

1 SENATE BILL 274

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

3 INTRODUCED BY

4 John Arthur Smith

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10 AN ACT

11 RELATING TO TAXATION; CONVERTING A DISTRIBUTION FROM GROSS  
12 RECEIPTS TAX TO A MUNICIPALITY TO A MUNICIPAL GROSS RECEIPTS  
13 TAX; ELIMINATING THE FOOD HOLD HARMLESS DISTRIBUTIONS; CHANGING  
14 THE FOOD DEDUCTION TO A CREDIT IN THE AMOUNT OF THE STATE GROSS  
15 RECEIPTS TAX OTHERWISE DUE; CREATING A CREDIT AGAINST GROSS  
16 RECEIPTS FOR MUNICIPAL GROSS RECEIPTS TAX LIABILITY; INCREASING  
17 THE WORKING FAMILIES TAX CREDIT; DECREASING THE GROSS RECEIPTS  
18 TAX RATE AND THE COMPENSATING TAX RATE; REPEALING THE MUNICIPAL  
19 AND COUNTY HOLD HARMLESS GROSS RECEIPTS TAXES.

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

22 SECTION 1. Section 7-1-6.4 NMSA 1978 (being Laws 1983,  
23 Chapter 211, Section 9, as amended) is amended to read:

24 "7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS  
25 TAX.--

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1           A. Except as provided in Subsection B of this  
2 section, a distribution pursuant to Section 7-1-6.1 NMSA 1978  
3 shall be made to each municipality in an amount, subject to any  
4 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
5 1978, equal to the product of the quotient of one and two  
6 hundred twenty-five thousandths percent divided by the tax rate  
7 imposed by Section 7-9-4 NMSA 1978 multiplied by the net  
8 receipts for the month attributable to the gross receipts tax  
9 from business locations:

10                   ~~[(1) within that municipality;~~

11                   ~~(2)]~~ (1) on land owned by the state, commonly  
12 known as the "state fairgrounds", within the exterior  
13 boundaries of that municipality;

14                   ~~[(3)]~~ (2) outside the boundaries of any  
15 municipality on land owned by that municipality; and

16                   ~~[(4)]~~ (3) on an Indian reservation or pueblo  
17 grant in an area that is contiguous to that municipality and in  
18 which the municipality performs services pursuant to a contract  
19 between the municipality and the Indian tribe or Indian pueblo  
20 if:

21                           (a) the contract describes an area in  
22 which the municipality is required to perform services and  
23 requires the municipality to perform services that are  
24 substantially the same as the services the municipality  
25 performs for itself; and

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1 (b) the governing body of the  
2 municipality has submitted a copy of the contract to the  
3 secretary.

4 B. If the reduction made by Laws 1991, Chapter 9,  
5 Section 9 to the distribution under this section impairs the  
6 ability of a municipality to meet its principal or interest  
7 payment obligations for revenue bonds outstanding prior to July  
8 1, 1991 that are secured by the pledge of all or part of the  
9 municipality's revenue from the distribution made under this  
10 section, then the amount distributed pursuant to this section  
11 to that municipality shall be increased by an amount sufficient  
12 to meet any required payment, provided that the distribution  
13 amount does not exceed the amount that would have been due that  
14 municipality under this section as it was in effect on June 30,  
15 1992.

16 C. A distribution pursuant to this section may be  
17 adjusted for a distribution made to a tax increment development  
18 district with respect to a portion of a gross receipts tax  
19 increment dedicated by a municipality pursuant to the Tax  
20 Increment for Development Act."

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

23 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR  
24 [~~FOOD DEDUCTION AND~~] HEALTH CARE PRACTITIONER SERVICES  
25 DEDUCTION.--

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1           A. For a municipality that [~~has not elected to~~  
2 ~~impose~~] does not have in effect a municipal hold harmless gross  
3 receipts tax through an ordinance and that has a population of  
4 less than ten thousand according to the most recent federal  
5 decennial census, a distribution pursuant to Section 7-1-6.1  
6 NMSA 1978 shall be made to [~~a~~] the municipality in an amount,  
7 subject to any increase or decrease made pursuant to Section  
8 7-1-6.15 NMSA 1978, equal to [~~the sum 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 attributable to the municipality multiplied~~  
12 ~~by the sum of the combined rate of all municipal local option~~  
13 ~~gross receipts taxes in effect in the municipality for the~~  
14 ~~month plus one and two hundred twenty-five thousandths percent;~~  
15 ~~and~~

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

23           B. For a municipality not described in Subsection A  
24 of this section, a distribution pursuant to Section 7-1-6.1  
25 NMSA 1978 shall be made to the municipality in an amount,

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1 subject to any increase or decrease made pursuant to Section  
2 7-1-6.15 NMSA 1978, equal to [~~the sum of:~~

3 ~~(1) the total deductions claimed pursuant to~~  
4 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
5 ~~business locations attributable to the municipality multiplied~~  
6 ~~by the sum of the combined rate of all municipal local option~~  
7 ~~gross receipts taxes in effect in the municipality on January~~  
8 ~~1, 2007 plus one and two hundred twenty-five thousandths~~  
9 ~~percent in the following percentages:~~

10 ~~(a) prior to July 1, 2015, one hundred~~  
11 ~~percent;~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 ~~(2)~~] the total deductions claimed pursuant to  
16 Section 7-9-93 NMSA 1978 for the month by taxpayers from  
17 business locations attributable to the municipality multiplied  
18 by [~~the sum of~~] the combined rate of all municipal local option  
19 gross receipts taxes in effect in the municipality on January  
20 1, 2007 plus one and two hundred twenty-five thousandths  
21 percent in the following percentages:

22 [~~(a)~~] (1) prior to July 1, 2015, one hundred  
23 percent;

24 [~~(b)~~] (2) on or after July 1, 2015 and prior  
25 to July 1, 2016, ninety-four percent;

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1                    [~~e~~] (3) on or after July 1, 2016 and prior  
2 to July 1, 2017, eighty-eight percent;

3                    [~~d~~] (4) on or after July 1, 2017 and prior  
4 to July 1, 2018, eighty-two percent;

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

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

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

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

13                   [~~i~~] (9) on or after July 1, 2022 and prior  
14 to July 1, 2023, forty-nine percent;

15                   [~~j~~] (10) on or after July 1, 2023 and prior  
16 to July 1, 2024, forty-two percent;

17                   [~~k~~] (11) on or after July 1, 2024 and prior  
18 to July 1, 2025, thirty-five percent;

19                   [~~l~~] (12) on or after July 1, 2025 and prior  
20 to July 1, 2026, twenty-eight percent;

21                   [~~m~~] (13) on or after July 1, 2026 and prior  
22 to July 1, 2027, twenty-one percent;

23                   [~~n~~] (14) on or after July 1, 2027 and prior  
24 to July 1, 2028, fourteen percent; [~~and~~

25                   [~~o~~] (15) on or after July 1, 2028 and prior

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1 to July 1, 2029, seven percent; and

2 (16) on or after July 1, 2029, zero percent.

3 C. The distribution pursuant to Subsections A and B  
4 of this section is in lieu of revenue that would have been  
5 received by the municipality but for the ~~[deductions]~~ deduction  
6 provided by ~~[Sections 7-9-92 and]~~ Section 7-9-93 NMSA 1978.

7 The distribution shall be considered gross receipts tax revenue  
8 and shall be used by the municipality in the same manner as  
9 gross receipts tax revenue, including payment of gross receipts  
10 tax revenue bonds. ~~[A distribution pursuant to this section to~~  
11 ~~a municipality not described in Subsection A of this section or~~  
12 ~~to a municipality that has imposed a gross receipts tax through~~  
13 ~~an ordinance that does not provide a deduction contained in the~~  
14 ~~Gross Receipts and Compensating Tax Act shall not be made on or~~  
15 ~~after July 1, 2029.]~~

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

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

5 E. A distribution pursuant to this section may be  
6 adjusted for a distribution made to a tax increment development  
7 district with respect to a portion of a gross receipts tax  
8 increment dedicated by a municipality pursuant to the Tax  
9 Increment for Development Act.

10 F. With respect to an H class county, the  
11 provisions of this section apply only to distributions of  
12 municipal local option gross receipts taxes imposed by the H  
13 class county.

14 ~~[E-]~~ G. For the purposes of this section, "business  
15 locations attributable to the municipality" means business  
16 locations:

- 17 (1) within the municipality;
- 18 (2) on land owned by the state, commonly known  
19 as the "state fairgrounds", within the exterior boundaries of  
20 the municipality;
- 21 (3) outside the boundaries of the municipality  
22 on land owned by the municipality; and
- 23 (4) on an Indian reservation or pueblo grant  
24 in an area that is contiguous to the municipality and in which  
25 the municipality performs services pursuant to a contract

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1 between the municipality and the Indian tribe or Indian pueblo  
2 if:

3 (a) the contract describes an area in  
4 which the municipality is required to perform services and  
5 requires the municipality to perform services that are  
6 substantially the same as the services the municipality  
7 performs for itself; and

8 (b) the governing body of the  
9 municipality has submitted a copy of the contract to the  
10 secretary.

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

16 SECTION 3. Section 7-1-6.47 NMSA 1978 (being Laws 2004,  
17 Chapter 116, Section 2, as amended) is amended to read:

18 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR ~~[FOOD~~  
19 ~~DEDUCTION AND]~~ HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

20 A. For a county that ~~[has not elected to impose]~~  
21 does not have in effect a county hold harmless gross receipts  
22 tax through an ordinance and that has a population of less than  
23 forty-eight thousand according to the most recent federal  
24 decennial census, a distribution pursuant to Section 7-1-6.1  
25 NMSA 1978 shall be made to a county in an amount, subject to

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1 any increase or decrease made pursuant to Section 7-1-6.15 NMSA  
2 1978, equal to the sum of:

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

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

15 ~~(3)]~~ (1) the total deductions claimed pursuant  
16 to Section 7-9-93 NMSA 1978 for the month by taxpayers from  
17 business locations within a municipality in the county  
18 multiplied by the combined rate of all county local option  
19 gross receipts taxes in effect for the month that are imposed  
20 throughout the county; and

21 ~~[(4)]~~ (2) the total deductions claimed  
22 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers  
23 from business locations in the county but not within a  
24 municipality multiplied by the combined rate of all county  
25 local option gross receipts taxes in effect for the month that

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1 are imposed in the county area not within a municipality.

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

7 ~~[(1) the total deductions claimed pursuant to~~  
8 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
9 ~~business locations within a municipality in the county~~  
10 ~~multiplied by the combined rate of all county local option~~  
11 ~~gross receipts taxes in effect on January 1, 2007 that are~~  
12 ~~imposed throughout the county in the following percentages:~~

13 ~~(a) prior to July 1, 2015, one hundred~~  
14 ~~percent;~~

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

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

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

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

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

25 ~~(g) on or after July 1, 2020 and prior~~

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1 ~~to July 1, 2021, sixty-three percent;~~

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

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

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

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

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

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

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

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

18 ~~(2) the total deductions claimed pursuant to~~  
19 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~  
20 ~~business locations in the county but not within a municipality~~  
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 in the county area not within a municipality in the~~  
24 ~~following percentages:~~

25 ~~(a) prior to July 1, 2015, one hundred~~

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1 percent;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5                                   ~~(3)]~~ (1) the total deductions claimed pursuant  
6 to Section 7-9-93 NMSA 1978 for the month by taxpayers from  
7 business locations within a municipality in the county  
8 multiplied by the combined rate of all county local option  
9 gross receipts taxes in effect on January 1, 2007 that are  
10 imposed throughout the county in the following percentages:

11                                   (a) prior to July 1, 2015, one hundred  
12 percent;

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

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

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

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

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

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

25                                   (h) on or after July 1, 2021 and prior

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1 to July 1, 2022, fifty-six percent;

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

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

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

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

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

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

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

16 (p) on or after July 1, 2029, zero  
17 percent; and

18 [~~(4)~~] (2) the total deductions claimed  
19 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers  
20 from business locations in the county but not within a  
21 municipality multiplied by the combined rate of all county  
22 local option gross receipts taxes in effect on January 1, 2007  
23 that are imposed in the county area not within a municipality  
24 in the following percentages:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (p) on or after July 1, 2029, zero  
6 percent.

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

20 D. If the reductions made by this ~~[2013]~~ 2015 act  
21 to the distributions made pursuant to ~~[Subsections A and]~~  
22 Subsection B of this section impair the ability of a county to  
23 meet its principal or interest payment obligations for revenue  
24 bonds that are outstanding prior to July 1, 2013 and that are  
25 secured by the pledge of all or part of the county's revenue

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1 from the distribution made pursuant to this section, then the  
2 amount distributed pursuant to this section to that county  
3 shall be increased by an amount sufficient to meet the required  
4 payment; provided that the total amount distributed to that  
5 county pursuant to this section does not exceed the amount that  
6 would have been due that county pursuant to this section as it  
7 was in effect on June 30, 2013.

8 E. A distribution pursuant to this section may be  
9 adjusted for a distribution made to a tax increment development  
10 district with respect to a portion of a gross receipts tax  
11 increment dedicated by a county pursuant to the Tax Increment  
12 for Development Act.

13 F. With respect to an H class county, the  
14 provisions of this section apply only to distributions of  
15 county local option gross receipts taxes imposed by the H class  
16 county."

17 SECTION 4. Section 7-2-18.15 NMSA 1978 (being Laws 2007,  
18 Chapter 45, Section 9, as amended) is amended to read:

19 "7-2-18.15. WORKING FAMILIES TAX CREDIT.--

20 A. A resident who files an individual New Mexico  
21 income tax return may claim a credit in an amount equal to  
22 [~~ten~~] fourteen percent of the federal income tax credit for  
23 which that individual is eligible for the same taxable year  
24 pursuant to Section 32 of the Internal Revenue Code. The  
25 credit provided in this section may be referred to as the

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1 "working families tax credit".

2 B. The working families tax credit may be deducted  
3 from the income tax liability of an individual who claims the  
4 credit and qualifies for the credit pursuant to this section.  
5 If the credit exceeds the individual's income tax liability for  
6 the taxable year, the excess shall be refunded to the  
7 individual."

8 SECTION 5. Section 7-9-4 NMSA 1978 (being Laws 1966,  
9 Chapter 47, Section 4, as amended) is amended to read:

10 "7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
11 "GROSS RECEIPTS TAX".--

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

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

18 SECTION 6. Section 7-9-7 NMSA 1978 (being Laws 1966,  
19 Chapter 47, Section 7, as amended) is amended to read:

20 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
21 "COMPENSATING TAX".--

22 A. For the privilege of using tangible property in  
23 New Mexico, there is imposed on the person using the property  
24 an excise tax equal to five [~~and one-eighth~~] percent of the  
25 value of tangible property that was:

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1 (1) manufactured by the person using the  
2 property in the state;

3 (2) acquired inside or outside of this state  
4 as the result of a transaction with a person located outside  
5 this state that would have been subject to the gross receipts  
6 tax had the tangible personal property been acquired from a  
7 person with nexus with New Mexico; or

8 (3) acquired as the result of a transaction  
9 that was not initially subject to the compensating tax imposed  
10 by Paragraph (2) of this subsection or the gross receipts tax  
11 but which transaction, because of the buyer's subsequent use of  
12 the property, should have been subject to the compensating tax  
13 imposed by Paragraph (2) of this subsection or the gross  
14 receipts tax.

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

22 C. For the privilege of using services rendered in  
23 New Mexico, there is imposed on the person using such services  
24 an excise tax equal to five percent of the value of the  
25 services at the time they were rendered. The services, to be

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1 taxable under this subsection, must have been rendered as the  
2 result of a transaction that was not initially subject to the  
3 gross receipts tax but which transaction, because of the  
4 buyer's subsequent use of the services, should have been  
5 subject to the gross receipts tax.

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

8 SECTION 7. Section 7-9-92 NMSA 1978 (being Laws 2004,  
9 Chapter 116, Section 5) is amended to read:

10 "7-9-92. ~~[DEDUCTION]~~ CREDIT--GROSS RECEIPTS--SALE OF FOOD  
11 AT RETAIL FOOD STORE.--

12 A. A credit may be claimed with respect to receipts  
13 from the sale of food at a retail food store that are not  
14 exempt from gross receipts taxation and are not deductible  
15 pursuant to another provision of the Gross Receipts and  
16 Compensating Tax Act ~~[may be deducted from gross receipts. The~~  
17 ~~deduction provided by this section shall be separately stated~~  
18 ~~by the taxpayer]~~. The amount of credit shall equal the gross  
19 receipts from the sale of food at a retail food store that are  
20 not otherwise exempt or deductible multiplied by:

21 (1) the difference between the gross receipts  
22 tax rate less the rate of one and two hundred twenty-five  
23 thousandths percent for receipts of any person engaging in  
24 business within a municipality; and

25 (2) the gross receipts tax rate for receipts

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1 of any person engaging in business outside a municipality.

2 B. For the purposes of this section:

3 (1) "food" means any food or food product for  
4 home consumption that meets the definition of food in 7 USCA  
5 [~~2012(g)(1)~~] 2012(k)(1) for purposes of the federal [~~food~~  
6 ~~stamp~~] supplemental nutrition assistance program; and

7 (2) "retail food store" means an establishment  
8 that sells food for home preparation and consumption and that  
9 meets the definition of retail food store in 7 USCA  
10 [~~2012(k)(1)~~] 2012(o)(1) for purposes of the federal [~~food~~  
11 ~~stamp~~] supplemental nutrition assistance program, whether or  
12 not the establishment participates in the [~~food-stamp~~]  
13 supplemental nutrition assistance program."

14 SECTION 8. A new section of the Gross Receipts and  
15 Compensating Tax Act is enacted to read:

16 "[NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX--MUNICIPAL  
17 GROSS RECEIPTS TAX LIABILITY.--A credit shall be allowed for  
18 each reporting period against a taxpayer's gross receipts tax  
19 liabilities for an amount of municipal gross receipts tax the  
20 taxpayer is liable for the reporting period. The credit shall  
21 equal the product of the taxable gross receipts reported from  
22 the taxpayer within a municipality for the period multiplied by  
23 the rate of municipal gross receipts tax imposed by the  
24 municipality in effect for the period pursuant to Subsection C  
25 of Section 7-19D-9 NMSA 1978."

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1           SECTION 9. Section 7-19D-7 NMSA 1978 (being Laws 1993,  
2 Chapter 346, Section 7, as amended) is amended to read:

3           "7-19D-7. COLLECTION BY DEPARTMENT--TRANSFER OF  
4 PROCEEDS--DEDUCTIONS.--

5           A. The department shall collect each tax imposed  
6 pursuant to the provisions of the Municipal Local Option Gross  
7 Receipts Taxes Act in the same manner and at the same time it  
8 collects the state gross receipts tax.

9           B. Except as provided in Subsection C of this  
10 section, the department shall withhold an administrative fee  
11 pursuant to Section [~~1 of this 1997 act~~] 7-1-6.41 NMSA 1978.  
12 The department shall transfer to each municipality for which it  
13 is collecting a tax pursuant to the provisions of the Municipal  
14 Local Option Gross Receipts Taxes Act the amount of each tax  
15 collected for that municipality, less the administrative fee  
16 withheld and less any disbursements for tax credits, refunds  
17 and the payment of interest applicable to the tax. The  
18 transfer to the municipality shall be made within the month  
19 following the month in which the tax is collected.

20           C. With respect to the municipal gross receipts tax  
21 imposed by a municipality pursuant to Section 7-19D-9 NMSA  
22 1978, the department shall withhold the administrative fee  
23 pursuant to Section [~~1 of this 1997 act~~] 7-1-6.41 NMSA 1978  
24 only on that portion of the municipal gross receipts tax  
25 arising from a municipal gross receipts tax rate in excess of

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1 ~~[one-half of one]~~ one and seven hundred twenty-five thousandths  
2 percent."

3 SECTION 10. Section 7-19D-9 NMSA 1978 (being Laws 1978,  
4 Chapter 151, Section 1, as amended) is amended to read:

5 "7-19D-9. MUNICIPAL GROSS RECEIPTS TAX--AUTHORITY TO  
6 IMPOSE RATE.--

7 A. The majority of the members of the governing  
8 body of any municipality may impose by ordinance an excise tax  
9 not to exceed a rate of ~~[one and one-half]~~ two and seven  
10 hundred twenty-five thousandths percent of the gross receipts  
11 of any person engaging in business in the municipality for the  
12 privilege of engaging in business in the municipality. The tax  
13 imposed pursuant to this section may be referred to as the  
14 "municipal gross receipts tax".

15 B. A portion of the tax imposed pursuant to this  
16 section shall be imposed by the enactment of one or more  
17 ordinances, each imposing any number of municipal gross  
18 receipts tax rate increments, but the total municipal gross  
19 receipts tax rate imposed by all ordinances pursuant to this  
20 subsection shall not exceed an aggregate rate of one and one-  
21 half percent of the gross receipts of a person engaging in  
22 business. Municipalities may impose increments of one-eighth  
23 of one percent.

24 ~~[B. The tax imposed pursuant to Subsection A of~~  
25 ~~this section may be referred to as the "municipal gross~~

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1 ~~receipts tax~~."] ]

2           C. In addition to the tax rate increments that may  
3 be imposed pursuant to Subsection B of this section, there is  
4 imposed a tax rate of one and two hundred twenty-five  
5 thousandths percent of the gross receipts of any person  
6 engaging in business in a municipality. The revenue from the  
7 tax rate imposed pursuant to this subsection is dedicated to  
8 the payment of any outstanding bonds issued by the municipality  
9 to the extent that the municipality by ordinance pledged the  
10 revenue received from a distribution pursuant to Section  
11 7-1-6.4 NMSA 1978 to the repayment of such bonds, until such  
12 time as the bonds are discharged in full or provision has been  
13 fully made therefor. If a municipality by ordinance dedicated  
14 revenue received from a distribution pursuant to Section  
15 7-1-6.4 NMSA 1978 to a purpose other than repayment of bonds,  
16 the revenue from the tax rate imposed by this subsection is  
17 subject to such dedication; provided that the municipality may  
18 change the dedication at any time. If, as of July 1, 2015,  
19 revenue received from a distribution pursuant to Section  
20 7-1-6.4 NMSA 1978 is not dedicated to the repayment of bonds or  
21 for any other purpose, the revenue may be used for general  
22 purposes.

23           [~~G.~~] D. The governing body of a municipality may,  
24 at the time of enacting an ordinance imposing the tax rate  
25 increment authorized in Subsection [A] B of this section,

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

12 ~~[D-]~~ E. An election shall be called on the  
13 questions of disapproval or approval of any ordinance enacted  
14 pursuant to Subsection ~~[A]~~ B of this section or any ordinance  
15 amending such ordinance:

16 (1) if the governing body chooses to provide  
17 in the ordinance that it shall not be effective until the  
18 ordinance is approved by the majority of the registered voters  
19 voting on the question at an election to be held pursuant to  
20 the provisions of a home-rule charter or on a date set by the  
21 governing body and pursuant to the provisions of the Municipal  
22 Election Code governing special elections; or

23 (2) if the ordinance does not contain a  
24 mandatory election provision as provided in Paragraph (1) of  
25 this subsection, upon the filing of a petition requesting such

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1 an election if the petition is filed:

2 (a) pursuant to the requirements of a  
3 referendum provision contained in a municipal home-rule charter  
4 and signed by the number of registered voters in the  
5 municipality equal to the number of registered voters required  
6 in its charter to seek a referendum; or

7 (b) in all other municipalities, with  
8 the municipal clerk within thirty days after the adoption of  
9 such ordinance and the petition has been signed by a number of  
10 registered voters in the municipality equal to at least five  
11 percent of the number of the voters in the municipality who  
12 were registered to vote in the most recent regular municipal  
13 election.

14 [~~E-~~] F. The signatures on the petition filed in  
15 accordance with Subsection [~~Ð~~] E of this section shall be  
16 verified by the municipal clerk. If the petition is verified  
17 by the municipal clerk as containing the required number of  
18 signatures of registered voters, the governing body shall adopt  
19 an election resolution calling for the holding of a special  
20 election on the question of approving or disapproving the  
21 ordinance unless the ordinance is repealed before the adoption  
22 of the election resolution. An election held pursuant to  
23 Subparagraph (a) or (b) of Paragraph (2) of Subsection [~~Ð~~] E of  
24 this section shall be called, conducted and canvassed as  
25 provided in the Municipal Election Code for special elections,

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1 and the election shall be held within seventy-five days after  
2 the date the petition is verified by the municipal clerk or it  
3 may be held in conjunction with a regular municipal election if  
4 such election occurs within seventy-five days after the date of  
5 verification by the municipal clerk.

6 [~~F.~~] G. If at an election called pursuant to  
7 Subsection [~~D.~~] E. of this section a majority of the registered  
8 voters voting on the question approves the ordinance imposing  
9 the tax, the ordinance shall become effective in accordance  
10 with the provisions of the Municipal Local Option Gross  
11 Receipts Taxes Act. If at such an election a majority of the  
12 registered voters voting on the question disapproves the  
13 ordinance, the ordinance imposing the tax shall be deemed  
14 repealed and the question of imposing any increment of the  
15 municipal gross receipts tax authorized in this section shall  
16 not be considered again by the governing body for a period of  
17 one year from the date of the election.

18 [~~G.~~] H. Any municipality that, [~~has~~] prior to July  
19 1, 1996, lawfully imposed by the requirements of the Special  
20 Municipal Gross Receipts Tax Act a rate of at least one-fourth  
21 of one percent shall be deemed to have imposed one-fourth of  
22 one percent municipal gross receipts tax pursuant to this  
23 section. Any rate of tax deemed to be imposed pursuant to this  
24 subsection shall continue to be dedicated to the payment of  
25 outstanding bonds issued by the municipality that pledged the

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1 tax revenues by ordinance until such time as the bonds are  
2 fully paid. A municipality may by ordinance change the purpose  
3 for any rate of tax deemed to be imposed at any time the  
4 revenues are not committed to payment of bonds.

5 ~~[H.]~~ I. Any law that imposes or authorizes the  
6 imposition of a municipal gross receipts tax or that affects  
7 the municipal gross receipts tax, or any law supplemental  
8 thereto or otherwise appertaining thereto, shall not be  
9 repealed or amended or otherwise directly or indirectly  
10 modified in such a manner as to impair adversely any  
11 outstanding revenue bonds that may be secured by a pledge of  
12 such municipal gross receipts tax unless such outstanding  
13 revenue bonds have been discharged in full or provision has  
14 been fully made therefor."

15 **SECTION 11. TEMPORARY PROVISION--OUTSTANDING REVENUE**  
16 **BONDS SECURED BY MUNICIPAL OR COUNTY HOLD HARMLESS GROSS**  
17 **RECEIPTS TAX.--**If an ordinance imposing tax pursuant to Section  
18 7-19D-18 or 7-20E-28 NMSA 1978, as those sections were in  
19 effect prior to July 1, 2015, is in effect on July 1, 2015  
20 and revenue from the tax secures repayment of outstanding  
21 bonded indebtedness, the ordinance enacting the tax shall  
22 continue in effect until the debt is repaid or is otherwise  
23 discharged or the tax expires or is repealed by the body that  
24 enacted it; provided that no such tax may be extended beyond  
25 the term provided in the ordinance in effect on the effective

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1 date of this section.

2 SECTION 12. REPEAL.--Sections 7-19D-18 and 7-20E-28 NMSA  
3 1978 (being Laws 2013, Chapter 160, Sections 11 and 12) are  
4 repealed.

5 SECTION 13. APPLICABILITY.--

6 A. The provisions of Sections 1 through 3 of this  
7 act apply to net receipts with respect to reporting periods  
8 beginning on or after July 1, 2015.

9 B. The provisions of Section 4 of this act apply to  
10 taxable years beginning on or after January 1, 2015.

11 SECTION 14. EFFECTIVE DATE.--

12 A. The effective date of the provisions of Sections  
13 1 through 3 of this act is August 1, 2015.

14 B. The effective date of the provisions of Sections  
15 5 through 12 of this act is July 1, 2015.

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