

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**February 24, 2025**

**Bill:** HB-368

**Sponsor:** Representatives Joshua N. Hernandez and Meredith A. Dixon

**Short Title:** High-Wage Jobs Tax Credit “Threshold Job”

**Description:** This bill amends Section 7-9G-1 NMSA 1978 to change the definition of “threshold job” to refer to the first 52 weeks of employment instead of forty-four weeks of a calendar year.

**Effective Date:** Not specified; 90 days following adjournment (June 20, 2025). Applicable to applications for a high-wage jobs tax credit received by the Taxation and Revenue Department on or after the effective date of the bill.

**Taxation and Revenue Department Analyst:** Lucinda Sydow

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
No impact						

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

**Methodology for Estimated Revenue Impact:** The definition change of “threshold job” does not alter significantly the eligibility for the credit and thus does not have a fiscal impact.

**Policy Issues:** The current definition of “threshold job” aligns with the annual application deadlines as described under Subsection D. on page 2, in that both fall within the calendar year. By changing forty-four weeks of a calendar year to the first fifty-two weeks of employment, the timing may cross between calendar years. Tax & Rev will need to review complete payroll documentation for every employee to capture the revised timed periods under the new definition of “threshold job” at the time the qualifying periods end in addition to the payroll reports for the employees being claimed. Tax & Rev receives on average 55 applications a year. The average number of employees per employer application is approximately 650 but some employers have over 1,000 employees. This change in the definition will require an additional amount of documentation to be provided by the taxpayer which may be burdensome to the taxpayer. This will also require Tax & Rev to revise the procedures to review applications efficiently.

**Technical Issues:** None.

**Other Issues:** None.

**Administrative & Compliance Impact:** Tax & Rev will update forms, instructions and publications and make information system changes. Staff training to administer the credit will need to take place. This implementation will be included in the annual tax year changes.

While the new definition of “threshold job” will require new processes to administer the credit as discussed under “Policy Issues”, Tax & Rev’s Audit and Compliance Division (ACD) will be able to absorb the changes under current staff workload and will work to improve efficiency of the credit application.

**Related Bills:** Relates to HB-218 which contains minor clean-up to this section of law but does not conflict with this bill proposal.