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SENATE BILL 141

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Peter Wirth

AN ACT

RELATING TO TAXATION; INCREASING THE CORPORATE INCOME TAX RATE;
AMENDING THE NEXUS REQUIREMENT FOR A PERSON WHO LACKS PHYSICAL
PRESENCE IN NEW MEXICO PURSUANT TO THE GROSS RECEIPTS AND
COMPENSATING TAX ACT; PROVIDING A GROSS RECEIPTS TAX DEDUCTION
FOR TAXPAYERS THAT DID NOT CLAIM A GROSS RECEIPTS TAX CREDIT,
DEDUCTION OR EXEMPTION IN THE PREVIOUS CALENDAR YEAR; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-2A-5 NMSA 1978 (being Laws 1981,
Chapter 37, Section 38, as amended) is amended to read:

"7-2A-5. CORPORATE INCOME TAX RATES.--The corporate
income tax imposed on corporations by Section 7-2A-3 NMSA 1978
shall be [~~five~~] six and nine-tenths percent of taxable income."

SECTION 2. Section 7-9-3.3 NMSA 1978 (being Laws 2003,

underscored material = new
[bracketed material] = delete

1 Chapter 272, Section 4, as amended) is amended to read:

2 "7-9-3.3. DEFINITION--ENGAGING IN BUSINESS.--As used in
3 the Gross Receipts and Compensating Tax Act, "engaging in
4 business" means carrying on or causing to be carried on any
5 activity with the purpose of direct or indirect benefit. For a
6 person who lacks physical presence in this state, including a
7 marketplace provider, "engaging in business" means having, in
8 the previous calendar year, total [~~taxable~~] gross receipts from
9 sales, leases and licenses of tangible personal property, sales
10 of licenses and sales of services and licenses for use of real
11 property sourced to this state pursuant to Section 7-1-14 NMSA
12 1978, of at least one hundred thousand dollars (\$100,000)."

13 SECTION 3. A new section of the Gross Receipts and
14 Compensating Tax Act is enacted to read:

15 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--TAXPAYERS THAT
16 DID NOT CLAIM A CREDIT, DEDUCTION OR EXEMPTION IN THE PREVIOUS
17 CALENDAR YEAR.--

18 A. Up to one hundred thousand dollars (\$100,000)
19 during any twelve-month period may be deducted from the gross
20 receipts of a taxpayer that did not claim a credit, deduction
21 or exemption pursuant to the Gross Receipts and Compensating
22 Tax Act in the previous calendar year; provided that the
23 taxpayer was engaging in business in each month of the previous
24 calendar year.

25 B. A company that enters into a restructuring to

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underscoring material = new
~~[bracketed material] = delete~~

1 create subsidiaries for the purpose of claiming the deduction
2 provided by this section for itself and each subsidiary shall
3 only be allowed to claim the deduction as if the company and
4 its subsidiaries are a single company.

5 C. A taxpayer allowed a deduction pursuant to this
6 section shall report the amount of the deduction separately in
7 a manner required by the department.

8 D. The deduction provided by this section shall be
9 included in the tax expenditure budget pursuant to Section
10 7-1-84 NMSA 1978, including the total annual aggregate cost of
11 the deduction."

12 SECTION 4. APPROPRIATION.--One hundred thousand dollars
13 (\$100,000) is appropriated from the general fund to the
14 taxation and revenue department for expenditure in fiscal years
15 2025 and 2026 to contract for services related to administering
16 the provisions of Section 3 of this act, including enhancing
17 the department's tax administration software system. Any
18 unexpended or unencumbered balance remaining at the end of
19 fiscal year 2026 shall revert to the general fund.

20 SECTION 5. APPLICABILITY.--The provisions of Section 1 of
21 this act apply to taxable years beginning on or after January
22 1, 2026.

23 SECTION 6. EFFECTIVE DATE.--The effective date of the
24 provisions of Sections 1 through 3 of this act is January 1,
25 2026.

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