

LFC Requester:

Brendon Gray

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: January 27, 2025

Check all that apply:

Bill Number: SB 111

Original X Correction
Amendment Substitute

Sponsor: Sen. Wirth

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: Local News Printer Tax Credit

Analysis: Eduardo Ugarte

Phone: 505-537-7676

Email: legisfir@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: This bill proposes to create (1) new sections of the Income Tax Act and the Corporate Income and Franchise Tax Act and (2) a refundable tax credit for individuals and for business entities that meet certain requirements based on the wages they pay to qualified employees that focus on New Mexico state and local news coverage. Though refundable, the credit is limited to (a) ten thousand dollars per qualified employee working an average of twenty hours or more per week in the taxable year; (b) five thousand dollars for a qualified employee working an average of less than twenty hours per week in the taxable year; (c) one hundred qualified employees per taxpayer, and (d) one million dollars overall per tax year. It would go into effect for the tax year beginning 2025 and would end prior to the tax year beginning January 1, 2030.

There are two almost identical sections: one is titled the “LOCAL NEWS PRINTER INCOME TAX CREDIT” and one is titled “LOCAL NEWS PRINTER CORPORATE INCOME TAX CREDIT.” Other than applying to personal income tax and corporate income tax respectively, the sections are the essentially same.

To qualify, a taxpayer (individual or corporate) must own a local news organization and employ (at least one) qualified employee. The bill defines "qualified employee," "local news organization," “local news printer,” and “wages”. A qualified employee must be employed by a local news printer to regularly perform duties related to pre-press, press and postpress newspaper production to prepare newspapers for transition to delivery and distribution personnel, work at a physical location in New Mexico, and work for at least a twenty-five percent of the taxable year for the local news printer. There are several requirements to be considered a local news organization, which include restrictions on ownership by publicly traded entities; limitations on income from political action committees, 501(c)(4) and 501(c)(6) entities as described by the Internal Revenue Code; transparency in beneficial ownership or board of directors; and at least three years of publishing the minimum number of articles specified in the bill.

The department of taxation and revenue (“TRD”) would need to review applications and issue a certificate of eligibility to each taxpayer who is approved. The certificate specifies the amount of credit and which years the credit may be claimed.

FISCAL IMPLICATIONS

Depending on the number of rebates of \$20,000 or more generated by the bill, the NMDOJ could require additional resources to perform the reviews noted in Administrative Implications below.

SIGNIFICANT ISSUES

The bill appears to describe different treatment of digital-only and print publications, located at paragraph (1)(J)(1)(c) and (2)(H)(1)(c). “[I]n the case of print publications, has published at least one print publication per month over the previous thirty-six months and holds a valid United States postal service periodical permit *or* has at least thirty percent of its content dedicated to state or local news;” (emphasis added) vs. “[I]n the case of digital-only entities, has published at least five originally produced stories about the state or a local community per week over the previous thirty-six months *and* has at least fifty percent of its digital audience in New Mexico, averaged over a twelve-month period;” (emphasis added).

It appears, at least from this language, that a digital publication is in many ways held to a higher standard of actual local news content than a print publication: a minimum of twenty articles per month compared to a single monthly print publication with thirty percent local news. The “or” appears to allow a print publication with a monthly print edition and a USPS periodicals permit to qualify for the credit as long as it has a qualified employee working at a physical location in New Mexico. This seems to be a much lower bar in terms of actual local content. In addition, there is no specified metric or standard for identifying where a digital audience is located. Aside from the measurement problem, this might have an unintended consequence in border areas of the state. For instance, the Four Corners area may have a local publication that discusses news of import to Farmington, Durango, and other communities throughout four different states. A digital publication based in New Mexico that exclusively and frequently publishes on important local issues and employs New Mexicans as qualified employees might lose this tax advantage, even if competing against a publication located in Colorado. Similar issues could arise in Las Cruces and Raton, and possibly other locations that arguably are in the most need of aid to local journalism. It would be helpful to clarify what exactly it means for a digital audience to be located in New Mexico (what is someone who commutes to New Mexico or *from* New Mexico considered?) and if there is a specific methodology that is standard or best for measuring the digital audience overall.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

It is possible that this type of rebate would require the NMDOJ to review if a rebate is \$20,000 or more based on 7-1-29 NMSA 1978.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 110 appears to be a companion bill, as it creates a local journalist employment income tax credit and local journalist employment corporate income tax credit, following a similar format to SB 111.

SB110 proposes to create two new sections of the Income Tax Act and a refundable tax credit for individuals and for corporations that meet certain requirements based on the wages they pay to journalists that focus on New Mexico state and local news coverage. There may be a conflict between SB110 and SB111. Under SB110 a local news organization may qualify for the tax credit if it has published or produced news stories over the previous twenty-four months while under SB111 a local news organization may qualify for the tax credit if it has published or

produced news stories over the previous thirty-six months.

Similarly, the qualifications of digital-only entity are different in the two bills: under SB110 a digital-only entity was defined as one who has published at least four originally produced stories about the state or a local community per week over the previous twenty-four months while under SB111 a digital-only entity was defined as one who has published at least five originally produced stories about the state or a local community per week over the previous thirty-six months.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None yet.