

1 SENATE BILL 281

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

4 John Arthur Smith

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10 AN ACT

11 RELATING TO TAXATION; REPEALING THE GROSS RECEIPTS TAX FOOD
12 DEDUCTION; CONFORMING THE HOLD HARMLESS DISTRIBUTIONS TO
13 REFLECT THE REPEAL OF THE FOOD DEDUCTION; REDUCING THE GROSS
14 RECEIPTS AND COMPENSATING TAX RATES; DECLARING AN EMERGENCY.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

19 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR
20 [~~FOOD DEDUCTION AND~~] THE HEALTH CARE PRACTITIONER SERVICES
21 DEDUCTION.--

22 A. For a municipality that [~~has not elected to~~
23 ~~impose~~] does not have in effect a municipal hold harmless gross
24 receipts tax through an ordinance and that has a population of
25 less than ten thousand according to the most recent federal

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

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

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

19 B. For a municipality not described in Subsection A
20 of this section, a distribution pursuant to Section 7-1-6.1
21 NMSA 1978 shall be made to the municipality in an amount,
22 subject to any increase or decrease made pursuant to Section
23 7-1-6.15 NMSA 1978, equal to the [~~sum of:~~

24 ~~(1) the total deductions claimed pursuant to~~
25 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~

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1 ~~business locations attributable to the municipality multiplied~~
2 ~~by the sum of the combined rate of all municipal local option~~
3 ~~gross receipts taxes in effect in the municipality on January~~
4 ~~1, 2007 plus one and two hundred twenty-five thousandths~~
5 ~~percent in the following percentages:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 ~~[(d)] (4) on or after July 1, 2017 and prior~~

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1 to July 1, 2018, eighty-two percent;
2 ~~[(e)]~~ (5) on or after July 1, 2018 and prior
3 to July 1, 2019, seventy-six percent;
4 ~~[(f)]~~ (6) on or after July 1, 2019 and prior
5 to July 1, 2020, seventy percent;
6 ~~[(g)]~~ (7) on or after July 1, 2020 and prior
7 to July 1, 2021, sixty-three percent;
8 ~~[(h)]~~ (8) on or after July 1, 2021 and prior
9 to July 1, 2022, fifty-six percent;
10 ~~[(i)]~~ (9) on or after July 1, 2022 and prior
11 to July 1, 2023, forty-nine percent;
12 ~~[(j)]~~ (10) on or after July 1, 2023 and prior
13 to July 1, 2024, forty-two percent;
14 ~~[(k)]~~ (11) on or after July 1, 2024 and prior
15 to July 1, 2025, thirty-five percent;
16 ~~[(l)]~~ (12) on or after July 1, 2025 and prior
17 to July 1, 2026, twenty-eight percent;
18 ~~[(m)]~~ (13) on or after July 1, 2026 and prior
19 to July 1, 2027, twenty-one percent;
20 ~~[(n)]~~ (14) on or after July 1, 2027 and prior
21 to July 1, 2028, fourteen percent; ~~and~~
22 ~~[(o)]~~ (15) on or after July 1, 2028 and prior
23 to July 1, 2029, seven percent; and
24 (16) on and after July 1, 2029, zero percent.

25 C. ~~[The]~~ A distribution pursuant to ~~[Subsections A~~

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

13 D. If the reductions made by this [2013] 2016 act
14 to the distributions made pursuant to [~~Subsections A and B of~~]
15 this section impair the ability of a municipality to meet its
16 principal or interest payment obligations for revenue bonds
17 that are outstanding prior to [~~July 1, 2013~~] the effective date
18 of this 2016 act and that are secured by the pledge of all or
19 part of the municipality's revenue from the distribution made
20 pursuant to this section, then the amount distributed pursuant
21 to this section to that municipality shall be increased by an
22 amount sufficient to meet the required payment; provided that
23 the total amount distributed to that municipality pursuant to
24 this section does not exceed the amount that would have been
25 due that municipality pursuant to this section as it was in

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1 effect on ~~[June 30, 2013]~~ the day prior to the effective date
2 of this 2016 act.

3 E. For the purposes of this section:

4 (1) "business locations attributable to the
5 municipality" means business locations:

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

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

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

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

23 (2) "maximum distribution" means:

24 (a) for a municipality that has a
25 population of less than ten thousand according to the most

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1 recent federal decennial census, the total deductions claimed
2 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
3 from business locations attributable to the municipality
4 multiplied by the sum of the combined rate of all municipal
5 local option gross receipts taxes in effect in the municipality
6 for the month plus one and two hundred twenty-five thousandths
7 percent; and

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

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

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

24 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR ~~[FOOD~~
25 ~~DEDUCTION AND]~~ THE HEALTH CARE PRACTITIONER SERVICES

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1 DEDUCTION.--

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

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

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

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~~

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1 ~~gross receipts taxes in effect for the month that are imposed~~
2 ~~throughout the county; and~~

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

10 B. For a county not described in Subsection A of
11 this section, a distribution pursuant to Section 7-1-6.1 NMSA
12 1978 shall be made to the county in an amount, subject to any
13 increase or decrease made pursuant to Section 7-1-6.15 NMSA
14 1978, equal to the ~~[sum of:~~

15 ~~(1) the total deductions claimed pursuant to~~
16 ~~Section 7-9-92 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 on January 1, 2007 that are~~
20 ~~imposed throughout the county in the following percentages:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 ~~[(j)]~~ (10) on or after July 1, 2023 and prior

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

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

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

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

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

10 ~~[(o)]~~ (15) on or after July 1, 2028 and prior
11 to July 1, 2029, seven percent; and

12 (16) on and after July 1, 2029, zero percent.

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

17 The distribution shall be considered gross receipts tax revenue
18 and shall be used by the county in the same manner as gross
19 receipts tax revenue, including payment of gross receipts tax
20 revenue bonds. ~~[A distribution pursuant to this section to a~~
21 ~~county not described in Subsection A of this section or to a~~
22 ~~county that has imposed a gross receipts tax through an~~
23 ~~ordinance that does not provide a deduction contained in the~~
24 ~~Gross Receipts and Compensating Tax Act shall not be made on or~~
25 ~~after July 1, 2029.]~~

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1 D. If the reductions made by this ~~[2013]~~ 2016 act
2 to the distributions made pursuant to ~~[Subsections A and B of]~~
3 this section impair the ability of a county to meet its
4 principal or interest payment obligations for revenue bonds
5 that are outstanding prior to ~~[July 1, 2013]~~ the effective date
6 of this 2016 act and that are secured by the pledge of all or
7 part of the county's revenue from the distribution made
8 pursuant to this section, then the amount distributed pursuant
9 to this section to that county shall be increased by an amount
10 sufficient to meet the required payment; provided that the
11 total amount distributed to that county pursuant to this
12 section does not exceed the amount that would have been due
13 that county pursuant to this section as it was in effect on
14 ~~[June 30, 2013]~~ the day prior to the effective date of this
15 2016 act.

16 E. 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 county pursuant to the Tax Increment
20 for Development Act.

21 F. For purposes of this section, "maximum
22 distribution" means:

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

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

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

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

16 (a) the total deductions claimed
17 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
18 from business locations within a municipality in the county
19 multiplied by the combined rate of all county local option
20 gross receipts taxes in effect on January 1, 2007 that are
21 imposed throughout the county; and

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

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1 local option gross receipts taxes in effect on January 1, 2007
2 that are imposed in the county area not within a municipality."

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

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

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

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

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

15 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS
16 "COMPENSATING TAX".--

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

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

23 (2) acquired inside or outside of this state
24 as the result of a transaction with a person located outside
25 this state that would have been subject to the gross receipts

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1 tax had the tangible personal property been acquired from a
2 person with nexus with New Mexico; or

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

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

17 C. For the privilege of using services rendered in
18 New Mexico, there is imposed on the person using such services
19 an excise tax equal to five percent of the value of the
20 services at the time they were rendered. The services, to be
21 taxable under this subsection, must have been rendered as the
22 result of a transaction that was not initially subject to the
23 gross receipts tax but which transaction, because of the
24 buyer's subsequent use of the services, should have been
25 subject to the gross receipts tax.

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

SECTION 5. REPEAL.--Section 7-9-92 NMSA 1978 (being Laws 2004, Chapter 116, Section 5) is repealed.

SECTION 6. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2016.

SECTION 7. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.