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HOUSE BILL 132

**51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

INTRODUCED BY

Jason C. Harper and John Arthur Smith

AN ACT

RELATING TO TAXATION; REDUCING THE AMOUNT OF HOLD HARMLESS DISTRIBUTIONS TO MUNICIPALITIES AND COUNTIES BY THE AMOUNT OF A MUNICIPAL OR COUNTY HOLD HARMLESS GROSS RECEIPTS TAX; PROVIDING AN EXCEPTION; RESTRICTING THE IMPOSITION OF A MUNICIPAL OR COUNTY HOLD HARMLESS GROSS RECEIPTS TAX TO CERTAIN YEARS; REDUCING THE COUNTY HOLD HARMLESS GROSS RECEIPTS TAX THAT MAY BE IMPOSED TO ONE-EIGHTH PERCENT; PROVIDING THAT A MUNICIPAL OR COUNTY HOLD HARMLESS GROSS RECEIPTS TAX IMPOSED PRIOR TO THE EFFECTIVE DATE OF THIS ACT SHALL CONFORM TO THIS ACT; DECLARING AN EMERGENCY.

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

SECTION 1. Section 7-1-6.46 NMSA 1978 (being Laws 2004, Chapter 116, Section 1, as amended) is amended to read:

"7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR

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1 FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES

2 DEDUCTION.--

3 A. For a municipality that ~~[has not elected to~~  
4 ~~impose]~~ does not have in effect a municipal hold harmless gross  
5 receipts tax through an ordinance and that has a population of  
6 less than ten thousand according to the most recent federal  
7 decennial census, a distribution pursuant to Section 7-1-6.1  
8 NMSA 1978 shall be made to a municipality in an amount, subject  
9 to any increase or decrease made pursuant to Section 7-1-6.15  
10 NMSA 1978, equal to the ~~[sum of:~~

11 ~~(1) the total deductions claimed pursuant to~~  
12 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
13 ~~business locations attributable to the municipality multiplied~~  
14 ~~by the sum of the combined rate of all municipal local option~~  
15 ~~gross receipts taxes in effect in the municipality for the~~  
16 ~~month plus one and two hundred twenty-five thousandths percent;~~  
17 and

18 ~~(2) the total deductions claimed pursuant to~~  
19 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
20 ~~business locations attributable to the municipality multiplied~~  
21 ~~by the sum of the combined rate of all municipal local option~~  
22 ~~gross receipts taxes in effect in the municipality for the~~  
23 ~~month plus one and two hundred twenty-five thousandths percent]~~  
24 applicable maximum distribution for the municipality.

25 B. For a municipality not described in Subsection A

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1 of this section, a distribution pursuant to Section 7-1-6.1  
2 NMSA 1978 shall be made to the municipality in an amount,  
3 subject to any increase or decrease made pursuant to Section  
4 7-1-6.15 NMSA 1978, equal to the ~~[sum]~~ lesser of:

5 (1) ~~the [total deductions claimed pursuant to~~  
6 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
7 ~~business locations attributable to the municipality multiplied~~  
8 ~~by the sum of the combined rate of all municipal local option~~  
9 ~~gross receipts taxes in effect in the municipality on January~~  
10 ~~1, 2007 plus one and two hundred twenty-five thousandths~~  
11 ~~percent in]~~ applicable maximum distribution for the  
12 municipality, less the amount of any municipal hold harmless  
13 gross receipts tax transferred to the municipality pursuant to  
14 Section 7-1-6.12 NMSA 1978; or

15 (2) the applicable maximum distribution for  
16 the municipality multiplied by the following percentages:

17 (a) prior to July 1, 2015, one hundred  
18 percent;

19 (b) on or after July 1, 2015 and prior  
20 to July 1, 2016, ninety-four percent;

21 (c) on or after July 1, 2016 and prior  
22 to July 1, 2017, eighty-eight percent;

23 (d) on or after July 1, 2017 and prior  
24 to July 1, 2018, eighty-two percent;

25 (e) on or after July 1, 2018 and prior

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1 to July 1, 2019, seventy-six percent;

2 (f) on or after July 1, 2019 and prior  
3 to July 1, 2020, seventy percent;

4 (g) on or after July 1, 2020 and prior  
5 to July 1, 2021, sixty-three percent;

6 (h) on or after July 1, 2021 and prior  
7 to July 1, 2022, fifty-six percent;

8 (i) on or after July 1, 2022 and prior  
9 to July 1, 2023, forty-nine percent;

10 (j) on or after July 1, 2023 and prior  
11 to July 1, 2024, forty-two percent;

12 (k) on or after July 1, 2024 and prior  
13 to July 1, 2025, thirty-five percent;

14 (l) on or after July 1, 2025 and prior  
15 to July 1, 2026, twenty-eight percent;

16 (m) on or after July 1, 2026 and prior  
17 to July 1, 2027, twenty-one percent;

18 (n) on or after July 1, 2027 and prior  
19 to July 1, 2028, fourteen percent; and

20 (o) on or after July 1, 2028 and prior  
21 to July 1, 2029, seven percent. [~~and~~

22 ~~(2) the total deductions claimed pursuant to~~  
23 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
24 ~~business locations attributable to the municipality multiplied~~  
25 ~~by the sum of the combined rate of all municipal local option~~

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1 ~~gross receipts taxes in effect in the municipality on January~~  
2 ~~1, 2007 plus one and two hundred twenty-five thousandths~~  
3 ~~percent in the following percentages:~~

4 ~~(a) prior to July 1, 2015, one hundred~~  
5 ~~percent;~~

6 ~~(b) on or after July 1, 2015 and prior~~  
7 ~~to July 1, 2016, ninety-four percent;~~

8 ~~(c) on or after July 1, 2016 and prior~~  
9 ~~to July 1, 2017, eighty-eight percent;~~

10 ~~(d) on or after July 1, 2017 and prior~~  
11 ~~to July 1, 2018, eighty-two percent;~~

12 ~~(e) on or after July 1, 2018 and prior~~  
13 ~~to July 1, 2019, seventy-six percent;~~

14 ~~(f) on or after July 1, 2019 and prior~~  
15 ~~to July 1, 2020, seventy percent;~~

16 ~~(g) on or after July 1, 2020 and prior~~  
17 ~~to July 1, 2021, sixty-three percent;~~

18 ~~(h) on or after July 1, 2021 and prior~~  
19 ~~to July 1, 2022, fifty-six percent;~~

20 ~~(i) on or after July 1, 2022 and prior~~  
21 ~~to July 1, 2023, forty-nine percent;~~

22 ~~(j) on or after July 1, 2023 and prior~~  
23 ~~to July 1, 2024, forty-two percent;~~

24 ~~(k) on or after July 1, 2024 and prior~~  
25 ~~to July 1, 2025, thirty-five percent;~~

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1 ~~(l) on or after July 1, 2025 and prior~~  
2 ~~to July 1, 2026, twenty-eight percent;~~

3 ~~(m) on or after July 1, 2026 and prior~~  
4 ~~to July 1, 2027, twenty-one percent;~~

5 ~~(n) on or after July 1, 2027 and prior~~  
6 ~~to July 1, 2028, fourteen percent; and~~

7 ~~(o) on or after July 1, 2028 and prior~~  
8 ~~to July 1, 2029, seven percent.]~~

9 C. A distribution pursuant to Subsection B of this  
10 section for a municipality that has a population of ten  
11 thousand or more according to the most recent federal decennial  
12 census and that has in effect a municipal hold harmless gross  
13 receipts tax at a rate of three-eighths percent and whose  
14 maximum distribution exceeds the sum of the municipality's tax  
15 revenue and the distribution calculated pursuant to Subsection  
16 B of this section shall be increased by the difference between  
17 the maximum distribution and the sum.

18 ~~[G.—The]~~ D. A distribution pursuant to  
19 ~~[Subsections A and B of]~~ this section is in lieu of revenue  
20 that would have been received by the municipality but for the  
21 deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978.  
22 The distribution shall be considered gross receipts tax revenue  
23 and shall be used by the municipality in the same manner as  
24 gross receipts tax revenue, including payment of gross receipts  
25 tax revenue bonds. ~~[A distribution pursuant to this section to~~

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1 ~~a municipality not described in Subsection A of this section or~~  
2 ~~to a municipality that has imposed a gross receipts tax through~~  
3 ~~an ordinance that does not provide a deduction contained in the~~  
4 ~~Gross Receipts and Compensating Tax Act shall not be made on or~~  
5 ~~after July 1, 2029.]~~

6 E. A distribution made pursuant to Subsection B of  
7 this section shall not be less than zero.

8 ~~[D.]~~ F. If the reductions made by this ~~[2013]~~ 2014  
9 act to the distributions made pursuant to ~~[Subsections A and B~~  
10 ~~of]~~ this section impair the ability of a municipality to meet  
11 its principal or interest payment obligations for revenue bonds  
12 that are outstanding prior to July 1, 2013 and that are secured  
13 by the pledge of all or part of the municipality's revenue from  
14 the distribution made pursuant to this section, then the amount  
15 distributed pursuant to this section to that municipality shall  
16 be increased by an amount sufficient to meet the required  
17 payment; provided that the total amount distributed to that  
18 municipality pursuant to this section does not exceed the  
19 amount that would have been due that municipality pursuant to  
20 this section as it was in effect on June 30, 2013.

21 ~~[E.]~~ G. For the purposes of this section:

22 (1) "business locations attributable to the  
23 municipality" means business locations:

24 ~~[(1)]~~ (a) within the municipality;

25 ~~[(2)]~~ (b) on land owned by the state,

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1 commonly known as the "state fairgrounds", within the exterior  
2 boundaries of the municipality;

3 [~~(3)~~] (c) outside the boundaries of the  
4 municipality on land owned by the municipality; and

5 [~~(4)~~] (d) on an Indian reservation or  
6 pueblo grant in an area that is contiguous to the municipality  
7 and in which the municipality performs services pursuant to a  
8 contract between the municipality and the Indian tribe or  
9 Indian pueblo if: [~~(a)~~] 1) the contract describes an area in  
10 which the municipality is required to perform services and  
11 requires the municipality to perform services that are  
12 substantially the same as the services the municipality  
13 performs for itself; and [~~(b)~~] 2) the governing body of the  
14 municipality has submitted a copy of the contract to the  
15 secretary;

16 (2) "maximum distribution" means:

17 (a) for a municipality that has a  
18 population of less than ten thousand according to the most  
19 recent federal decennial census, the total deductions claimed  
20 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month  
21 by taxpayers from business locations attributable to the  
22 municipality multiplied by the sum of the combined rate of all  
23 municipal local option gross receipts taxes in effect in the  
24 municipality for the month plus one and two hundred twenty-five  
25 thousandths percent; and

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1                                   **(b) for a municipality that has a**  
2                                   **population of ten thousand or more according to the most recent**  
3                                   **federal decennial census, the total deductions claimed pursuant**  
4                                   **to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month by**  
5                                   **taxpayers from business locations attributable to the**  
6                                   **municipality multiplied by the sum of the combined rate of all**  
7                                   **municipal local option gross receipts taxes in effect in the**  
8                                   **municipality on January 1, 2007 plus one and two hundred**  
9                                   **twenty-five thousandths percent; and**

10                                   **(3) "tax revenue" means the net receipts**  
11                                   **attributable to a municipal hold harmless gross receipts tax.**

12                                   [F-] **H.** A distribution pursuant to this section may  
13 be adjusted for a distribution made to a tax increment  
14 development district with respect to a portion of a gross  
15 receipts tax increment dedicated by a municipality pursuant to  
16 the Tax Increment for Development Act."

17                                   **SECTION 2.** Section 7-1-6.47 NMSA 1978 (being Laws 2004,  
18 Chapter 116, Section 2, as amended) is amended to read:

19                                   **"7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD**  
20 **DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--**

21                                   **A.** For a county that ~~[has not elected to impose]~~  
22 **does not have in effect** a county hold harmless gross receipts  
23 tax through an ordinance and that has a population of less than  
24 forty-eight thousand according to the most recent federal  
25 decennial census, a distribution pursuant to Section 7-1-6.1

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1 NMSA 1978 shall be made to a county in an amount, subject to  
2 any increase or decrease made pursuant to Section 7-1-6.15 NMSA  
3 1978, equal to the ~~[sum of:~~

4 ~~(1) the total deductions claimed pursuant to~~  
5 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
6 ~~business locations within a municipality in the county~~  
7 ~~multiplied by the combined rate of all county local option~~  
8 ~~gross receipts taxes in effect for the month that are imposed~~  
9 ~~throughout the county;~~

10 ~~(2) the total deductions claimed pursuant to~~  
11 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
12 ~~business locations in the county but not within a municipality~~  
13 ~~multiplied by the combined rate of all county local option~~  
14 ~~gross receipts taxes in effect for the month that are imposed~~  
15 ~~in the county area not within a municipality;~~

16 ~~(3) the total deductions claimed pursuant to~~  
17 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
18 ~~business locations within a municipality in the county~~  
19 ~~multiplied by the combined rate of all county local option~~  
20 ~~gross receipts taxes in effect for the month that are imposed~~  
21 ~~throughout the county; and~~

22 ~~(4) the total deductions claimed pursuant to~~  
23 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
24 ~~business locations in the county but not within a municipality~~  
25 ~~multiplied by the combined rate of all county local option~~

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1 ~~gross receipts taxes in effect for the month that are imposed~~  
2 ~~in the county area not within a municipality] applicable~~  
3 maximum distribution for the county.

4 B. For a county not described in Subsection A of  
5 this section, a distribution pursuant to Section 7-1-6.1 NMSA  
6 1978 shall be made to the county in an amount, subject to any  
7 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
8 1978, equal to the ~~[sum]~~ lesser of:

9 (1) ~~the [total deductions claimed pursuant to~~  
10 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
11 ~~business locations within a municipality in the county~~  
12 ~~multiplied by the combined rate of all county local option~~  
13 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
14 ~~imposed throughout the county in] applicable maximum~~  
15 distribution for the county, less the amount of any county hold  
16 harmless gross receipts tax imposed in the county and  
17 transferred to the county pursuant to Section 7-1-6.13 NMSA  
18 1978; or

19 (2) the applicable maximum distribution for  
20 the county multiplied by the following percentages:

21 (a) prior to July 1, 2015, one hundred  
22 percent;

23 (b) on or after July 1, 2015 and prior  
24 to July 1, 2016, ninety-four percent;

25 (c) on or after July 1, 2016 and prior

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1 to July 1, 2017, eighty-eight percent;

2 (d) on or after July 1, 2017 and prior  
3 to July 1, 2018, eighty-two percent;

4 (e) on or after July 1, 2018 and prior  
5 to July 1, 2019, seventy-six percent;

6 (f) on or after July 1, 2019 and prior  
7 to July 1, 2020, seventy percent;

8 (g) on or after July 1, 2020 and prior  
9 to July 1, 2021, sixty-three percent;

10 (h) on or after July 1, 2021 and prior  
11 to July 1, 2022, fifty-six percent;

12 (i) on or after July 1, 2022 and prior  
13 to July 1, 2023, forty-nine percent;

14 (j) on or after July 1, 2023 and prior  
15 to July 1, 2024, forty-two percent;

16 (k) on or after July 1, 2024 and prior  
17 to July 1, 2025, thirty-five percent;

18 (l) on or after July 1, 2025 and prior  
19 to July 1, 2026, twenty-eight percent;

20 (m) on or after July 1, 2026 and prior  
21 to July 1, 2027, twenty-one percent;

22 (n) on or after July 1, 2027 and prior  
23 to July 1, 2028, fourteen percent; and

24 (o) on or after July 1, 2028 and prior  
25 to July 1, 2029, seven percent.

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1                   ~~[(2) the total deductions claimed pursuant to~~  
2                   ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
3                   ~~business locations in the county but not within a municipality~~  
4                   ~~multiplied by the combined rate of all county local option~~  
5                   ~~gross receipts taxes in effect on January 1, 2007 that are~~  
6                   ~~imposed in the county area not within a municipality in the~~  
7                   ~~following percentages:~~

8                                   ~~(a) prior to July 1, 2015, one hundred~~  
9                   ~~percent;~~

10                                   ~~(b) on or after July 1, 2015 and prior~~  
11                   ~~to July 1, 2016, ninety-four percent;~~

12                                   ~~(c) on or after July 1, 2016 and prior~~  
13                   ~~to July 1, 2017, eighty-eight percent;~~

14                                   ~~(d) on or after July 1, 2017 and prior~~  
15                   ~~to July 1, 2018, eighty-two percent;~~

16                                   ~~(e) on or after July 1, 2018 and prior~~  
17                   ~~to July 1, 2019, seventy-six percent;~~

18                                   ~~(f) on or after July 1, 2019 and prior~~  
19                   ~~to July 1, 2020, seventy percent;~~

20                                   ~~(g) on or after July 1, 2020 and prior~~  
21                   ~~to July 1, 2021, sixty-three percent;~~

22                                   ~~(h) on or after July 1, 2021 and prior~~  
23                   ~~to July 1, 2022, fifty-six percent;~~

24                                   ~~(i) on or after July 1, 2022 and prior~~  
25                   ~~to July 1, 2023, forty-nine percent;~~

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1 ~~(j) on or after July 1, 2023 and prior~~  
2 ~~to July 1, 2024, forty-two percent;~~

3 ~~(k) on or after July 1, 2024 and prior~~  
4 ~~to July 1, 2025, thirty-five percent;~~

5 ~~(l) on or after July 1, 2025 and prior~~  
6 ~~to July 1, 2026, twenty-eight percent;~~

7 ~~(m) on or after July 1, 2026 and prior~~  
8 ~~to July 1, 2027, twenty-one percent;~~

9 ~~(n) on or after July 1, 2027 and prior~~  
10 ~~to July 1, 2028, fourteen percent; and~~

11 ~~(o) on or after July 1, 2028 and prior~~  
12 ~~to July 1, 2029, seven percent.~~

13 ~~(3) the total deductions claimed pursuant to~~  
14 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
15 ~~business locations within a municipality in the county~~  
16 ~~multiplied by the combined rate of all county local option~~  
17 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
18 ~~imposed throughout the county in the following percentages:~~

19 ~~(a) prior to July 1, 2015, one hundred~~  
20 ~~percent;~~

21 ~~(b) on or after July 1, 2015 and prior~~  
22 ~~to July 1, 2016, ninety-four percent;~~

23 ~~(c) on or after July 1, 2016 and prior~~  
24 ~~to July 1, 2017, eighty-eight percent;~~

25 ~~(d) on or after July 1, 2017 and prior~~

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1 ~~to July 1, 2018, eighty-two percent;~~

2 ~~(e) on or after July 1, 2018 and prior~~  
3 ~~to July 1, 2019, seventy-six percent;~~

4 ~~(f) on or after July 1, 2019 and prior~~  
5 ~~to July 1, 2020, seventy percent;~~

6 ~~(g) on or after July 1, 2020 and prior~~  
7 ~~to July 1, 2021, sixty-three percent;~~

8 ~~(h) on or after July 1, 2021 and prior~~  
9 ~~to July 1, 2022, fifty-six percent;~~

10 ~~(i) on or after July 1, 2022 and prior~~  
11 ~~to July 1, 2023, forty-nine percent;~~

12 ~~(j) on or after July 1, 2023 and prior~~  
13 ~~to July 1, 2024, forty-two percent;~~

14 ~~(k) on or after July 1, 2024 and prior~~  
15 ~~to July 1, 2025, thirty-five percent;~~

16 ~~(l) on or after July 1, 2025 and prior~~  
17 ~~to July 1, 2026, twenty-eight percent;~~

18 ~~(m) on or after July 1, 2026 and prior~~  
19 ~~to July 1, 2027, twenty-one percent;~~

20 ~~(n) on or after July 1, 2027 and prior~~  
21 ~~to July 1, 2028, fourteen percent; and~~

22 ~~(o) on or after July 1, 2028 and prior~~  
23 ~~to July 1, 2029, seven percent; and~~

24 ~~(4) the total deductions claimed pursuant to~~  
25 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~

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1 ~~business locations in the county but not within a municipality~~  
2 ~~multiplied by the combined rate of all county local option~~  
3 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
4 ~~imposed in the county area not within a municipality in the~~  
5 ~~following percentages:~~

6 ~~(a) prior to July 1, 2015, one hundred~~  
7 ~~percent;~~

8 ~~(b) on or after July 1, 2015 and prior~~  
9 ~~to July 1, 2016, ninety-four percent;~~

10 ~~(c) on or after July 1, 2016 and prior~~  
11 ~~to July 1, 2017, eighty-eight percent;~~

12 ~~(d) on or after July 1, 2017 and prior~~  
13 ~~to July 1, 2018, eighty-two percent;~~

14 ~~(e) on or after July 1, 2018 and prior~~  
15 ~~to July 1, 2019, seventy-six percent;~~

16 ~~(f) on or after July 1, 2019 and prior~~  
17 ~~to July 1, 2020, seventy percent;~~

18 ~~(g) on or after July 1, 2020 and prior~~  
19 ~~to July 1, 2021, sixty-three percent;~~

20 ~~(h) on or after July 1, 2021 and prior~~  
21 ~~to July 1, 2022, fifty-six percent;~~

22 ~~(i) on or after July 1, 2022 and prior~~  
23 ~~to July 1, 2023, forty-nine percent;~~

24 ~~(j) on or after July 1, 2023 and prior~~  
25 ~~to July 1, 2024, forty-two percent;~~

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1 including payment of gross receipts tax revenue bonds. [A  
2 ~~distribution pursuant to this section to a county not described~~  
3 ~~in Subsection A of this section or to a county that has imposed~~  
4 ~~a gross receipts tax through an ordinance that does not provide~~  
5 ~~a deduction contained in the Gross Receipts and Compensating~~  
6 ~~Tax Act shall not be made on or after July 1, 2029.]~~

7 E. A distribution made pursuant to Subsection B of  
8 this section shall not be less than zero.

9 ~~[D.]~~ F. If the reductions made by this ~~[2013]~~ 2014  
10 act to the distributions made pursuant to ~~[Subsections A and B~~  
11 ~~of]~~ this section impair the ability of a county to meet its  
12 principal or interest payment obligations for revenue bonds  
13 that are outstanding prior to July 1, 2013 and that are secured  
14 by the pledge of all or part of the county's revenue from the  
15 distribution made pursuant to this section, then the amount  
16 distributed pursuant to this section to that county shall be  
17 increased by an amount sufficient to meet the required payment;  
18 provided that the total amount distributed to that county  
19 pursuant to this section does not exceed the amount that would  
20 have been due that county pursuant to this section as it was in  
21 effect on June 30, 2013.

22 ~~[E.]~~ G. A distribution pursuant to this section may  
23 be adjusted for a distribution made to a tax increment  
24 development district with respect to a portion of a gross  
25 receipts tax increment dedicated by a county pursuant to the

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1 Tax Increment for Development Act.

2 H. For purposes of this section:

3 (1) "maximum distribution" means:

4 (a) for counties that have a population  
5 of less than forty-eight thousand according to the most recent  
6 federal decennial census, the sum of: 1) the total deductions  
7 claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for  
8 the month by taxpayers from business locations within a  
9 municipality in the county multiplied by the combined rate of  
10 all county local option gross receipts taxes in effect for the  
11 month that are imposed throughout the county; and 2) the total  
12 deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA  
13 1978 for the month by taxpayers from business locations in the  
14 county but not within a municipality multiplied by the combined  
15 rate of all county local option gross receipts taxes in effect  
16 for the month that are imposed in the county area not within a  
17 municipality; and

18 (b) for counties that have a population  
19 of forty-eight thousand or more according to the most recent  
20 federal decennial census, the sum of: 1) the total deductions  
21 claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for  
22 the month by taxpayers from business locations within a  
23 municipality in the county multiplied by the combined rate of  
24 all county local option gross receipts taxes in effect on  
25 January 1, 2007 that are imposed throughout the county; and 2)

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1 the total deductions claimed pursuant to Sections 7-9-92 and  
2 7-9-93 NMSA 1978 for the month by taxpayers from business  
3 locations in the county but not within a municipality  
4 multiplied by the combined taxes in effect on January 1, 2007  
5 that are imposed in the county area not within a municipality;  
6 and

7 (2) "tax revenue" means the net receipts  
8 attributable to a county hold harmless gross receipts tax."

9 SECTION 3. Section 7-19D-18 NMSA 1978 (being Laws 2013,  
10 Chapter 160, Section 11) is amended to read:

11 "7-19D-18. MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX.--

12 A. The majority of the members of ~~[the]~~ a governing  
13 body of ~~[any]~~ a municipality may ~~[impose by ordinance an excise~~  
14 ~~tax not to exceed a rate of three-eighths percent of the gross~~  
15 ~~receipts of any person engaging in business in the municipality~~  
16 ~~for the privilege of engaging in business in the municipality.~~  
17 ~~A tax imposed pursuant to this section shall be imposed by the~~  
18 ~~enactment of one or more ordinances, each imposing any number~~  
19 ~~of gross receipts tax rate increments, but the total gross~~  
20 ~~receipts tax rate imposed by all ordinances pursuant to this~~  
21 ~~section shall not exceed an aggregate rate of three-eighths~~  
22 ~~percent of the gross receipts of a person engaging in business.~~  
23 ~~Municipalities may impose increments of one-eighth of one~~  
24 ~~percent.~~

25 B. ~~The tax imposed pursuant to Subsection A of this~~

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underscored material = new  
[bracketed material] = delete

1 ~~section may be referred to as the "municipal hold harmless~~  
2 ~~gross receipts tax". The imposition of a municipal hold~~  
3 ~~harmless gross receipts tax is not subject to referendum]~~  
4 enact an ordinance imposing an excise tax on a person engaging  
5 in business in the municipality for the privilege of engaging  
6 in business. The tax imposed pursuant to this section may be  
7 referred to as the "municipal hold harmless gross receipts  
8 tax".

9 B. An ordinance imposing a municipal hold harmless  
10 gross receipts tax shall not be enacted more than nine months  
11 prior to the date an increment may be imposed pursuant to  
12 Subsection C of this section.

13 C. The rate of the tax shall not exceed three-  
14 eighths percent of the gross receipts of the person engaging in  
15 business and may be imposed in one-eighth percent increments by  
16 separate ordinances as follows:

17 (1) the first one-eighth percent, on or after  
18 July 1, 2015;

19 (2) the second one-eighth percent, on or after  
20 July 1, 2018; and

21 (3) the third one-eighth percent, on or after  
22 July 1, 2020.

23 D. The imposition of a municipal hold harmless  
24 gross receipts tax is not subject to referendum.

25 [~~G.~~] E. The governing body of a municipality may,

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underscored material = new  
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1 at the time of enacting an ordinance imposing the tax  
2 authorized in Subsection A of this section, dedicate the  
3 revenue for a specific purpose or area of municipal government  
4 services, including but not limited to police protection, fire  
5 protection, public transportation or street repair and  
6 maintenance. If the governing body proposes to dedicate such  
7 revenue, the ordinance and any revenue so dedicated shall be  
8 used by the municipality for that purpose unless a subsequent  
9 ordinance is adopted to change the purpose to which the revenue  
10 is dedicated or to place the revenue in the general fund of the  
11 municipality.

12 ~~[D-]~~ F. Any law that imposes or authorizes the  
13 imposition of a municipal hold harmless gross receipts tax or  
14 that affects the municipal hold harmless gross receipts tax, or  
15 any law supplemental thereto or otherwise appertaining thereto,  
16 shall not be repealed or amended or otherwise directly or  
17 indirectly modified in such a manner as to impair adversely any  
18 outstanding revenue bonds that may be secured by a pledge of  
19 such municipal hold harmless gross receipts tax unless such  
20 outstanding revenue bonds have been discharged in full or  
21 provision has been fully made therefor.

22 G. For purposes of this section, "municipality"  
23 means a municipality in this state. "Municipality" does not  
24 mean an H class county."

25 SECTION 4. Section 7-20E-28 NMSA 1978 (being Laws 2013,

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1 Chapter 160, Section 12) is amended to read:

2 "7-20E-28. COUNTY HOLD HARMLESS GROSS RECEIPTS TAX.--

3 A. The majority of the members of ~~[the]~~ a governing  
4 body of ~~[any]~~ a county may ~~[impose by ordinance an excise tax~~  
5 ~~not to exceed a rate of three-eighths percent of the gross~~  
6 ~~receipts of any person engaging in business in the county for~~  
7 ~~the privilege of engaging in business in the county. A tax~~  
8 ~~imposed pursuant to this section shall be imposed by the~~  
9 ~~enactment of one or more ordinances, each imposing any number~~  
10 ~~of gross receipts tax rate increments, but the total gross~~  
11 ~~receipts tax rate imposed by all ordinances pursuant to this~~  
12 ~~section shall not exceed an aggregate rate of three-eighths~~  
13 ~~percent of the gross receipts of a person engaging in business.~~  
14 ~~Counties may impose increments of one-eighth of one percent.~~

15 B. ~~The tax imposed pursuant to Subsection A of this~~  
16 ~~section may be referred to as the "county hold harmless gross~~  
17 ~~receipts tax". The imposition of a county hold harmless gross~~  
18 ~~receipts tax is not subject to referendum] enact an ordinance~~  
19 ~~imposing an excise tax on a person engaging in business in the~~  
20 ~~county for the privilege of engaging in business. The tax~~  
21 ~~imposed pursuant to this section may be referred to as the~~  
22 ~~"county hold harmless gross receipts tax".~~

23 B. An ordinance imposing a county hold harmless  
24 gross receipts tax shall not be enacted more than nine months  
25 prior to the date an increment may be imposed pursuant to

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[bracketed material] = delete

1 Subsection C of this section.

2 C. The rate of the tax shall not exceed one-eighth  
3 percent of the gross receipts of the person engaging in  
4 business and may be imposed in one-sixteenth percent increments  
5 by separate ordinances as follows:

6 (1) the first one-sixteenth percent, on or  
7 after July 1, 2015; and

8 (2) the second one-sixteenth percent, on or  
9 after July 1, 2022.

10 D. The imposition of a county hold harmless gross  
11 receipts tax is not subject to referendum.

12 [~~E.~~] E. The governing body of a county may, at the  
13 time of enacting an ordinance imposing the tax authorized in  
14 Subsection A of this section, dedicate the revenue for a  
15 specific purpose or area of county government services,  
16 including but not limited to police protection, fire  
17 protection, public transportation or street repair and  
18 maintenance. If the governing body proposes to dedicate such  
19 revenue, the ordinance and any revenue so dedicated shall be  
20 used by the county for that purpose unless a subsequent  
21 ordinance is adopted to change the purpose to which the revenue  
22 is dedicated or to place the revenue in the general fund of the  
23 county.

24 [~~F.~~] F. Any law that imposes or authorizes the  
25 imposition of a county hold harmless gross receipts tax or that

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underscored material = new  
[bracketed material] = delete

1 affects the county hold harmless gross receipts tax, or any law  
2 supplemental thereto or otherwise appertaining thereto, shall  
3 not be repealed or amended or otherwise directly or indirectly  
4 modified in such a manner as to impair adversely any  
5 outstanding revenue bonds that may be secured by a pledge of  
6 such county hold harmless gross receipts tax unless such  
7 outstanding revenue bonds have been discharged in full or  
8 provision has been fully made therefor."

9 SECTION 5. TEMPORARY PROVISION--MUNICIPAL OR COUNTY HOLD  
10 HARMLESS GROSS RECEIPTS TAX IMPOSED PRIOR TO THE EFFECTIVE DATE  
11 OF THIS ACT.--An ordinance imposing a municipal hold harmless  
12 gross receipts tax or county hold harmless gross receipts tax  
13 prior to the effective date of this act shall conform to the  
14 provisions of this act. An ordinance that does not conform to  
15 the provisions of this act on or after July 1, 2014 is not  
16 valid with respect to transactions occurring on or after July  
17 1, 2014.

18 SECTION 6. EMERGENCY.--It is necessary for the public  
19 peace, health and safety that this act take effect immediately.