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SENATE BILL 101

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

INTRODUCED BY

Steven P. Neville

AN ACT

RELATING TO TAXATION; DECREASING THE GROSS RECEIPTS TAX;
LIMITING THE AMOUNT OF HOLD HARMLESS GROSS RECEIPTS TAX THAT A
MUNICIPALITY OR COUNTY MAY IMPOSE; REPEALING THE HOLD HARMLESS
DISTRIBUTIONS TO MUNICIPALITIES AND COUNTIES.

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

SECTION 1. Section 7-9-4 NMSA 1978 (being Laws 1966,
Chapter 47, Section 4, as amended) is amended to read:

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

A. For the privilege of engaging in business, an
excise tax equal to [~~five and one-eighth~~] four and seven-
eighths percent of gross receipts is imposed on any person
engaging in business in New Mexico.

B. The tax imposed by this section shall be

underscored material = new
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1 referred to as the "gross receipts tax"."

2 SECTION 2. Section 7-19D-18 NMSA 1978 (being Laws 2013,
3 Chapter 160, Section 11) is amended to read:

4 "7-19D-18. MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX.--

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

19 B. The tax imposed pursuant to Subsection A of this
20 section may be referred to as the "municipal hold harmless
21 gross receipts tax". The imposition of a municipal hold
22 harmless gross receipts tax is not subject to referendum.

23 C. The governing body of a municipality may, at the
24 time of enacting an ordinance imposing the tax authorized in
25 Subsection A of this section, dedicate the revenue for a

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1 specific purpose or area of municipal government services,
2 including but not limited to police protection, fire
3 protection, public transportation or street repair and
4 maintenance. If the governing body proposes to dedicate such
5 revenue, the ordinance and any revenue so dedicated shall be
6 used by the municipality for that purpose unless a subsequent
7 ordinance is adopted to change the purpose to which the revenue
8 is dedicated or to place the revenue in the general fund of the
9 municipality.

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

20 E. As used in this section, "hold harmless rate"
21 means the rate, rounded to the nearest one-sixteenth percent
22 increment, of a municipal hold harmless gross receipts tax
23 that, if imposed, would result in an amount of revenue equal
24 to:

25 (1) for a municipality that has a population

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1 of less than ten thousand according to the most recent federal
2 decennial census, the monthly average of the total deductions
3 claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for
4 the previous calendar year by taxpayers from business locations
5 attributable to the municipality multiplied by the sum of the
6 combined rate of all municipal local option gross receipts
7 taxes in effect in the municipality for the month plus one and
8 two hundred twenty-five thousandths percent; and

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

18 SECTION 3. Section 7-20E-28 NMSA 1978 (being Laws 2013,
19 Chapter 160, Section 12) is amended to read:

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

21 A. The majority of the members of the governing
22 body of any county may impose by ordinance an excise tax not to
23 exceed a rate of [~~three-eighths~~] one-half percent of the gross
24 receipts of any person engaging in business in the county for
25 the privilege of engaging in business in the county or the hold

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1 harmless rate, whichever is less. A tax imposed pursuant to
2 this section shall be imposed by the enactment of one or more
3 ordinances, each imposing any number of gross receipts tax rate
4 increments, but the total gross receipts tax rate imposed by
5 all ordinances pursuant to this section shall not exceed an
6 aggregate rate of [~~three-eighths~~] one-half percent of the gross
7 receipts of a person engaging in business. Counties may impose
8 increments of [~~one-eighth of one~~] one-sixteenth percent.

9 B. The tax imposed pursuant to Subsection A of this
10 section may be referred to as the "county hold harmless gross
11 receipts tax". The imposition of a county hold harmless gross
12 receipts tax is not subject to referendum.

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

25 D. Any law that imposes or authorizes the

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

10 E. As used in this section, "hold harmless rate"
11 means the rate, rounded to the nearest one-sixteenth percent
12 increment, of a county hold harmless gross receipts tax that,
13 if imposed, would result in an amount of revenue equal to:

14 (1) for counties that have a population of
15 less than forty-eight thousand according to the most recent
16 federal decennial census, the sum of:

17 (a) the monthly average of the total
18 deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA
19 1978 for the previous calendar year by taxpayers from business
20 locations within a municipality in the county multiplied by the
21 combined rate of all county local option gross receipts taxes
22 in effect for the month that are imposed throughout the county;
23 and

24 (b) the monthly average of the total
25 deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA

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1 1978 for the previous calendar year by taxpayers from business
2 locations in the county but not within a municipality
3 multiplied by the combined rate of all county local option
4 gross receipts taxes in effect for the month that are imposed
5 in the county area not within a municipality; and

6 (2) for counties that have a population of
7 forty-eight thousand or more according to the most recent
8 federal decennial census, the sum of:

9 (a) the monthly average of the total
10 deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA
11 1978 for the previous calendar year by taxpayers from business
12 locations within a municipality in the county multiplied by the
13 combined rate of all county local option gross receipts taxes
14 in effect on January 1, 2007 that are imposed throughout the
15 county; and

16 (b) the monthly average of the total
17 deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA
18 1978 for the previous calendar year by taxpayers from business
19 locations in the county but not within a municipality
20 multiplied by the combined rate of all county local option
21 gross receipts taxes in effect on January 1, 2007 that are
22 imposed in the county area not within a municipality."

23 SECTION 4. TEMPORARY PROVISION--MUNICIPAL OR COUNTY HOLD
24 HARMLESS GROSS RECEIPTS TAX IMPOSED PRIOR TO THE EFFECTIVE DATE
25 OF THIS ACT.--

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