

1 HOUSE BILL 421

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

4 Jason C. Harper

5  
6  
7  
8  
9  
10 AN ACT

11 RELATING TO TAXATION; REDUCING THE AMOUNT OF HOLD HARMLESS  
12 DISTRIBUTIONS TO MUNICIPALITIES AND COUNTIES BY THE AMOUNT OF A  
13 MUNICIPAL OR COUNTY HOLD HARMLESS GROSS RECEIPTS TAX; PROVIDING  
14 A SCHEDULE FOR THE IMPOSITION OF A MUNICIPAL OR COUNTY HOLD  
15 HARMLESS GROSS RECEIPTS TAX TO CERTAIN YEARS TO BE ELIGIBLE FOR  
16 AN ADDITIONAL HOLD HARMLESS DISTRIBUTION; REDUCING THE COUNTY  
17 HOLD HARMLESS GROSS RECEIPTS TAX THAT MAY BE IMPOSED TO ONE-  
18 EIGHTH PERCENT; RESTRICTING THE AUTHORITY TO PLEDGE REVENUE  
19 FROM HOLD HARMLESS GROSS RECEIPTS TAXES; PROVIDING THAT A  
20 PREVIOUSLY IMPOSED MUNICIPAL OR COUNTY HOLD HARMLESS GROSS  
21 RECEIPTS TAX THAT DOES NOT CONFORM TO THIS ACT SHALL REMAIN IN  
22 EFFECT IF A MUNICIPALITY OR COUNTY HAS ISSUED REVENUE BONDS  
23 SECURED BY A PLEDGE OF THOSE TAXES; DECLARING AN EMERGENCY.

24  
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

.198689.2

underscored material = new  
~~[bracketed material]~~ = delete

underscored material = new  
[bracketed material] = delete

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

3 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR  
4 FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES  
5 DEDUCTION.--

6 A. For a municipality that [~~has not elected to~~  
7 ~~impose~~] does not have in effect a municipal hold harmless gross  
8 receipts tax through an ordinance and that has a population of  
9 less than ten thousand according to the most recent federal  
10 decennial census, a distribution pursuant to Section 7-1-6.1  
11 NMSA 1978 shall be made to [~~a~~] the municipality in an amount,  
12 subject to any increase or decrease made pursuant to Section  
13 7-1-6.15 NMSA 1978, equal to the [~~sum of:~~

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

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

.198689.2

underscored material = new  
[bracketed material] = delete

1 ~~month plus one and two hundred twenty-five thousandths percent]~~  
2 applicable maximum distribution for the municipality.

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

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

18 (2) the applicable maximum distribution for  
19 the municipality multiplied by the following percentages:

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

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

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

.198689.2

underscored material = new  
[bracketed material] = delete

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

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

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

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

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

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

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

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

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

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

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

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

25 ~~(2) the total deductions claimed pursuant to~~

.198689.2

underscored material = new  
[bracketed material] = delete

1 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
2 ~~business locations attributable to the municipality multiplied~~  
3 ~~by the sum of the combined rate of all municipal local option~~  
4 ~~gross receipts taxes in effect in the municipality on January~~  
5 ~~1, 2007 plus one and two hundred twenty-five thousandths~~  
6 ~~percent in the following percentages]~~

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

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

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

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

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

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

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

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

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

25 (j) on or after July 1, 2023 and prior

.198689.2

underscored material = new  
[bracketed material] = delete

1 to July 1, 2024, forty-two percent;

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

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

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

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

10 (o) on or after July 1, 2028 and prior  
11 to July 1, 2029, seven percent; and

12 (p) on or after July 1, 2029, zero  
13 percent.

14 C. A distribution pursuant to Subsection B of this  
15 section for a municipality that has a population of ten  
16 thousand or more according to the most recent federal decennial  
17 census and that has in effect a municipal hold harmless gross  
18 receipts tax at a rate of three-eighths percent and whose  
19 maximum distribution exceeds the sum of the municipality's tax  
20 revenue and the distribution calculated pursuant to Subsection  
21 B of this section shall be increased by the difference between  
22 the maximum distribution and the sum; provided that the  
23 municipal hold harmless gross receipts tax is imposed following  
24 the schedule provided by Paragraph (2) of Subsection B of  
25 Section 7-19D-18 NMSA 1978.

.198689.2

underscored material = new  
[bracketed material] = delete

1                   [~~G.—The~~] D. A distribution pursuant to  
2                   [~~Subsections A and B of~~] this section is in lieu of revenue  
3                   that would have been received by the municipality but for the  
4                   deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978.  
5                   The distribution shall be considered gross receipts tax revenue  
6                   and shall be used by the municipality in the same manner as  
7                   gross receipts tax revenue, including payment of gross receipts  
8                   tax revenue bonds. [~~A distribution pursuant to this section to~~  
9                   ~~a municipality not described in Subsection A of this section or~~  
10                  ~~to a municipality that has imposed a gross receipts tax through~~  
11                  ~~an ordinance that does not provide a deduction contained in the~~  
12                  ~~Gross Receipts and Compensating Tax Act shall not be made on or~~  
13                  ~~after July 1, 2029.~~]

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

16                   [~~D.~~] F. If the reductions made by this [~~2013~~] 2015  
17                   act to the distributions made pursuant to [~~Subsections A and B~~  
18                   ~~of~~] this section impair the ability of a municipality to meet  
19                   its principal or interest payment obligations for revenue bonds  
20                   that are outstanding prior to July 1, [~~2013~~] 2015 and that are  
21                   secured by the pledge of all or part of the municipality's  
22                   revenue from the distribution made pursuant to this section,  
23                   then the amount distributed pursuant to this section to that  
24                   municipality shall be increased by an amount sufficient to meet  
25                   the required payment; provided that the total amount

.198689.2

underscored material = new  
[bracketed material] = delete

1 distributed to that municipality pursuant to this section does  
2 not exceed the amount that would have been due that  
3 municipality pursuant to this section as it was in effect on  
4 June 30, [~~2013~~] 2015.

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

6 (1) "business locations attributable to the  
7 municipality" means business locations:

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

9 [~~(2)~~] (b) on land owned by the state,  
10 commonly known as the "state fairgrounds", within the exterior  
11 boundaries of the municipality;

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

14 [~~(4)~~] (d) on an Indian reservation or  
15 pueblo grant in an area that is contiguous to the municipality  
16 and in which the municipality performs services pursuant to a  
17 contract between the municipality and the Indian tribe or  
18 Indian pueblo if: [~~(a)~~] 1) the contract describes an area in  
19 which the municipality is required to perform services and  
20 requires the municipality to perform services that are  
21 substantially the same as the services the municipality  
22 performs for itself; and [~~(b)~~] 2) the governing body of the  
23 municipality has submitted a copy of the contract to the  
24 secretary;

25 (2) "maximum distribution" means:

.198689.2



underscored material = new  
[bracketed material] = delete

1                   (a) for a municipality that has a  
2 population of less than ten thousand according to the most  
3 recent federal decennial census, the total deductions claimed  
4 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month  
5 by 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 for the month plus one and two hundred twenty-five  
9 thousandths percent; and

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

19                   (3) "tax revenue" means the net receipts  
20 attributable to a municipal hold harmless gross receipts tax.

21                   [F.] H. A distribution pursuant to this section may  
22 be adjusted for a distribution made to a tax increment  
23 development district with respect to a portion of a gross  
24 receipts tax increment dedicated by a municipality pursuant to  
25 the Tax Increment for Development Act."

.198689.2

underscored material = new  
[bracketed material] = delete

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

3 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD  
4 DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

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

13 ~~(1) the total deductions claimed pursuant to~~  
14 ~~Section 7-9-92 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 for the month that are imposed~~  
18 ~~throughout the county;~~

19 ~~(2) the total deductions claimed pursuant to~~  
20 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
21 ~~business locations in the county but not within a municipality~~  
22 ~~multiplied by the combined rate of all county local option~~  
23 ~~gross receipts taxes in effect for the month that are imposed~~  
24 ~~in the county area not within a municipality;~~

25 ~~(3) the total deductions claimed pursuant to~~

.198689.2

underscored material = new  
[bracketed material] = delete

1 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
2 ~~business locations within a municipality in the county~~  
3 ~~multiplied by the combined rate of all county local option~~  
4 ~~gross receipts taxes in effect for the month that are imposed~~  
5 ~~throughout the county; and~~

6 ~~(4) the total deductions claimed pursuant to~~  
7 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
8 ~~business locations in the county but not within a municipality~~  
9 ~~multiplied by the combined rate of all county local option~~  
10 ~~gross receipts taxes in effect for the month that are imposed~~  
11 ~~in the county area not within a municipality] applicable~~  
12 ~~maximum distribution for the county.~~

13 B. For a county not described in Subsection A of  
14 this section, a distribution pursuant to Section 7-1-6.1 NMSA  
15 1978 shall be made to the county in an amount, subject to any  
16 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
17 1978, equal to the [sum] lesser of:

18 (1) ~~the [total deductions claimed pursuant to~~  
19 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
20 ~~business locations within a municipality in the county~~  
21 ~~multiplied by the combined rate of all county local option~~  
22 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
23 ~~imposed throughout the county in] applicable maximum~~  
24 ~~distribution for the county, less the amount of any county hold~~  
25 ~~harmless gross receipts tax imposed in the county and~~

.198689.2

underscored material = new  
[bracketed material] = delete

1 transferred to the county pursuant to Section 7-1-6.13 NMSA  
2 1978; or

3 (2) the applicable maximum distribution for  
4 the county multiplied by the following percentages:

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

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

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

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

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

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

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

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

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

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

25 ~~(k) on or after July 1, 2024 and prior~~

.198689.2

underscored material = new  
[bracketed material] = delete

1 ~~to July 1, 2025, thirty-five percent;~~

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

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

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

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

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 on January 1, 2007 that are~~  
15 ~~imposed in the county area not within a municipality in the~~  
16 ~~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~~

.198689.2

underscored material = new  
[bracketed material] = delete

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;~~

22 ~~(3) the total deductions claimed pursuant to~~  
23 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
24 ~~business locations within a municipality in the county~~  
25 ~~multiplied by the combined rate of all county local option~~

.198689.2

underscored material = new  
[bracketed material] = delete

1 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
2 ~~imposed throughout the county in the following percentages:~~

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

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

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

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

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

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

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

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

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

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

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

25 ~~(l) on or after July 1, 2025 and prior~~

.198689.2

underscoring material = new  
[bracketed material] = delete

1 ~~to July 1, 2026, twenty-eight percent;~~

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

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

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

8 ~~(4) the total deductions claimed pursuant to~~  
9 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~  
10 ~~business locations in the county but not within a municipality~~  
11 ~~multiplied by the combined rate of all county local option~~  
12 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
13 ~~imposed in the county area not within a municipality in the~~  
14 ~~following percentages]~~

15 (a) prior to July 1, 2015, one hundred  
16 percent;

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

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

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

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

25 (f) on or after July 1, 2019 and prior

.198689.2



underscored material = new  
[bracketed material] = delete

1 to July 1, 2020, seventy percent;  
2 (g) on or after July 1, 2020 and prior  
3 to July 1, 2021, sixty-three percent;  
4 (h) on or after July 1, 2021 and prior  
5 to July 1, 2022, fifty-six percent;  
6 (i) on or after July 1, 2022 and prior  
7 to July 1, 2023, forty-nine percent;  
8 (j) on or after July 1, 2023 and prior  
9 to July 1, 2024, forty-two percent;  
10 (k) on or after July 1, 2024 and prior  
11 to July 1, 2025, thirty-five percent;  
12 (l) on or after July 1, 2025 and prior  
13 to July 1, 2026, twenty-eight percent;  
14 (m) on or after July 1, 2026 and prior  
15 to July 1, 2027, twenty-one percent;  
16 (n) on or after July 1, 2027 and prior  
17 to July 1, 2028, fourteen percent; ~~and~~  
18 (o) on or after July 1, 2028 and prior  
19 to July 1, 2029, seven percent; and  
20 (p) on or after July 1, 2029, zero  
21 percent.

22 C. ~~[The]~~ A distribution pursuant to Subsection B of  
23 this section for a county with a population of forty-eight  
24 thousand or more according to the most recent federal decennial  
25 census and that has in effect a county hold harmless gross

underscored material = new  
[bracketed material] = delete

1 receipts tax at a rate of one-eighth percent and whose maximum  
2 distribution amount exceeds the sum of the county's tax revenue  
3 and the distribution calculated pursuant to Subsection B of  
4 this section shall be increased by the difference between the  
5 maximum distribution and the sum; provided that the county hold  
6 harmless gross receipts tax is imposed following the schedule  
7 provided by Paragraph (2) of Subsection B of Section 7-20E-28  
8 NMSA 1978.

9 D. A distribution pursuant to [~~Subsections A and B~~  
10 ~~of]~~ this section is in lieu of revenue that would have been  
11 received by the county but for the deductions provided by  
12 Sections 7-9-92 and 7-9-93 NMSA 1978. The distribution shall  
13 be considered gross receipts tax revenue and shall be used by  
14 the county in the same manner as gross receipts tax revenue,  
15 including payment of gross receipts tax revenue bonds. [A  
16 ~~distribution pursuant to this section to a county not described~~  
17 ~~in Subsection A of this section or to a county that has imposed~~  
18 ~~a gross receipts tax through an ordinance that does not provide~~  
19 ~~a deduction contained in the Gross Receipts and Compensating~~  
20 ~~Tax Act shall not be made on or after July 1, 2029.]~~

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

23 [~~D.~~] F. If the reductions made by this [2013] 2015  
24 act to the distributions made pursuant to [~~Subsections A and B~~  
25 ~~of]~~ this section impair the ability of a county to meet its

.198689.2

underscored material = new  
[bracketed material] = delete

1 principal or interest payment obligations for revenue bonds  
2 that are outstanding prior to July 1, [~~2013~~] 2015 and that are  
3 secured by the pledge of all or part of the county's revenue  
4 from the distribution made pursuant to this section, then the  
5 amount distributed pursuant to this section to that county  
6 shall be increased by an amount sufficient to meet the required  
7 payment; provided that the total amount distributed to that  
8 county pursuant to this section does not exceed the amount that  
9 would have been due that county pursuant to this section as it  
10 was in effect on June 30, [~~2013~~] 2015.

11 [~~E.~~] G. A distribution pursuant to this section may  
12 be adjusted for a distribution made to a tax increment  
13 development district with respect to a portion of a gross  
14 receipts tax increment dedicated by a county pursuant to the  
15 Tax Increment for Development Act.

16 H. For purposes of this section:

17 (1) "maximum distribution" means:

18 (a) for counties that have a population  
19 of less than forty-eight thousand 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 for the  
25 month that are imposed throughout the county; and 2) the total

.198689.2

underscored material = new  
[bracketed material] = delete

1 deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA  
2 1978 for the month by taxpayers from business locations in the  
3 county but not within a municipality multiplied by the combined  
4 rate of all county local option gross receipts taxes in effect  
5 for the month that are imposed in the county area not within a  
6 municipality; and

7 (b) for counties that have a population  
8 of forty-eight thousand or more according to the most recent  
9 federal decennial census, the sum of: 1) the total deductions  
10 claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for  
11 the month by taxpayers from business locations within a  
12 municipality in the county multiplied by the combined rate of  
13 all county local option gross receipts taxes in effect on  
14 January 1, 2007 that are imposed throughout the county; and 2)  
15 the total deductions claimed pursuant to Sections 7-9-92 and  
16 7-9-93 NMSA 1978 for the month by taxpayers from business  
17 locations in the county but not within a municipality  
18 multiplied by the combined rate of all county local option  
19 gross receipts taxes in effect on January 1, 2007 that are  
20 imposed in the county area not within a municipality; and

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

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

25 "7-19D-18. MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX.--

.198689.2

underscored material = new  
[bracketed material] = delete

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

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

23           B. The rate of the tax shall not exceed three-  
24 eighths percent of the gross receipts of the person engaging in  
25 business and:

.198689.2

underscored material = new  
[bracketed material] = delete

1                   (1) may be imposed in one-eighth percent  
2 increments by separate ordinances; or

3                   (2) to be eligible for the additional  
4 distribution pursuant to Subsection C of Section 7-1-6.46 NMSA  
5 1978, shall be imposed as follows:

6                               (a) the first one-eighth percent, on or  
7 after July 1, 2013;

8                               (b) the second one-eighth percent, on or  
9 after July 1, 2018; and

10                              (c) the third one-eighth percent, on or  
11 after July 1, 2020.

12                   C. The imposition of a municipal hold harmless  
13 gross receipts tax is not subject to referendum.

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

underscored material = new  
[bracketed material] = delete

1           ~~[D-]~~ E. Any law that imposes or authorizes the  
2 imposition of a municipal hold harmless gross receipts tax or  
3 that affects the municipal hold harmless gross receipts tax, or  
4 any law supplemental thereto or otherwise appertaining thereto,  
5 shall not be repealed or amended or otherwise directly or  
6 indirectly modified in such a manner as to impair adversely any  
7 outstanding revenue bonds that may be secured by a pledge of  
8 such municipal hold harmless gross receipts tax unless such  
9 outstanding revenue bonds have been discharged in full or  
10 provision has been fully made therefor.

11           F. For purposes of this section, "municipality"  
12 means a municipality in this state. "Municipality" does not  
13 mean an H class county."

14           **SECTION 4.** A new section of the Municipal Local Option  
15 Gross Receipts Taxes Act is enacted to read:

16           "[NEW MATERIAL] MUNICIPAL HOLD HARMLESS GROSS RECEIPTS  
17 TAX--LIMITATION ON PLEDGE OF REVENUE FOR THE PAYMENT OF BONDS  
18 OR DEBENTURES.--Notwithstanding any other law to the contrary,  
19 on and after the effective date of this section, the revenue  
20 attributable to the municipal hold harmless gross receipts tax  
21 shall not be pledged for the payment of bonds or debentures or  
22 expended to pay the principal or interest of outstanding bonds  
23 or debentures; provided that a municipality has not pledged  
24 such revenue prior to the effective date of this section."

25           **SECTION 5.** Section 7-20E-28 NMSA 1978 (being Laws 2013,  
.198689.2

underscored material = new  
[bracketed material] = delete

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. The rate of the tax shall not exceed one-eighth  
24 percent of the gross receipts of the person engaging in  
25 business and:

.198689.2



underscoring material = new  
~~[bracketed material] = delete~~

1                   (1) may be imposed in one-sixteenth percent  
2 increments by separate ordinances; or

3                   (2) to be eligible for the additional  
4 distribution pursuant to Subsection C of Section 7-1-6.47 NMSA  
5 1978, shall be imposed as follows:

6                               (a) the first one-sixteenth percent, on  
7 or after July 1, 2013; and

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

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

12                   ~~[G.]~~ D. 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                   ~~[D.]~~ E. Any law that imposes or authorizes the  
25 imposition of a county hold harmless gross receipts tax or that

.198689.2

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 6. A new section of the County Local Option Gross  
10 Receipts Taxes Act is enacted to read:

11 "[NEW MATERIAL] COUNTY HOLD HARMLESS GROSS RECEIPTS TAX--  
12 LIMITATION ON PLEDGE OF REVENUE FOR THE PAYMENT OF BONDS OR  
13 DEBENTURES.--Notwithstanding any other law to the contrary, on  
14 and after the effective date of this section, the revenue  
15 attributable to the county hold harmless gross receipts tax  
16 shall not be pledged for the payment of bonds or debentures or  
17 expended to pay the principal or interest of outstanding bonds  
18 or debentures; provided that a county has not pledged such  
19 revenue prior to the effective date of this section."

20 SECTION 7. TEMPORARY PROVISION--MUNICIPAL OR COUNTY HOLD  
21 HARMLESS GROSS RECEIPTS TAX IMPOSED PRIOR TO THE EFFECTIVE DATE  
22 OF THIS ACT--OUTSTANDING BONDS.--Except as provided in this  
23 section, an ordinance imposing a municipal hold harmless gross  
24 receipts tax or county hold harmless gross receipts tax prior  
25 to the effective date of this act shall conform to the

.198689.2

underscoring material = new  
[bracketed material] = delete

1 provisions of this act. An ordinance that does not conform to  
2 the provisions of this act on or after January 1, 2016 is not  
3 valid with respect to transactions occurring on or after  
4 January 1, 2016. If, prior to the effective date of Sections 4  
5 and 6 of this act, a municipality or county has issued a  
6 revenue bond that is secured by a pledge of a municipal hold  
7 harmless gross receipts tax or county hold harmless gross  
8 receipts tax, the ordinance imposing the municipal hold  
9 harmless gross receipts tax or county hold harmless gross  
10 receipts tax shall remain in effect until the ordinance expires  
11 or the revenue bond has been discharged in full or provision  
12 has been fully made therefor, whichever occurs first.

13 SECTION 8. EFFECTIVE DATE.--The effective date of the  
14 provisions of Sections 1 through 3, 5 and 7 of this act is  
15 January 1, 2016.

16 SECTION 9. EMERGENCY.--It is necessary for the public  
17 peace, health and safety that this act take effect immediately.