

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

February 19, 2025

Bill: SB-382

Sponsor: Senator Candy Spence Ezzell

Short Title: Gold & Silver Bullion Sale Gross Receipts

Description: This bill proposes a new separately reported gross receipts tax (GRT) deduction for receipts from the sale of gold or silver coins and gold or silver bullion, including bars, ingots and rounds, but excluding jewelry, works of art or novelty or commemorative pieces.

Effective Date: July 1, 2025

Taxation and Revenue Department Analyst: Pedro Clavijo

| Estimated Revenue Impact* | | | | | R or NR** | Fund(s) Affected |
|---------------------------|------------------------|--------|--------|--------|-----------|-------------------|
| FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | | |
| -- | (Unknown but negative) | | | | R | General Fund |
| -- | (Unknown but negative) | | | | 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) was unable to obtain data to substantiate a fiscal impact for the proposed GRT deduction for selling gold or silver coins and gold or silver bullion in New Mexico. The restrictive eligibility definition under subsection D (see Technical Issues) may limit the revenue impact.

Policy Issues: Tax & Rev presumes the bill intends to provide a GRT deduction on the receipts from the sale of collectible coins and bullion, which would not be taxable if they were considered legal tender. Tax & Rev notes that receipts from sales of gold and silver to jewelers may be deducted, subject to certain limitations, under existing law(Section 7-9-74 NMSA 1978), and that this new deduction overlaps with that limited existing deduction.

While tax incentives can support specific industries or promote desired social and economic behaviors, the growing number of such incentives complicate the tax code. Introducing more tax incentives has two main consequences: (1) it creates special treatment and exceptions within the code, leading to increased tax expenditures and a narrower tax base, which negatively impacts the general fund; and (2) it imposes a heavier compliance burden on both taxpayers and Tax & Rev. Increasing complexity and exceptions in the tax code is generally not in line with sound tax policy.

Technical Issues: Tax & Rev suggests that the definition of “gold or silver bullion” under subsection D, page 2, clarify if conditions (1) through (4) must all be met and therefore an ‘and’ should be added to the end of lines, 6, 9, and 13. Or if the opposite is true and only one of the conditions must be met and therefore an ‘or’ added to the end of lines, 6, 9, and 13.

Other Issues: None.

Administrative & Compliance Impact: Tax & Rev will need to update forms, instructions, and publications. Implementing this bill will have a low impact on Tax & Rev’s Information Technology Division (ITD), approximately 220 hours or just over one month and \$14,661 of staff workload 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 | ITD - Staff Workload Cost |

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