

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 2/20/2025 *Check all that apply:*
Bill Number: SB448 Original Correction
 Amendment Substitute

	Agency Name	Economic Development
	and Code	Department
Sponsor: <u>Anthony L. Thornton, Jay C. Block, Nicole Tobiassen</u>	Number:	<u>41900</u>
Short Title: <u>Small Business Income Tax Withholdings</u>	Person Writing	<u>Daye Kwon</u>
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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

BILL SUMMARY

Synopsis:

Senate Bill 448 (SB448) amends Section 7-3-3 NMSA 1978 under the Withholding Tax Act by adding a new provision to the existing tax withholding requirements. The bill allows employers with fifty or fewer employees to elect not to withhold wages from those employees for income tax purposes. Employers making this election must notify the Taxation and Revenue Department in the required form and manner and inform employees of their obligation to make quarterly estimated tax payments pursuant to Section 7-2-12.2 NMSA 1978.

The provisions of this act apply to taxable years beginning on or after January 1, 2026.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

SB448 could ease administrative burdens for small businesses by simplifying payroll processes, potentially allowing them to allocate more resources toward growth and investment. However, the bill may also create tax compliance challenges, as employees might not make timely estimated payments, leading to penalties or financial strain when taxes come due.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS