

1 SENATE BILL 433

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Carlos R. Cisneros

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10 AN ACT

11 RELATING TO TAXATION; IMPOSING THE STATE GROSS RECEIPTS TAX AND
12 THE GOVERNMENTAL GROSS RECEIPTS TAX ON ALL HOSPITALS, INCLUDING
13 GOVERNMENT AND NONPROFIT HOSPITALS, ON A TEMPORARY BASIS;
14 ALLOWING HOSPITALS TO TAKE CREDITS AGAINST GROSS RECEIPTS TAX
15 AND GOVERNMENTAL GROSS RECEIPTS TAX LIABILITIES; DISTRIBUTING
16 THE REVENUE FROM THE STATE GROSS RECEIPTS TAX AND THE
17 GOVERNMENTAL GROSS RECEIPTS TAX ON HOSPITALS TO THE MEDICAID
18 TRUST FUND; CREATING THE MEDICAID TRUST FUND TO RESTORE
19 MEDICAID PAYMENT RATES TO HOSPITALS AND PHYSICIANS AND TO
20 SUPPORT THE STATE MEDICAID PROGRAM; MAKING AN APPROPRIATION.

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

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

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

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1 TAX.--

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

11 attributable to the gross receipts tax from business locations:

12 (1) within that municipality;

13 (2) on land owned by the state, commonly known
14 as the "state fairgrounds", within the exterior boundaries of
15 that municipality;

16 (3) outside the boundaries of any municipality
17 on land owned by that municipality; and

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

23 (a) the contract describes an area in
24 which the municipality is required to perform services and
25 requires the municipality to perform services that are

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1 substantially the same as the services the municipality
2 performs for itself; and

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

6 B. If the reduction made by Laws 1991, Chapter 9,
7 Section 9 to the distribution under this section impairs the
8 ability of a municipality to meet its principal or interest
9 payment obligations for revenue bonds outstanding prior to July
10 1, 1991 that are secured by the pledge of all or part of the
11 municipality's revenue from the distribution made under this
12 section, then the amount distributed pursuant to this section
13 to that municipality shall be increased by an amount sufficient
14 to meet any required payment; provided that the distribution
15 amount does not exceed the amount that would have been due that
16 municipality under this section as it was in effect on June 30,
17 1992.

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

23 D. As used in this section, "hospital" means a
24 facility providing emergency or urgent care, inpatient medical
25 care and nursing care for acute illness, injury, surgery or

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1 obstetrics and includes a facility licensed by the department
2 of health as a critical access hospital, general hospital,
3 long-term acute care hospital, psychiatric hospital,
4 rehabilitation hospital, limited services hospital and special
5 hospital."

6 SECTION 2. Section 7-1-6.4 NMSA 1978 (being Laws 1983,
7 Chapter 211, Section 9, as amended by Section 1 of this act) is
8 repealed and a new Section 7-1-6.4 NMSA 1978 is enacted to
9 read:

10 "7-1-6.4. [NEW MATERIAL] DISTRIBUTION--MUNICIPALITY FROM
11 GROSS RECEIPTS TAX.--

12 A. Except as provided in Subsection B of this
13 section, a distribution pursuant to Section 7-1-6.1 NMSA 1978
14 shall be made to each municipality in an amount, subject to any
15 increase or decrease made pursuant to Section 7-1-6.15 NMSA
16 1978, equal to the product of the quotient of one and two
17 hundred twenty-five thousandths percent divided by the tax rate
18 imposed by Section 7-9-4 NMSA 1978 multiplied by the net
19 receipts for the month attributable to the gross receipts tax
20 from business locations:

- 21 (1) within that municipality;
- 22 (2) on land owned by the state, commonly known
23 as the "state fairgrounds", within the exterior boundaries of
24 that municipality;
- 25 (3) outside the boundaries of any municipality

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1 on land owned by that municipality; and

2 (4) on an Indian reservation or pueblo grant
3 in an area that is contiguous to that municipality and in which
4 the municipality performs services pursuant to a contract
5 between the municipality and the Indian tribe or Indian pueblo
6 if:

7 (a) the contract describes an area in
8 which the municipality is required to perform services and
9 requires the municipality to perform services that are
10 substantially the same as the services the municipality
11 performs for itself; and

12 (b) the governing body of the
13 municipality has submitted a copy of the contract to the
14 secretary.

15 B. If the reduction made by Laws 1991, Chapter 9,
16 Section 9 to the distribution under this section impairs the
17 ability of a municipality to meet its principal or interest
18 payment obligations for revenue bonds outstanding prior to July
19 1, 1991 that are secured by the pledge of all or part of the
20 municipality's revenue from the distribution made under this
21 section, then the amount distributed pursuant to this section
22 to that municipality shall be increased by an amount sufficient
23 to meet any required payment; provided that the distribution
24 amount does not exceed the amount that would have been due that
25 municipality under this section as it was in effect on June 30,

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1 1992.

2 C. A distribution pursuant to this section may be
3 adjusted for a distribution made to a tax increment development
4 district with respect to a portion of a gross receipts tax
5 increment dedicated by a municipality pursuant to the Tax
6 Increment for Development Act."

7 SECTION 3. Section 7-1-6.38 NMSA 1978 (being Laws 1994,
8 Chapter 145, Section 1, as amended) is amended to read:

9 "7-1-6.38. DISTRIBUTION--GOVERNMENTAL GROSS RECEIPTS
10 TAX.--

11 A. A distribution pursuant to Section 7-1-6.1 NMSA
12 1978 shall be made in amounts equal to the following
13 percentages of the net receipts attributable to the
14 governmental gross receipts tax, less the net receipts
15 attributable to a hospital licensed by the department of
16 health:

17 (1) seventy-five percent to the public project
18 revolving fund administered by the New Mexico finance
19 authority; [~~in an amount equal to seventy-five percent of the~~
20 ~~net receipts attributable to the governmental gross receipts~~
21 ~~tax.~~

22 ~~B. A distribution pursuant to Section 7-1-6.1 NMSA~~
23 ~~1978 shall be made]~~

24 (2) twenty-four percent to the energy,
25 minerals and natural resources department [~~in an amount equal~~

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1 ~~to twenty-four percent of the net receipts attributable to the~~
2 ~~governmental gross receipts tax]; provided that forty-one and~~
3 ~~two-thirds percent of the distribution is appropriated to the~~
4 ~~energy, minerals and natural resources department to implement~~
5 ~~the provisions of the New Mexico Youth Conservation Corps Act~~
6 ~~and fifty-eight and one-third percent of the distribution is~~
7 ~~appropriated to the energy, minerals and natural resources~~
8 ~~department for state park and recreation area capital~~
9 ~~improvements, including the costs of planning, engineering,~~
10 ~~design, construction, renovation, repair, equipment and~~
11 ~~furnishings; and~~

12 ~~[G. A distribution pursuant to Section 7-1-6.1 NMSA~~
13 ~~1978 shall be made]~~

14 ~~(3) one percent to the [office of] cultural~~
15 ~~affairs [in an amount equal to one percent of the net receipts~~
16 ~~attributable to the governmental gross receipts tax] department~~
17 ~~for capital improvements at state museums and monuments~~
18 ~~administered by the [office of] cultural affairs department.~~

19 ~~[D.] B. The state pledges to and agrees with the~~
20 ~~holders of any bonds or notes issued by the New Mexico finance~~
21 ~~authority or by the energy, minerals and natural resources~~
22 ~~department and payable from the net receipts attributable to~~
23 ~~the governmental gross receipts tax distributed to the New~~
24 ~~Mexico finance authority or the energy, minerals and natural~~
25 ~~resources department pursuant to this section that the state~~

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1 will not limit, reduce or alter the distribution of the net
2 receipts attributable to the governmental gross receipts tax to
3 the New Mexico finance authority or the energy, minerals and
4 natural resources department or limit, reduce or alter the rate
5 of imposition of the governmental gross receipts tax until the
6 bonds or notes together with the interest thereon are fully met
7 and discharged. The New Mexico finance authority and the
8 energy, minerals and natural resources department are
9 authorized to include this pledge and agreement of the state in
10 any agreement with the holders of the bonds or notes.

11 C. As used in this section, "hospital" means a
12 facility providing emergency or urgent care, inpatient medical
13 care and nursing care for acute illness, injury, surgery or
14 obstetrics and includes a facility licensed by the department
15 of health as a critical access hospital, general hospital,
16 long-term acute care hospital, psychiatric hospital,
17 rehabilitation hospital, limited services hospital and special
18 hospital."

19 SECTION 4. Section 7-1-6.38 NMSA 1978 (being Laws 1994,
20 Chapter 145, Section 1, as amended by Section 3 of this act) is
21 repealed and a new Section 7-1-6.38 NMSA 1978 is enacted to
22 read:

23 "7-1-6.38. [NEW MATERIAL] DISTRIBUTION--GOVERNMENTAL
24 GROSS RECEIPTS TAX.--

25 A. A distribution pursuant to Section 7-1-6.1 NMSA
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1 1978 shall be made to the public project revolving fund
2 administered by the New Mexico finance authority in an amount
3 equal to seventy-five percent of the net receipts attributable
4 to the governmental gross receipts tax.

5 B. A distribution pursuant to Section 7-1-6.1 NMSA
6 1978 shall be made to the energy, minerals and natural
7 resources department in an amount equal to twenty-four percent
8 of the net receipts attributable to the governmental gross
9 receipts tax. Forty-one and two-thirds percent of the
10 distribution is appropriated to the energy, minerals and
11 natural resources department to implement the provisions of the
12 New Mexico Youth Conservation Corps Act and fifty-eight and
13 one-third percent of the distribution is appropriated to the
14 energy, minerals and natural resources department for state
15 park and recreation area capital improvements, including the
16 costs of planning, engineering, design, construction,
17 renovation, repair, equipment and furnishings.

18 C. A distribution pursuant to Section 7-1-6.1 NMSA
19 1978 shall be made to the cultural affairs department in an
20 amount equal to one percent of the net receipts attributable to
21 the governmental gross receipts tax for capital improvements at
22 state museums and monuments administered by the cultural
23 affairs department.

24 D. The state pledges to and agrees with the holders
25 of any bonds or notes issued by the New Mexico finance

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1 authority or by the energy, minerals and natural resources
2 department and payable from the net receipts attributable to
3 the governmental gross receipts tax distributed to the New
4 Mexico finance authority or the energy, minerals and natural
5 resources department pursuant to this section that the state
6 will not limit, reduce or alter the distribution of the net
7 receipts attributable to the governmental gross receipts tax to
8 the New Mexico finance authority or the energy, minerals and
9 natural resources department or limit, reduce or alter the rate
10 of imposition of the governmental gross receipts tax until the
11 bonds or notes together with the interest thereon are fully met
12 and discharged. The New Mexico finance authority and the
13 energy, minerals and natural resources department are
14 authorized to include this pledge and agreement of the state in
15 any agreement with the holders of the bonds or notes."

16 SECTION 5. A new section of the Tax Administration Act is
17 enacted to read:

18 "[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX AND
19 GOVERNMENTAL GROSS RECEIPTS TAX ON HOSPITALS TO THE MEDICAID
20 TRUST FUND.--

21 A. Beginning July 1, 2017 and prior to July 1,
22 2019, a distribution pursuant to Section 7-1-6.1 NMSA 1978
23 shall be made to the medicaid trust fund in an amount equal to
24 the net receipts attributable to the gross receipts tax and the
25 governmental gross receipts tax on hospitals.

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1 B. As used in this section, "hospital" means a
2 facility providing emergency or urgent care, inpatient medical
3 care and nursing care for acute illness, injury, surgery or
4 obstetrics and includes a facility licensed by the department
5 of health as a critical access hospital, general hospital,
6 long-term acute care hospital, psychiatric hospital,
7 rehabilitation hospital, limited services hospital and special
8 hospital."

9 SECTION 6. Section 7-9-4.3 NMSA 1978 (being Laws 1991,
10 Chapter 8, Section 2, as amended by Laws 1993, Chapter 332,
11 Section 1 and by Laws 1993, Chapter 352, Section 1) is amended
12 to read:

13 "7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS
14 "GOVERNMENTAL GROSS RECEIPTS TAX".--

15 A. For the privilege of engaging in certain
16 activities by governments, there is imposed on every agency,
17 institution, instrumentality or political subdivision of the
18 state [~~except any school district and any entity licensed by~~
19 ~~the department of health that is principally engaged in~~
20 ~~providing health care services~~] an excise tax of five percent
21 of governmental gross receipts, except on activities engaged in
22 by:

- 23 (1) any school district;
24 (2) beginning July 1, 2017 and prior to July
25 1, 2019, any entity licensed by the department of health that

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1 is not a hospital; and

2 (3) prior to July 1, 2017 and on and after
3 July 1, 2019, any entity licensed by the department of health
4 that is principally engaged in providing health care services.

5 B. The tax imposed by this section shall be
6 referred to as the "governmental gross receipts tax".

7 C. As used in this section, "hospital" means a
8 facility providing emergency or urgent care, inpatient medical
9 care and nursing care for acute illness, injury, surgery or
10 obstetrics and includes a facility licensed by the department
11 of health as a critical access hospital, general hospital,
12 long-term acute care hospital, psychiatric hospital,
13 rehabilitation hospital, limited services hospital and special
14 hospital."

15 SECTION 7. Section 7-9-29 NMSA 1978 (being Laws 1970,
16 Chapter 12, Section 3, as amended) is amended to read:

17 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
18 ORGANIZATIONS.--

19 A. Except as provided in Subsection B of this
20 section, exempted from the gross receipts tax are the receipts
21 of organizations that demonstrate to the department that they
22 have been granted exemption from the federal income tax by the
23 United States commissioner of internal revenue as organizations
24 described in Section 501(c)(3) of the United States Internal
25 Revenue Code of [1954] 1986, as that section may be amended or

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1 renumbered.

2 B. Prior to July 1, 2017 and on and after July 1,
3 2019, exempted from the gross receipts tax are the receipts of
4 a hospital licensed by the department of health that
5 demonstrates to the taxation and revenue department that the
6 hospital has been granted exemption from the federal income tax
7 by the United States commissioner of internal revenue as an
8 organization described in Section 501(c)(3) of the United
9 States Internal Revenue Code of 1986, as that section may be
10 amended or renumbered.

11 [~~B-~~] C. Exempted from the gross receipts tax are
12 the receipts from carrying on chamber of commerce, visitor
13 bureau and convention bureau functions of organizations that
14 demonstrate to the department that they have been granted
15 exemption from the federal income tax by the United States
16 commissioner of internal revenue as organizations described in
17 Section 501(c)(6) of the United States Internal Revenue Code of
18 [1954] 1986, as that section may be amended or renumbered.

19 [~~G-~~] D. This section does not apply to receipts
20 derived from an unrelated trade or business as defined in
21 Section 513 of the United States Internal Revenue Code of
22 [1954] 1986, as that section may be amended or renumbered.

23 E. As used in this section, "hospital" means a
24 facility providing emergency or urgent care, inpatient medical
25 care and nursing care for acute illness, injury, surgery or

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1 obstetrics and includes a facility licensed by the department
2 of health as a critical access hospital, general hospital,
3 long-term acute care hospital, psychiatric hospital,
4 rehabilitation hospital, limited services hospital and special
5 hospital."

6 SECTION 8. Section 7-9-73.1 NMSA 1978 (being Laws 1991,
7 Chapter 8, Section 3, as amended) is amended to read:

8 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--HOSPITALS.--Prior
9 to July 1, 2017 and on and after July 1, 2019, fifty percent of
10 the receipts of hospitals licensed by the department of health
11 may be deducted from gross receipts; provided that this
12 deduction may be applied only to the taxable gross receipts
13 remaining after all other appropriate deductions have been
14 taken."

15 SECTION 9. Section 7-9-96.1 NMSA 1978 (being Laws 2007,
16 Chapter 361, Section 7) is amended to read:

17 "7-9-96.1. CREDIT--GROSS RECEIPTS TAX--RECEIPTS OF
18 CERTAIN HOSPITALS.--

19 A. Prior to July 1, 2017 and on and after July 1,
20 2019, a hospital licensed by the department of health may claim
21 a credit for each reporting period against the gross receipts
22 tax due for that reporting period as follows:

23 (1) for a hospital located in a municipality,
24 [~~(a) on or after July 1, 2007 but before~~
25 ~~July 1, 2008, in an amount equal to seven hundred fifty-five~~

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1 ~~thousandths percent of the hospital's taxable gross receipts~~
2 ~~for that reporting period after all applicable deductions have~~
3 ~~been taken;~~

4 ~~(b) on or after July 1, 2008 but before~~
5 ~~July 1, 2009, in an amount equal to one and fifty-one~~
6 ~~hundredths percent of the hospital's taxable gross receipts for~~
7 ~~that reporting period after all applicable deductions have been~~
8 ~~taken;~~

9 ~~(c) on or after July 1, 2009 but before~~
10 ~~July 1, 2010, in an amount equal to two and two hundred sixty-~~
11 ~~five thousandths percent of the hospital's taxable gross~~
12 ~~receipts for that reporting period after all applicable~~
13 ~~deductions have been taken;~~

14 ~~(d) on or after July 1, 2010 but before~~
15 ~~July 1, 2011, in an amount equal to three and two hundredths~~
16 ~~percent of the hospital's taxable gross receipts for that~~
17 ~~reporting period after all applicable deductions have been~~
18 ~~taken; and~~

19 ~~(e) on or after July 1, 2011]~~ in an
20 amount equal to three and seven hundred seventy-five
21 thousandths percent of the hospital's taxable gross receipts
22 for that reporting period after all applicable deductions have
23 been taken; and

24 (2) for a hospital located in the
25 unincorporated area of a county,

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1 ~~[(a) on or after July 1, 2007 but before~~
2 ~~July 1, 2008, in an amount equal to one percent of the~~
3 ~~hospital's taxable gross receipts for that reporting period~~
4 ~~after all applicable deductions have been taken;~~

5 ~~(b) on or after July 1, 2008, but before~~
6 ~~July 1, 2009, in an amount equal to two percent of the~~
7 ~~hospital's taxable gross receipts for that reporting period~~
8 ~~after all applicable deductions have been taken;~~

9 ~~(c) on or after July 1, 2009 but before~~
10 ~~July 1, 2010, in an amount equal to three percent of the~~
11 ~~hospital's taxable gross receipts for that reporting period~~
12 ~~after all applicable deductions have been taken;~~

13 ~~(d) on or after July 1, 2010 but before~~
14 ~~July 1, 2011, in an amount equal to four percent of the~~
15 ~~hospital's taxable gross receipts for that reporting period~~
16 ~~after all applicable deductions have been taken; and~~

17 ~~(e) on or after July 1, 2011]~~ in an
18 amount equal to five percent of the hospital's taxable gross
19 receipts for that reporting period after all applicable
20 deductions have been taken.

21 B. For the purposes of this section, "hospital"
22 means a facility providing emergency or urgent care, inpatient
23 medical care and nursing care for acute illness, injury,
24 surgery or obstetrics and includes a facility licensed by the
25 department of health as a critical access hospital, general

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1 hospital, long-term acute care hospital, psychiatric hospital,
2 rehabilitation hospital, limited services hospital and special
3 hospital."

4 SECTION 10. A new section of the Gross Receipts and
5 Compensating Tax is enacted to read:

6 "[NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX AND
7 GOVERNMENTAL GROSS RECEIPTS ACT--PORTION OF TAX PAID--
8 INTERGOVERNMENTAL TRANSFERS.--

9 A. Beginning July 1, 2017 and prior to July 1,
10 2019, a hospital licensed by the department of health may claim
11 a credit for each reporting period against the gross receipts
12 tax due for that reporting period in an amount equal to four
13 and one hundred twenty-five thousandths percent of the entity's
14 taxable gross receipts for that reporting period after all
15 applicable deductions have been taken.

16 B. Beginning July 1, 2017 and prior to July 1,
17 2019, a hospital licensed by the department of health may claim
18 a credit for each reporting period against the governmental
19 gross receipts tax due for that reporting period in an amount
20 equal to four percent of the entity's taxable gross receipts
21 for that reporting period after all applicable deductions have
22 been taken.

23 C. Beginning July 1, 2017 and prior to July 1,
24 2019, a hospital licensed by the department of health that has
25 been determined by the human services department to be capable

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1 of making intergovernmental transfers to the medicaid trust
2 fund in compliance with federal law, may claim a credit for
3 each reporting period, after all applicable deductions have
4 been taken, against the gross receipts tax or governmental
5 gross receipts tax due for that reporting period in an amount
6 equal to the amount transferred. Any portion of the credit
7 that remains unused at the end of the reporting period may be
8 carried forward and credited against the entity's gross
9 receipts tax or governmental gross receipts tax liability in
10 succeeding years, until July 1, 2019.

11 D. As used in this section, "hospital" means a
12 facility providing emergency or urgent care, inpatient medical
13 care and nursing care for acute illness, injury, surgery or
14 obstetrics and includes a facility licensed by the department
15 of health as a critical access hospital, general hospital,
16 long-term acute care hospital, psychiatric hospital,
17 rehabilitation hospital, limited services hospital and special
18 hospital."

19 SECTION 11. Section 7-19D-2 NMSA 1978 (being Laws 1993,
20 Chapter 346, Section 2) is amended to read:

21 "7-19D-2. DEFINITIONS.--As used in the Municipal Local
22 Option Gross Receipts Taxes Act:

23 A. "department" means the taxation and revenue
24 department, the secretary of taxation and revenue or any
25 employee of the department exercising authority lawfully

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1 delegated to that employee by the secretary;

2 B. "governing body" means the city council or city
3 commission of a city, the board of trustees of a town or
4 village and the board of county commissioners of H-class
5 counties;

6 C. "gross receipts" means "gross receipts" as that
7 term is used in the Gross Receipts and Compensating Tax Act,
8 except "gross receipts" does not include the receipts of a
9 hospital;

10 D. "hospital" means a facility licensed by the
11 department of health that provides emergency or urgent care,
12 inpatient medical care and nursing care for acute illness,
13 injury, surgery or obstetrics and includes a facility licensed
14 as a critical access hospital, general hospital, long-term
15 acute care hospital, psychiatric hospital, rehabilitation
16 hospital, limited services hospital and special hospital;

17 [~~G.~~] E. "municipality" means any incorporated city,
18 town or village, whether incorporated under general act,
19 special act or special charter, and an H-class county;

20 [~~D.~~] F. "person" means an individual or any other
21 legal entity; and

22 [~~E.~~] G. "state gross receipts tax" means the gross
23 receipts tax imposed [~~under~~] pursuant to the provisions of the
24 Gross Receipts and Compensating Tax Act."

25 SECTION 12. Section 7-19D-2 NMSA 1978 (being Laws 1993,

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1 Chapter 346, Section 2, as amended by Section 11 of this act)
2 is repealed and a new Section 7-19D-2 NMSA 1978 is enacted to
3 read:

4 "7-19D-2. [NEW MATERIAL] DEFINITIONS.--As used in the
5 Municipal Local Option Gross Receipts Taxes Act:

6 A. "department" means the taxation and revenue
7 department, the secretary of taxation and revenue or any
8 employee of the department exercising authority lawfully
9 delegated to that employee by the secretary;

10 B. "governing body" means the city council or city
11 commission of a city, the board of trustees of a town or
12 village and the board of county commissioners of H-class
13 counties;

14 C. "municipality" means any incorporated city, town
15 or village, whether incorporated under general act, special act
16 or special charter, and an H-class county;

17 D. "person" means an individual or any other legal
18 entity; and

19 E. "state gross receipts tax" means the gross
20 receipts tax imposed pursuant to the provisions of the Gross
21 Receipts and Compensating Tax Act."

22 SECTION 13. Section 7-19D-4 NMSA 1978 (being Laws 1993,
23 Chapter 346, Section 4) is amended to read:

24 "7-19D-4. ORDINANCE SHALL CONFORM TO CERTAIN PROVISIONS
25 OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT AND REQUIREMENTS

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1 OF THE DEPARTMENT.--

2 A. An ordinance imposing a tax [~~under~~] pursuant to
3 the provisions of the Municipal Local Option Gross Receipts
4 Taxes Act shall adopt by reference the same definitions, except
5 the definition of "gross receipts", and the same provisions
6 relating to exemptions and deductions as are contained in the
7 Gross Receipts and Compensating Tax Act then in effect and as
8 it may be amended from time to time.

9 B. The governing body of any municipality imposing
10 a tax [~~under~~] pursuant to the provisions of the Municipal Local
11 Option Gross Receipts Taxes Act shall impose the tax by
12 adopting the model ordinance with respect to the tax furnished
13 to the municipality by the department. An ordinance that does
14 not conform substantially to the model ordinance of the
15 department is not valid."

16 SECTION 14. Section 7-19D-4 NMSA 1978 (being Laws 1993,
17 Chapter 346, Section 4, as amended by Section 13 of this act)
18 is repealed and a new Section 7-19D-4 NMSA 1978 is enacted to
19 read:

20 "7-19D-4. [NEW MATERIAL] ORDINANCE SHALL CONFORM TO
21 CERTAIN PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX
22 ACT AND REQUIREMENTS OF THE DEPARTMENT.--

23 A. An ordinance imposing a tax pursuant to the
24 provisions of the Municipal Local Option Gross Receipts Taxes
25 Act shall adopt by reference the same definitions and the same

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1 provisions relating to exemptions and deductions as are
2 contained in the Gross Receipts and Compensating Tax Act then
3 in effect and as it may be amended from time to time.

4 B. The governing body of any municipality imposing
5 a tax pursuant to the provisions of the Municipal Local Option
6 Gross Receipts Taxes Act shall impose the tax by adopting the
7 model ordinance with respect to the tax furnished to the
8 municipality by the department. An ordinance that does not
9 conform substantially to the model ordinance of the department
10 is not valid."

11 SECTION 15. Section 7-20E-2 NMSA 1978 (being Laws 1993,
12 Chapter 354, Section 2, as amended by Laws 1994, Chapter 93,
13 Section 1 and also by Laws 1994, Chapter 97, Section 1) is
14 amended to read:

15 "7-20E-2. DEFINITIONS.--As used in the County Local
16 Option Gross Receipts Taxes Act:

17 A. "county" means, unless specifically defined
18 otherwise in the County Local Option Gross Receipts Taxes Act,
19 a county, including an H class county;

20 B. "county area" means that portion of a county
21 located outside the boundaries of any municipality, except that
22 for H class counties, "county area" means the entire county;

23 C. "department" means the taxation and revenue
24 department, the secretary of taxation and revenue or any
25 employee of the department exercising authority lawfully

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1 delegated to that employee by the secretary;

2 D. "gross receipts" means "gross receipts" as that
3 term is used in the Gross Receipts and Compensating Tax Act,
4 except "gross receipts" does not include the receipts of a
5 hospital;

6 E. "hospital" means a facility licensed by the
7 department of health that provides emergency or urgent care,
8 inpatient medical care and nursing care for acute illness,
9 injury, surgery or obstetrics and includes a facility licensed
10 as a critical access hospital, general hospital, long-term
11 acute care hospital, psychiatric hospital, rehabilitation
12 hospital, limited services hospital and special hospital;

13 [~~D-~~] F. "governing body" means the county
14 commission of the county or the county council of an H class
15 county;

16 [~~E-~~] G. "person" means an individual or any other
17 legal entity; and

18 [~~F-~~] H. "state gross receipts tax" means the gross
19 receipts tax imposed [~~under~~] pursuant to the Gross Receipts and
20 Compensating Tax Act."

21 **SECTION 16.** Section 7-20E-2 NMSA 1978 (being Laws 1993,
22 Chapter 354, Section 2, as amended by Section 15 of this act)
23 is repealed and a new Section 7-20E-2 NMSA 1978 is enacted to
24 read:

25 "7-20E-2. [NEW MATERIAL] DEFINITIONS.--As used in the

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1 County Local Option Gross Receipts Taxes Act:

2 A. "county" means, unless specifically defined
3 otherwise in the County Local Option Gross Receipts Taxes Act,
4 a county, including an H class county;

5 B. "county area" means that portion of a county
6 located outside the boundaries of any municipality, except that
7 for H class counties, "county area" means the entire county;

8 C. "department" means the taxation and revenue
9 department, the secretary of taxation and revenue or any
10 employee of the department exercising authority lawfully
11 delegated to that employee by the secretary;

12 D. "governing body" means the county commission of
13 the county or the county council of an H class county;

14 E. "person" means an individual or any other legal
15 entity; and

16 F. "state gross receipts tax" means the gross
17 receipts tax imposed pursuant to the Gross Receipts and
18 Compensating Tax Act."

19 SECTION 17. Section 7-20E-4 NMSA 1978 (being Laws 1993,
20 Chapter 354, Section 4) is amended to read:

21 "7-20E-4. ORDINANCE SHALL CONFORM TO CERTAIN PROVISIONS
22 OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT AND REQUIREMENTS
23 OF THE DEPARTMENT.--

24 A. An ordinance imposing a tax ~~[under]~~ pursuant to
25 the provisions of the County Local Option Gross Receipts Taxes

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[bracketed material] = delete

1 Act shall adopt by reference the same definitions, except the
2 definition of "gross receipts", and the same provisions
3 relating to exemptions and deductions as are contained in the
4 Gross Receipts and Compensating Tax Act then in effect and as
5 it may be amended from time to time.

6 B. The governing body of any county imposing a tax
7 [~~under~~] authorized by the County Local Option Gross Receipts
8 Taxes Act shall impose the tax by adopting the model ordinance
9 with respect to the tax furnished to the county by the
10 department. An ordinance that does not conform substantially
11 to the model ordinance of the department is not valid."

12 SECTION 18. Section 7-20E-4 NMSA 1978 (being Laws 1993,
13 Chapter 354, Section 4, as amended by Section 17 of this act)
14 is repealed and a new Section 7-20E-4 NMSA 1978 is enacted to
15 read:

16 "7-20E-4. [NEW MATERIAL] ORDINANCE SHALL CONFORM TO
17 CERTAIN PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX
18 ACT AND REQUIREMENTS OF THE DEPARTMENT.--

19 A. An ordinance imposing a tax pursuant to the
20 provisions of the County Local Option Gross Receipts Taxes Act
21 shall adopt by reference the same definitions and the same
22 provisions relating to exemptions and deductions as are
23 contained in the Gross Receipts and Compensating Tax Act then
24 in effect and as it may be amended from time to time.

25 B. The governing body of any county imposing a tax

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underscored material = new
[bracketed material] = delete

1 authorized by the County Local Option Gross Receipts Taxes Act
2 shall impose the tax by adopting the model ordinance with
3 respect to the tax furnished to the county by the department.
4 An ordinance that does not conform substantially to the model
5 ordinance of the department is not valid."

6 SECTION 19. [NEW MATERIAL] MEDICAID TRUST FUND CREATED TO
7 SUPPORT HOSPITALS AND THE STATE MEDICAID PROGRAM.--

8 A. The "medicaid trust fund" is created in the
9 state treasury. The fund shall consist of distributions,
10 appropriations, intergovernmental transfers to the medicaid
11 trust fund in compliance with federal law, as determined by the
12 human services department, gifts, grants, donations and
13 bequests made to the fund. All income earned on investment of
14 the fund shall be credited to the fund, and money in the fund
15 shall not revert to any other fund at the end of a fiscal year.
16 Money in the fund may be appropriated by the legislature to
17 restore medicaid payment rates to hospitals and physicians and
18 to support the state medicaid program. Money appropriated from
19 the medicaid trust fund to the state medicaid program shall be
20 supplemental to any general fund appropriations to the state
21 medicaid program.

22 B. Money appropriated from the medicaid trust fund
23 shall be used as follows and in the following priority:

24 (1) to increase and maintain inpatient and
25 outpatient medicaid reimbursement payments to hospitals to

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1 levels of at least one hundred five percent of the levels in
2 effect on June 30, 2016;

3 (2) to maintain payments from the safety net
4 care pool for uncompensated care based on enhanced medicaid
5 base rates to the levels in effect on June 30, 2016; and

6 (3) to support the state medicaid program.

7 SECTION 20. TEMPORARY PROVISION--GENERAL FUND
8 APPROPRIATIONS TO SUPPORT THE STATE MEDICAID PROGRAM.--General
9 fund appropriations to the state medicaid program for fiscal
10 years 2018 and 2019, excluding appropriations made from the
11 medicaid trust fund, shall not be lower than the general fund
12 appropriations to the state medicaid program for fiscal year
13 2016.

14 SECTION 21. EFFECTIVE DATE.--

15 A. The effective date of the provisions of Sections
16 1, 3 and 5 through 10, 11, 13, 15, 17, 19 and 20 of this act is
17 July 1, 2017.

18 B. The effective date of the provisions of Sections
19 2, 4, 12, 14, 16 and 18 of this act is July 1, 2019.