

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

January 31, 2025

Bill: HB-179

Sponsors: Representatives Doreen Y. Gallegos, Linda Serrato, Pamela Herndon, Patricia A. Lundstrom and D. Wonda Johnson

Short Title: Saturday After Thanksgiving GRT Sunset

Description: This bill amends Section 7-9-116 NMSA 1978, extending the current sunset date of July 1, 2025, to July 1, 2030, of the Gross Receipts Tax (GRT) deduction for “Small Business Saturday.” This deduction applies to receipts of small business receipts from the retail sale of tangible personal property of less than \$500 occurring on the first Saturday after Thanksgiving.

Effective Date: Not specified; 90 days following adjournment (June 20, 2025).

Taxation and Revenue Department Analyst: Pedro Clavijo

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	(\$860)	(\$890)	(\$910)	(\$940)	R	General Fund
--	(\$570)	(\$590)	(\$610)	(\$630)	R	Local Governments

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: The Taxation and Revenue Department (Tax & Rev) used separately reported deductions by taxpayers in fiscal year 2024 to estimate the revenue loss. The analysis used the GRT revenue growth from the December 2024 Consensus Revenue Estimating Group (CREG) to grow the fiscal impact.

Policy Issues: Nineteen states currently use tax holidays to incentivize certain purchasing. In New Mexico, this tax holiday is used to encourage holiday shopping to occur at small local businesses rather than national chains. While this type of sales tax holiday does not increase demand overall, it may give small local retailers an edge over national chains. Some research has suggested that companies can absorb up to 20 percent of the benefits of sales tax holidays through price increases, reducing consumer benefits. The prevalence of sales tax holidays like this one does complicate the state tax code and its administration.¹

This deduction continues to include a sunset date. Tax & Rev supports sunset dates for policymakers to review the impact of tax expenditures before extending them.

Technical Issues: This bill does not have an effective date. A July 1, 2025 effective date is recommended.

Other Issues: None.

Administrative & Compliance Impact: Tax & Rev will update forms, instructions, and publications and make information system changes. Tax & Rev’s Information Technology Division (ITD) will implement the changes, taking approximately 220 hours or about one month at a cost of \$14,661 in staff workload

¹ <https://taxfoundation.org/data/all/state/sales-tax-holidays-2024/>

costs.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2025	FY2026	FY2027	3 Year Total Cost		
\$14.6	--	--	\$14.6	NR	Tax & Rev – ITD staff workload

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).