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HOUSE BILL 191

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

Larry A. Larrañaga

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO TAXATION; DISTRIBUTING REVENUE IN EXCESS OF A FIVE-
YEAR AVERAGE OF THE OIL AND GAS EMERGENCY SCHOOL TAX TO THE TAX
STABILIZATION RESERVE; REPEALING THE TAXPAYERS DIVIDEND FUND;
MAKING AN APPROPRIATION.

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

SECTION 1. Section 6-4-4 NMSA 1978 (being Laws 1987,
Chapter 347, Section 4, as amended) is amended to read:

"6-4-4. RESERVATION OF EXCESS GENERAL FUND REVENUES
~~[APPROPRIATION TO TAXPAYERS DIVIDEND FUND]~~.--For the seventy-
seventh and subsequent fiscal years, if the revenues of the
general fund exceed the total of appropriations from the
general fund, the excess revenue shall be transferred to the
operating reserve; provided that if the sum of the excess
revenue plus the balance in the operating reserve prior to the

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1 transfer is greater than eight percent of the aggregate
2 recurring appropriations from the general fund for the previous
3 fiscal year, then an amount equal to the smaller of either the
4 amount of the excess revenue or the difference between the sum
5 and eight percent of the aggregate recurring appropriations
6 from the general fund for the previous fiscal year shall be
7 transferred to the tax stabilization reserve [~~provided further~~
8 ~~that if the total of the amount transferred to the tax~~
9 ~~stabilization reserve pursuant to the provisions of this~~
10 ~~section plus the balance in that reserve prior to the transfer~~
11 ~~is greater than six percent of the aggregate recurring~~
12 ~~appropriations from the general fund for the previous fiscal~~
13 ~~year, then an amount equal to the smaller of either the amount~~
14 ~~transferred or the difference between the total and six percent~~
15 ~~of the aggregate recurring appropriation from the general fund~~
16 ~~for the previous fiscal year is appropriated to the taxpayers~~
17 ~~dividend fund]."~~

18 SECTION 2. Section 7-1-6.20 NMSA 1978 (being Laws 1985,
19 Chapter 65, Section 6, as amended) is amended to read:

20 "7-1-6.20. IDENTIFICATION OF MONEY IN EXTRACTION TAXES
21 SUSPENSE FUND--DISTRIBUTION.--

22 A. Except as provided in Subsection B of this
23 section, after the necessary disbursements have been made from
24 the extraction taxes suspense fund, the money remaining in the
25 suspense fund as of the last day of the month shall be

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1 identified by tax source and distributed or transferred in
2 accordance with the provisions of Sections 7-1-6.21 through
3 7-1-6.23 NMSA 1978 and Section 3 of this 2017 act. After the
4 necessary distributions and transfers, any balance, except for
5 remittances unidentified as to source or disposition, shall be
6 transferred to the general fund.

7 B. Payments on assessments issued by the department
8 pursuant to the Oil and Gas Conservation Tax Act, the Oil and
9 Gas Emergency School Tax Act, the Oil and Gas Ad Valorem
10 Production Tax Act and the Oil and Gas Severance Tax Act shall
11 be held in the extraction taxes suspense fund until the
12 secretary determines that there is no substantial risk of
13 protest or other litigation, whereupon after the necessary
14 disbursements have been made from the extraction taxes suspense
15 fund, the money remaining in the suspense fund as of the last
16 day of the month attributed to these payments shall be
17 identified by tax source and distributed or transferred in
18 accordance with the provisions of Sections 7-1-6.21 through
19 7-1-6.23 NMSA 1978 and Section 3 of this 2017 act. After the
20 necessary distributions and transfers, any balance, except for
21 remittance unidentified as to source or disposition, shall be
22 transferred to the general fund."

23 SECTION 3. A new section of the Tax Administration Act is
24 enacted to read:

25 "[NEW MATERIAL] DISTRIBUTION--TAX STABILIZATION RESERVE

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1 FROM THE OIL AND GAS EMERGENCY SCHOOL TAX.--If, at any time in
2 a fiscal year, the total net receipts from each month in that
3 fiscal year attributable to the tax imposed pursuant to Section
4 7-31-4 NMSA 1978 exceed the average annual total net receipts
5 attributable to that tax from each month in the five previous
6 fiscal years, a distribution pursuant to Section 7-1-6.20 NMSA
7 1978 shall be made to the tax stabilization reserve in an
8 amount equal to the excess net receipts of that tax."

9 SECTION 4. REPEAL.--Section 6-4-5 NMSA 1978 (being Laws
10 1987, Chapter 347, Section 5) is repealed.

11 SECTION 5. EFFECTIVE DATE.--The effective date of the
12 provisions of this act is July 1, 2018.

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