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AN ACT

RELATING TO GAMING CONTROL; ALLOWING THE USE OF RACETRACK FUNDS TO OFFSET THE COSTS OF JOCKEY AND EXERCISE RIDER INSURANCE AND THE COSTS OF COMPLYING WITH FEDERAL LAW; TEMPORARILY DECREASING THE PERCENTAGE OF NET TAKE THAT IS ALLOCATED TO THE GAMING TAX; DIRECTING THE STATE RACING COMMISSION TO REVIEW AND PROVIDE LEGISLATIVE RECOMMENDATIONS ON CHANGES RELATING TO THE USE OF NET TAKE FOR PURSES; DECLARING AN EMERGENCY.

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

SECTION 1. Section 60-2E-47 NMSA 1978 (being Laws 1997, Chapter 190, Section 49, as amended) is amended to read:

"60-2E-47. GAMING TAX--IMPOSITION--ADMINISTRATION.--

A. An excise tax is imposed on the privilege of engaging in gaming activities in the state. This tax shall be known as the "gaming tax".

B. The gaming tax is an amount equal to ten percent of the gross receipts of manufacturer licensees from the sale, lease or other transfer of gaming devices in or into the state, except receipts of a manufacturer from the sale, lease or other transfer to a licensed distributor for subsequent sale or lease may be excluded from gross receipts; ten percent of the gross receipts of distributor licensees from the sale, lease or other transfer of gaming devices in

1 or into the state; ten percent of the net take of a
2 gaming operator licensee that is a nonprofit organization;
3 and twenty-four and eight-tenths percent of the net take of
4 every other gaming operator licensee. For the purposes of
5 this section, "gross receipts" means the total amount of
6 money or the value of other consideration received from
7 selling, leasing or otherwise transferring gaming devices.

8 C. The gaming tax imposed on a licensee is in lieu
9 of all state and local gross receipts taxes on that portion
10 of the licensee's gross receipts attributable to gaming
11 activities.

12 D. The gaming tax is to be paid on or before the
13 fifteenth day of the month following the month in which the
14 taxable event occurs. The gaming tax shall be administered
15 and collected by the taxation and revenue department in
16 cooperation with the board. The provisions of the
17 Tax Administration Act apply to the collection and
18 administration of the tax.

19 E. In addition to the gaming tax, a gaming
20 operator licensee that is a racetrack shall pay:

21 (1) twenty percent of its net take solely to
22 purses in accordance with rules adopted by the state racing
23 commission; and

24 (2) one and two-tenths percent of its net
25 take solely to offset the costs of jockey and exercise rider

1 insurance and to comply with federal and state laws affecting
2 horse racing.

3 F. An amount not to exceed twenty percent of the
4 interest earned on the balance of any fund consisting of
5 money for purses distributed by racetrack gaming operator
6 licensees pursuant to this subsection may be expended for the
7 costs of administering the distributions. The state racing
8 commission is responsible for regulatory oversight of funds
9 withdrawn for exercise rider and jockey insurance and
10 compliance with federal and state laws affecting horse
11 racing. The state racing commission is also responsible
12 for regulatory oversight of the twenty percent and one and
13 two-tenths percent fees funding from gaming. A racetrack
14 gaming operator licensee shall spend no less than one-fourth
15 percent of the net take of its gaming machines to fund or
16 support programs for the treatment and assistance of
17 compulsive gamblers.

18 G. A nonprofit gaming operator licensee shall
19 distribute at least sixty percent of the balance of its net
20 take, after payment of the gaming tax and any income taxes,
21 for charitable or educational purposes."

22 SECTION 2. Section 60-2E-47 NMSA 1978 (being Laws 1997,
23 Chapter 190, Section 49, as amended) is repealed and a new
24 Section 60-2E-47 NMSA 1978 is enacted to read:

25 "60-2E-47. GAMING TAX--IMPOSITION--ADMINISTRATION.--

1 A. An excise tax is imposed on the privilege of
2 engaging in gaming activities in the state. This tax shall
3 be known as the "gaming tax".

4 B. The gaming tax is an amount equal to
5 ten percent of the gross receipts of manufacturer licensees
6 from the sale, lease or other transfer of gaming devices in
7 or into the state, except receipts of a manufacturer from the
8 sale, lease or other transfer to a licensed distributor for
9 subsequent sale or lease may be excluded from gross receipts;
10 ten percent of the gross receipts of distributor licensees
11 from the sale, lease or other transfer of gaming devices in
12 or into the state; ten percent of the net take of a gaming
13 operator licensee that is a nonprofit organization; and
14 twenty-six percent of the net take of every other gaming
15 operator licensee. For the purposes of this section, "gross
16 receipts" means the total amount of money or the value of
17 other consideration received from selling, leasing or
18 otherwise transferring gaming devices.

19 C. The gaming tax imposed on a licensee is in lieu
20 of all state and local gross receipts taxes on that portion
21 of the licensee's gross receipts attributable to gaming
22 activities.

23 D. The gaming tax is to be paid on or before the
24 fifteenth day of the month following the month in which the
25 taxable event occurs. The gaming tax shall be administered

1 and collected by the taxation and revenue department in
2 cooperation with the board. The provisions of the
3 Tax Administration Act apply to the collection and
4 administration of the tax.

5 E. In addition to the gaming tax, a gaming
6 operator licensee that is a racetrack shall pay
7 twenty percent of its net take to purses in accordance with
8 rules adopted by the state racing commission. An amount not
9 to exceed twenty percent of the interest earned on the
10 balance of any fund consisting of money for purses
11 distributed by racetrack gaming operator licensees pursuant
12 to this subsection may be expended for the costs of
13 administering the distributions. A racetrack gaming operator
14 licensee shall spend no less than one-fourth percent of the
15 net take of its gaming machines to fund or support programs
16 for the treatment and assistance of compulsive gamblers.

17 F. A nonprofit gaming operator licensee shall
18 distribute at least sixty percent of the balance of its net
19 take, after payment of the gaming tax and any income taxes,
20 for charitable or educational purposes."

21 SECTION 3. TEMPORARY PROVISION--STATE RACING
22 COMMISSION--REVIEW EFFECTIVENESS OF USING NET TAKE FOR PURSES
23 TO OFFSET THE COSTS OF JOCKEY INSURANCE AND TO COMPLY WITH
24 FEDERAL AND STATE LAWS AFFECTING HORSE RACING.--The state
25 racing commission shall review the effectiveness of the

1 amendments to Section 60-2E-47 NMSA 1978 enacted in Section 1
2 of this act and shall, no earlier than July 1, 2026 and no
3 later than December 1, 2026, provide the conclusions of its
4 review and any legislative recommendations to the interim
5 legislative committees that address taxation and horse
6 racing.

7 SECTION 4. EFFECTIVE DATE.--The effective date of the
8 provisions of Section 2 of this act is July 1, 2027.

9 SECTION 5. EMERGENCY.--It is necessary for the public
10 peace, health and safety that this act take effect
11 immediately.

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