall be
21 plainly marked "duplicate" across its face and mailed or
22 delivered to the applicant.

23 K. If a lost or stolen original certificate of
24 title for which a duplicate has been issued is recovered, the
25 original shall be surrendered promptly to the division for

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1 cancellation."

2 SECTION 83. Section 66-12-6.1 NMSA 1978 (being Laws 1987,
3 Chapter 247, Section 9) is repealed and a new Section 66-12-6.1
4 NMSA 1978 is enacted to read:

5 "66-12-6.1. [NEW MATERIAL] BOAT FUND.--The "boat fund" is
6 created as a nonreverting fund in the state treasury. The fund
7 consists of distributions, appropriations, gifts, grants,
8 donations and other transfers to the fund. The division shall
9 administer the fund, and money in the fund is appropriated to
10 the division for improvements and maintenance of lakes and
11 boating facilities owned or leased by the state and for
12 administration and enforcement of the Boat Act."

13 SECTION 84. TEMPORARY PROVISION--EXHAUSTION OF CREDITS.--

14 A. If a taxpayer has met the eligibility
15 requirements to apply for and claim a tax credit being repealed
16 by this act for a period prior to the effective date of the
17 repeal, the taxpayer may claim, and the taxation and revenue
18 department may approve, the credit for those periods, including
19 amounts that may be carried forward pursuant to those sections
20 as they were in effect prior to the effective date of the
21 repeal.

22 B. If a taxpayer has claimed and been awarded a tax
23 credit being repealed by this act but a portion of the credit
24 claimed remains unused, the taxpayer may claim the unused
25 portion, including amounts that could have been carried forward

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1 pursuant to those sections being repealed as they were in
2 effect prior to the effective date of the repeal.

3 SECTION 85. REPEAL--A PROVISION OF THE METROPOLITAN
4 REDEVELOPMENT CODE.--Section 3-60A-49 NMSA 1978 (being Laws
5 2023, Chapter 112, Section 6) is repealed.

6 SECTION 86. REPEAL--PROVISIONS OF THE TAX INCREMENT FOR
7 DEVELOPMENT ACT.--Sections 5-15-15.1, 5-15-21 and 5-15-29 NMSA
8 1978 (being Laws 2019, Chapter 275, Section 3, Laws 2006,
9 Chapter 75, Section 21 and Laws 2019, Chapter 275, Section 8,
10 as amended) are repealed.

11 SECTION 87. REPEAL--BONDS FOR COUNTY CORRECTIONAL
12 FACILITY LOANS--OUTDATED SECTION OF LAW.--Section 6-21-5.1 NMSA
13 1978 (being Laws 1998, Chapter 65, Section 1, as amended) is
14 repealed.

15 SECTION 88. REPEAL--PROVISIONS OF THE TAX ADMINISTRATION
16 ACT.--Sections 7-1-6.4, 7-1-6.36, 7-1-6.46, 7-1-6.47, 7-1-6.52,
17 7-1-6.60 and 7-1-6.66 NMSA 1978 (being Laws 1983, Chapter 211,
18 Section 9; Laws 1992, Chapter 50, Section 13 and Laws 1992,
19 Chapter 67, Section 13; Laws 2004, Chapter 116, Sections 1 and
20 2; Laws 2005, Chapter 104, Section 1; Laws 2010, Chapter 31,
21 Section 2; and Laws 2021, Chapter 4, Section 1, as amended) are
22 repealed.

23 SECTION 89. REPEAL--OUTDATED PROVISION OF THE INCOME TAX
24 ACT.--That version of 7-2-7 NMSA 1978 (being Laws 2005 (1st
25 S.S.), Chapter 3, Section 2) is repealed.

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1 **SECTION 90. REPEAL--PROVISIONS OF THE INCOME TAX ACT AND**
2 CORPORATE INCOME AND FRANCHISE TAX ACT.--Sections 7-2-7.2
3 through 7-2-7.7, 7-2-18.2, 7-2-18.10, 7-2-18.11, 7-2-18.14,
4 7-2-18.17 through 7-2-18.26, 7-2-18.30, 7-2-18.33, 7-2-38,
5 7-2A-8.6, 7-2A-8.9, 7-2A-14, 7-2A-17.1 through 7-2A-26, 7-2A-29
6 and 7-2A-30 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3,
7 Sections 3 and 4, Laws 2021, Chapter 4, Section 2, Laws 2022
8 (3rd S.S.), Chapter 2, Section 1, Laws 2022, Chapter 47,
9 Section 4, Laws 2023, Chapter 211, Section 11, Laws 1984,
10 Chapter 34, Section 1, Laws 2003, Chapter 331, Section 7, Laws
11 2003, Chapter 400, Section 1, Laws 2006, Chapter 93, Section 1,
12 Laws 2007, Chapter 172, Section 1, Laws 2007, Chapter 204,
13 Sections 2 and 3, Laws 2007, Chapter 361, Section 2, Laws 2008
14 (2nd S.S.), Chapter 3, Section 1, Laws 2009, Chapter 271,
15 Section 1, Laws 2010, Chapter 84, Section 1, Laws 2018, Chapter
16 36, Section 1, Laws 2022, Chapter 47, Section 3, Laws 2019,
17 Chapter 264, Section 1, Laws 1984, Chapter 34, Section 2, Laws
18 2003, Chapter 331, Section 8, Laws 1983, Chapter 218, Section
19 1, Laws 2003, Chapter 400, Section 2, Laws 2002, Chapter 59,
20 Section 1, Laws 2007, Chapter 204, Section 4, Laws 2009,
21 Chapter 271, Section 2, Laws 2010, Chapter 84, Section 2, Laws
22 2018, Chapter 36, Section 2 and Laws 2019, Chapter 270, Section
23 20, as amended) are repealed.

24 **SECTION 91. REPEAL--RURAL JOB TAX CREDIT.--Section**
25 7-2E-1.1 NMSA 1978 (being Laws 2007, Chapter 172, Section 2, as
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1 amended) is repealed.

2 **SECTION 92. DELAYED REPEAL--FILM PRODUCTION TAX CREDIT**
3 ACT.--Sections 7-2F-1 through 7-2F-15 NMSA 1978 (being Laws
4 2002, Chapter 36, Section 1; Laws 2011, Chapter 165, Section 2
5 and Laws 2011, Chapter 177, Section 3; Laws 2003, Chapter 127,
6 Section 2; Laws 2015, Chapter 143, Section 4; Laws 2011,
7 Chapter 165, Sections 4 and 5; Laws 2015, Chapter 62, Section
8 1; Laws 2015, Chapter 143, Sections 5 through 10; and Laws
9 2019, Chapter 87, Sections 6 through 9, as amended) are
10 repealed effective July 1, 2034.

11 **SECTION 93. REPEAL--ESTATE TAX ACT AND ART ACCEPTANCE**
12 ACT.--Sections 7-7-1 through 7-7-20 NMSA 1978 (being Laws 1973,
13 Chapter 345, Sections 1 through 12 and Laws 1983, Chapter 209,
14 Sections 1 through 6, as amended) are repealed.

15 **SECTION 94. REPEAL--PROVISIONS OF THE GROSS RECEIPTS AND**
16 **COMPENSATING TAX ACT.**--Sections 7-9-13.1, 7-9-13.3 through
17 7-9-13.5, 7-9-15, 7-9-19 through 7-9-25, 7-9-26.1, 7-9-29
18 through 7-9-31, 7-9-38.1 through 7-9-41, 7-9-41.4, 7-9-41.6,
19 7-9-47 through 7-9-54.5, 7-9-56.1 through 7-9-57.2, 7-9-60
20 through 7-9-61.2, 7-9-62.1 through 7-9-69, 7-9-71 through
21 7-9-76.2, 7-9-77.1, 7-9-78, 7-9-79.2 through 7-9-87, 7-9-89,
22 7-9-91 through 7-9-95, 7-9-98 through 7-9-103.2, 7-9-107
23 through 7-9-109, 7-9-110.2 through 7-9-112 and 7-9-118 NMSA
24 1978 (being Laws 1989, Chapter 262, Section 4; Laws 2001,
25 Chapter 231, Section 12; Laws 2002, Chapter 20, Section 1; Laws
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1 2005, Chapter 351, Section 2; Laws 1970, Chapter 12, Section 1;
2 Laws 1969, Chapter 144, Section 12; Laws 1988, Chapter 82,
3 Section 1; Laws 1969, Chapter 144, Section 15; Laws 1987,
4 Chapter 247, Section 1; Laws 1969, Chapter 144, Section 16;
5 Laws 1987, Chapter 247, Section 2; Laws 1969, Chapter 144,
6 Sections 17 and 18; Laws 2003, Chapter 62, Section 1; Laws
7 1970, Chapter 12, Section 3; Laws 1969, Chapter 144, Sections
8 23 and 24; Laws 1992, Chapter 50, Section 12 and Laws 1992,
9 Chapter 67, Section 12; Laws 2002, Chapter 18, Section 2; Laws
10 1969, Chapter 144, Section 32; Laws 1970, Chapter 60, Section
11 2; Laws 1972, Chapter 61, Section 2; Laws 2009, Chapter 62,
12 Section 1; Laws 2020 (1st S.S.), Chapter 4, Section 3; Laws
13 1969, Chapter 144, Sections 37 through 42; Laws 2012, Chapter
14 5, Section 6; Laws 1969, Chapter 144, Sections 43 and 44; Laws
15 1992, Chapter 40, Section 1; Laws 1995, Chapter 183, Section 2;
16 Laws 2002, Chapter 37, Section 8; Laws 2003, Chapter 62,
17 Section 4; Laws 2004, Chapter 16, Section 3; Laws 1998, Chapter
18 92, Sections 1 and 2; Laws 2003, Chapter 232, Section 1; Laws
19 1969, Chapter 144, Section 47; Laws 2002, Chapter 10, Section
20 1; Laws 1970, Chapter 12, Section 4; Laws 1981, Chapter 37,
21 Section 52; Laws 2000, Chapter 48, Section 1; Laws 2000 (2nd
22 S.S.), Chapter 4, Section 2; Laws 1969, Chapter 144, Sections
23 53, 54, 56 and 57; Laws 1984, Chapter 129, Section 2; Laws
24 1969, Chapter 144, Sections 58, 60, 61 and 63; Laws 1970,
25 Chapter 78, Section 2; Laws 1991, Chapter 8, Section 3; Laws
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1 1998, Chapter 95, Section 2 and Laws 1998, Chapter 99, Section
2 4; Laws 2014, Chapter 26, Section 1; Laws 1971, Chapter 217,
3 Section 2; Laws 1972, Chapter 39, Section 2; Laws 1977, Chapter
4 288, Section 2; Laws 1979, Chapter 338, Section 7; Laws 1984,
5 Chapter 2, Section 6; Laws 1998, Chapter 96, Section 1; Laws
6 1969, Chapter 144, Section 65; Laws 2007, Chapter 204, Section
7 9; Laws 1993, Chapter 364, Sections 1 and 2; Laws 1994, Chapter
8 43, Section 1; Laws 1995, Chapter 155, Section 35; Laws 1998,
9 Chapter 89, Section 2; Laws 2001, Chapter 135, Section 1; Laws
10 2004, Chapter 116, Sections 5 and 6; Laws 2005, Chapter 104,
11 Sections 23 and 25; Laws 2005, Chapter 179, Section 1; Laws
12 2006, Chapter 35, Sections 1 and 2; Laws 2007, Chapter 3,
13 Sections 16 through 18; Laws 2012, Chapter 12, Sections 2 and
14 3; Laws 2007, Chapter 172, Sections 9 through 11; Laws 2011,
15 Chapter 60, Section 2 and Laws 2011, Chapter 61, Section 2;
16 Laws 2011, Chapter 60, Section 3 and Laws 2011, Chapter 61,
17 Section 3; Laws 2007, Chapter 361, Section 6; Laws 2007,
18 Chapter 204, Section 10; and Laws 2021, Chapter 4, Section 3,
19 as amended) are repealed.

20 SECTION 95. REPEAL--INVESTMENT CREDIT ACT.--Sections
21 7-9A-1 through 7-9A-11 NMSA 1978 (being Laws 1979, Chapter 347,
22 Sections 1 and 2; Laws 2001, Chapter 57, Section 2 and Laws
23 2001, Chapter 337, Section 2; Laws 1979, Chapter 347, Sections
24 3 through 7; Laws 1983, Chapter 206, Section 6; Laws 1979,
25 Chapter 347, Sections 8 and 9; and Laws 1997, Chapter 62,

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1 Section 2, as amended) are repealed.

2 SECTION 96. REPEAL--INTERSTATE TELECOMMUNICATIONS GROSS
3 RECEIPTS TAX ACT.--Sections 7-9C-1 through 7-9C-11 NMSA 1978
4 (being Laws 1992, Chapter 50, Section 1 and Laws 1992, Chapter
5 67, Section 1; Laws 1992, Chapter 50, Section 2 and Laws 1992,
6 Chapter 67, Section 2; Laws 1992, Chapter 50, Section 3 and
7 Laws 1992, Chapter 67, Section 3; Laws 1992, Chapter 50,
8 Section 4 and Laws 1992, Chapter 67, Section 4; Laws 1992,
9 Chapter 50, Section 5 and Laws 1992, Chapter 67, Section 5;
10 Laws 1992, Chapter 50, Section 6 and Laws 1992, Chapter 67,
11 Section 6; Laws 1992, Chapter 50, Section 7 and Laws 1992,
12 Chapter 67, Section 7; Laws 1992, Chapter 50, Section 8 and
13 Laws 1992, Chapter 67, Section 8; Laws 1992, Chapter 50,
14 Section 9 and Laws 1992, Chapter 67, Section 9; Laws 1992,
15 Chapter 50, Section 10 and Laws 1992, Chapter 67, Section 10;
16 and Laws 1992, Chapter 50, Section 11 and Laws 1992, Chapter
17 67, Section 11, as amended) are repealed.

18 SECTION 97. REPEAL--LABORATORY PARTNERSHIP WITH SMALL
19 BUSINESS TAX CREDIT ACT.--Sections 7-9E-1 through 7-9E-11 NMSA
20 1978 (being Laws 2000 (2nd S.S.), Chapter 20, Sections 1
21 through 9 and Laws 2007, Chapter 172, Sections 19 and 20, as
22 amended) are repealed.

23 SECTION 98. REPEAL--TECHNOLOGY JOBS AND RESEARCH AND
24 DEVELOPMENT TAX CREDIT ACT.--Sections 7-9F-1 through 7-9F-13
25 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 22, Sections 1

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1 through 6, 8 and 9, Laws 2015 (1st S.S.), Chapter 2, Section
2 17, Laws 2000 (2nd S.S.), Chapter 22, Sections 10 through 12
3 and Laws 2015 (1st S.S.), Chapter 2, Section 18, as amended)
4 are repealed.

5 SECTION 99. REPEAL--HIGH-WAGE JOBS TAX CREDIT.--Section
6 7-9G-1 NMSA 1978 (being Laws 2004, Chapter 15, Section 1, as
7 amended) is repealed.

8 SECTION 100. REPEAL--AFFORDABLE HOUSING TAX CREDIT ACT.--
9 Sections 7-9I-1 through 7-9I-6 NMSA 1978 (being Laws 2005,
10 Chapter 104, Sections 17 through 22, as amended) are repealed.

11 SECTION 101. REPEAL--ALTERNATIVE ENERGY PRODUCT
12 MANUFACTURERS TAX CREDIT ACT.--Sections 7-9J-1 through 7-9J-8
13 NMSA 1978 (being Laws 2007, Chapter 204, Sections 11 through
14 18, as amended) are repealed.

15 SECTION 102. REPEAL--RAILROAD CAR COMPANY TAX ACT.--
16 Sections 7-11-1 through 7-11-6 NMSA 1978 (being Laws 1982,
17 Chapter 18, Sections 17 through 22, as amended) are repealed.

18 SECTION 103. REPEAL--MOTOR VEHICLE EXCISE TAX ACT.--
19 Sections 7-14-1 through 7-14-11 NMSA 1978 (being Laws 1988,
20 Chapter 73, Sections 11 through 17, Laws 1991, Chapter 197,
21 Section 4, Laws 1988, Chapter 73, Sections 18 and 19, Laws
22 1993, Chapter 347, Sections 4 and 5 and Laws 1988, Chapter 73,
23 Sections 20 and 21, as amended) are repealed.

24 SECTION 104. REPEAL--ALTERNATIVE FUEL TAX ACT.--Sections
25 7-16B-1 through 7-16B-10 NMSA 1978 (being Laws 1995, Chapter

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1 16, Sections 1 through 10, as amended) are repealed.

2 SECTION 105. REPEAL--PROVISIONS OF THE SUPPLEMENTAL
3 MUNICIPAL GROSS RECEIPTS TAX ACT AND MUNICIPAL LOCAL OPTION
4 GROSS RECEIPTS AND COMPENSATING TAXES ACT.--Sections 7-19-14
5 and 7-19D-5 NMSA 1978 (being Laws 1979, Chapter 397, Section 5
6 and Laws 1993, Chapter 346, Section 5, as amended) are
7 repealed.

8 SECTION 106. REPEAL--COUNTY AND MUNICIPAL GASOLINE TAX
9 ACT.--Sections 7-24A-1 through 7-24A-21 NMSA 1978 (being Laws
10 1978, Chapter 182, Section 1, Laws 1991, Chapter 156, Section
11 2, Laws 1978, Chapter 182, Sections 3 through 6, Laws 1986,
12 Chapter 74, Section 1, Laws 1978, Chapter 182, Section 7, Laws
13 1990, Chapter 88, Section 8 and Laws 1978, Chapter 182,
14 Sections 8, 10 through 12 and 14 through 21, as amended) are
15 repealed.

16 SECTION 107. REPEAL--INSURANCE PREMIUM TAX ACT.--Sections
17 7-40-1 through 7-40-10 NMSA 1978 (being Laws 2018, Chapter 57,
18 Sections 1 through 7 and 10, as amended) are repealed.

19 SECTION 108. REPEAL--SESSION LAWS NOT YET IN EFFECT.--
20 Laws 2023, Chapter 122, Section 2 is repealed.

21 SECTION 109. APPLICABILITY.--The provisions of Sections
22 27 through 29 of this act apply to taxable years beginning on
23 or after January 1, 2026.

24 SECTION 110. EFFECTIVE DATE.--

25 A. The effective date of the provisions of Sections
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1 3 through 5 of this act is July 1, 2025.

2 B. The effective date of the provisions of Sections
3 1, 2 and 6 through 108 of this act is January 1, 2026.

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