

**FIFTY-SEVENTH LEGISLATURE  
FIRST SESSION, 2025**

March 21, 2025

Mr. President:

Your **CONFERENCE COMMITTEE**, to whom has been referred

**HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 14, as amended**

has had it under consideration and reports same with the  
following recommendation:

1. All senate tax, business and transportation committee amendments be DISAPPROVED.

2. The following items of Senate Floor Amendment number 1 be APPROVED:

Items 2 and 3.

3. The following items of Senate Floor Amendment number 1 be DISAPPROVED:

Items 1, 4 and 5.

and that the bill be amended further as follows:

4. On page 1, line 17, before the period, insert "  
CREATING THE FOSTER PARENT AND GUARDIAN INCOME TAX CREDIT;  
AMENDING A GROSS RECEIPTS TAX DEDUCTION FOR HEALTH CARE  
PRACTITIONERS TO INCLUDE COINSURANCE PAID BY A PATIENT;  
INCREASING LIQUOR EXCISE TAX RATES; AMENDING THE DISTRIBUTIONS OF

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THE LIQUOR EXCISE TAX; CREATING THE TRIBAL ALCOHOL HARMS ALLEVIATION FUND; AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978".

5. On page 18, between lines 10 and 11, insert:

"SECTION 2. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] CREDIT--FOSTER PARENT AND GUARDIAN INCOME TAX CREDIT.--

A. For taxable years ending prior to January 1, 2031, a taxpayer who is a resident, who is not a dependent of another individual and who is a foster parent or a guardian of a child may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act. The credit authorized pursuant to this section may be referred to as the "foster parent and guardian income tax credit".

B. The amount of the tax credit shall be in an amount equal to two hundred fifty dollars (\$250) for each month the taxpayer is a foster parent or guardian of a child in the taxable year in which the tax credit is claimed; provided that the taxpayer shall be a foster parent or guardian for more than fifty percent of that month; and provided further that the maximum amount of credit that may be claimed by a taxpayer in a taxable year is three thousand dollars (\$3,000).

C. A taxpayer shall apply for certification of eligibility for the tax credit from the children, youth and families department on forms and in the manner prescribed by that department. Except as provided in Subsection E of this section, only one tax credit shall be certified per taxpayer per taxable

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year. If the children, youth and families department determines that the taxpayer meets the requirements of this section, that department shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed. The children, youth and families department shall provide the department with the certificates of eligibility issued pursuant to this subsection in an electronic format at regularly agreed upon intervals.

D. That portion of the tax credit that exceeds a taxpayer's income tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

E. Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the tax credit that would have been claimed on a joint return.

F. A taxpayer allowed to claim a tax credit pursuant to this section shall claim the tax credit in a manner required by the department. The credit shall be claimed within one taxable year of the end of the year in which the children, youth and families department certifies the credit.

G. The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the credit.

H. As used in this section:

(1) "child" means an unemancipated individual who has not reached eighteen years of age;

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(2) "foster parent" means a person licensed or certified by the children, youth and families department or a child placement agency to provide care for children in the custody of the department or agency; and

(3) "guardian" means a person appointed as a guardian by a court or an Indian tribal authority pursuant to the Kinship Guardianship Act, but does not include a person appointed as a guardian ad litem."

**SECTION 3.** Section 7-9-93 NMSA 1978 (being Laws 2004, Chapter 116, Section 6, as amended) is amended to read:

"7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR SERVICES PROVIDED BY HEALTH CARE PRACTITIONER OR ASSOCIATION OF HEALTH CARE PRACTITIONERS.--

A. Receipts of a health care practitioner or an association of health care practitioners for commercial contract services or medicare part C services paid by a managed care organization or health care insurer may be deducted from gross receipts if the services are within the scope of practice of the health care practitioner providing the service. Receipts from fee-for-service payments by a health care insurer may not be deducted from gross receipts.

B. Prior to July 1, [~~2028~~] 2031, receipts from coinsurance, a copayment or a deductible paid by an insured or enrollee to a health care practitioner or an association of health care practitioners for commercial contract services pursuant to the terms of the insured's health insurance plan or enrollee's managed care health plan may be deducted from gross receipts if the services are within the scope of practice of the health care practitioner providing the service.

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C. The deductions provided by this section shall be applied only to gross receipts remaining after all other allowable deductions available under the Gross Receipts and Compensating Tax Act have been taken.

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

E. ~~[The department shall compile an annual report on the deductions provided by this section that shall include the number of taxpayers that claimed the deductions, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deductions. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the cost of the deductions]~~ The tax deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deductions.

F. As used in this section:

(1) "association of health care practitioners" means a corporation, unincorporated business entity or other legal entity organized by, owned by or employing one or more health care practitioners; provided that the entity is not:

(a) an organization granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as that section may be amended or renumbered; or

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(b) a health maintenance organization or a hospital, hospice, nursing home or an entity that is solely an outpatient facility or intermediate care facility licensed ~~[pursuant to the Public Health Act]~~ by the health care authority;

(2) "commercial contract services" means health care services performed by a health care practitioner pursuant to a contract with a managed care organization or health care insurer other than those health care services provided for medicare patients pursuant to Title 18 of the federal Social Security Act or for medicaid patients pursuant to Title 19 or Title 21 of the federal Social Security Act;

(3) "copayment" or "coinsurance" means ~~[a fixed dollar]~~ an amount that a health care insurer or managed care health plan requires an insured or enrollee to pay upon incurring an expense for receiving medical services;

(4) "deductible" means the amount of covered charges an insured or enrollee is required to pay in a plan year for commercial contract services before the insured's health insurance plan or enrollee's managed care health plan begins to pay for applicable covered charges;

(5) "fee-for-service" means payment for health care services by a health care insurer for covered charges under an indemnity insurance plan;

(6) "health care insurer" means a person that:

(a) has a valid certificate of authority in good standing pursuant to the New Mexico Insurance Code to act as an insurer, health maintenance organization or nonprofit health care plan or prepaid dental plan; and

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(b) contracts to reimburse licensed health care practitioners for providing basic health services to enrollees at negotiated fee rates;

(7) "health care practitioner" means:

(a) a chiropractic physician licensed pursuant to the provisions of the Chiropractic Physician Practice Act;

(b) a dentist or dental hygienist licensed pursuant to the Dental Health Care Act;

(c) a doctor of oriental medicine licensed pursuant to the provisions of the Acupuncture and Oriental Medicine Practice Act;

(d) an optometrist licensed pursuant to the provisions of the Optometry Act;

(e) an osteopathic physician licensed pursuant to the provisions of the Medical Practice Act;

(f) a physical therapist licensed pursuant to the provisions of the Physical Therapy Act;

(g) a physician or physician assistant licensed pursuant to the provisions of the Medical Practice Act;

(h) a podiatric physician licensed pursuant to the provisions of the Podiatry Act;

(i) a psychologist licensed pursuant to the provisions of the Professional Psychologist Act;

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(j) a registered lay midwife registered by the department of health;

(k) a registered nurse or licensed practical nurse licensed pursuant to the provisions of the Nursing Practice Act;

(l) a registered occupational therapist licensed pursuant to the provisions of the Occupational Therapy Act;

(m) a respiratory care practitioner licensed pursuant to the provisions of the Respiratory Care Act;

(n) a speech-language pathologist or audiologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;

(o) a professional clinical mental health counselor, marriage and family therapist or professional art therapist licensed pursuant to the provisions of the Counseling and Therapy Practice Act who has obtained a master's degree or a doctorate;

(p) an independent social worker licensed pursuant to the provisions of the Social Work Practice Act; and

(q) a clinical laboratory that is accredited pursuant to 42 U.S.C. Section 263a but that is not a laboratory in a physician's office or in a hospital defined pursuant to 42 U.S.C. Section 1395x;

(8) "managed care health plan" means a health care plan offered by a managed care organization that provides for the



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delivery of comprehensive basic health care services and medically necessary services to individuals enrolled in the plan other than those services provided to medicare patients pursuant to Title 18 of the federal Social Security Act or to medicaid patients pursuant to Title 19 or Title 21 of the federal Social Security Act;

(9) "managed care organization" means a person that provides for the delivery of comprehensive basic health care services and medically necessary services to individuals enrolled in a plan through its own employed health care providers or by contracting with selected or participating health care providers. "Managed care organization" includes only those persons that provide comprehensive basic health care services to enrollees on a contract basis, including the following:

- (a) health maintenance organizations;
  - (b) preferred provider organizations;
  - (c) individual practice associations;
  - (d) competitive medical plans;
  - (e) exclusive provider organizations;
  - (f) integrated delivery systems;
  - (g) independent physician-provider organizations;
  - (h) physician hospital-provider organizations;
- and

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(i) managed care services organizations; and

(10) "medicare part C services" means services performed pursuant to a contract with a managed health care provider for medicare patients pursuant to Title 18 of the federal Social Security Act."

**SECTION 4.** Section 7-17-5 NMSA 1978 (being Laws 1993, Chapter 65, Section 8, as amended) is amended to read:

"7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

A. There is imposed on a wholesaler who sells alcoholic beverages on which the tax imposed by this section has not been paid an excise tax, to be referred to as the "liquor excise tax", at the following rates on alcoholic beverages sold:

(1) on spirituous liquors, except as provided in Paragraph (9) of this subsection, [~~one dollar sixty cents (\$1.60)~~] one dollar ninety-two cents (\$1.92) per liter;

(2) on beer, except as provided in Paragraph (5) of this subsection, [~~forty-one cents (\$.41)~~] forty-nine cents (\$.49) per gallon;

(3) on wine, except as provided in Paragraphs (4) and (6) of this subsection, [~~forty-five cents (\$.45)~~] fifty-four cents (\$.54) per liter;

(4) on fortified wine, [~~one dollar fifty cents (\$1.50)~~] one dollar eighty cents (\$1.80) per liter;

(5) on beer manufactured or produced by a microbrewer and sold in this state, provided that proof is

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furnished to the department that the beer was manufactured or produced by a microbrewer, eight cents (\$.08) per gallon on the first thirty thousand barrels sold, twenty-eight cents (\$.28) per gallon for all barrels sold over thirty thousand barrels but less than sixty thousand barrels and forty-one cents (\$.41) per gallon for sixty thousand or more barrels sold;

(6) on wine manufactured or produced by a small winegrower and sold in this state, provided that proof is furnished to the department that the wine was manufactured or produced by a small winegrower:

(a) ten cents (\$.10) per liter on the first eighty thousand liters sold;

(b) twenty cents (\$.20) per liter on each liter sold over eighty thousand liters but not over nine hundred fifty thousand liters; and

(c) thirty cents (\$.30) per liter on each liter sold over nine hundred fifty thousand liters but not over one million five hundred thousand liters;

(7) on cider, except as provided in Paragraph (8) of this subsection, [~~forty-one cents (\$.41)~~] forty-nine cents (\$.49) per gallon;

(8) on cider manufactured or produced by a small winegrower and sold in this state, provided that proof is furnished to the department that the cider was manufactured or produced by a small winegrower, eight cents (\$.08) per gallon on the first thirty thousand barrels sold, twenty-eight cents (\$.28) per gallon for all barrels sold over thirty thousand barrels but less than sixty thousand barrels and forty-one cents (\$.41) per

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gallon for sixty thousand or more barrels sold; and

(9) on spirituous liquors manufactured or produced by a craft distiller licensed pursuant to Section 60-6A-6.1 NMSA 1978, provided that proof is provided to the department that the spirituous liquors were manufactured or produced by a craft distiller, for products up to ten percent alcohol by volume, eight cents (\$.08) per liter for the first two hundred fifty thousand liters sold and twenty-eight cents (\$.28) per liter for the next two hundred fifty thousand liters sold and for products over ten percent alcohol by volume, thirty-two cents (\$.32) per liter on the first one hundred seventy-five thousand liters sold and sixty-five cents (\$.65) per liter on the next two hundred thousand liters sold.

B. The volume of wine transferred from one winegrower to another winegrower for processing, bottling or storage and subsequent return to the transferor shall be excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable volume of wine of the transferee. Wine transferred from an initial winegrower to a second winegrower remains a tax liability of the transferor, provided that if the wine is transferred to the transferee for the transferee's use or for resale, the transferee then assumes the liability for the tax due pursuant to this section.

C. A transfer of wine from a winegrower to a wholesaler for distribution of the wine transfers the liability for payment of the liquor excise tax to the wholesaler upon the sale of the wine by the wholesaler."

**SECTION 5.** Section 7-1-6.40 NMSA 1978 (being Laws 1997, Chapter 182, Section 1, as amended) is amended to read:

"7-1-6.40. DISTRIBUTION OF LIQUOR EXCISE TAX--LOCAL DWI

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GRANT FUND--CERTAIN MUNICIPALITIES--DRUG COURT FUND--TRIBAL ALCOHOL HARMS ALLEVIATION FUND.--

A. A distribution pursuant to Section 7-1-6.1 NMSA 1978 in an amount equal to [~~forty-five~~] thirty-nine percent of the net receipts attributable to the liquor excise tax shall be made to the local DWI grant fund.

~~[B. A distribution pursuant to Section 7-1-6.1 NMSA 1978 of twenty thousand seven hundred fifty dollars (\$20,750) monthly from the net receipts attributable to the liquor excise tax shall be made to a municipality that is located in a class A county and that has a population according to the most recent federal decennial census of more than thirty thousand but less than sixty thousand and shall be used by the municipality only for the provision of alcohol treatment and rehabilitation services for street inebriates.~~

~~C. Beginning July 1, 2019]~~ B. A distribution pursuant to Section 7-1-6.1 NMSA 1978 in an amount equal to five percent of the net receipts attributable to the liquor excise tax shall be made to the drug court fund.

C. A distribution pursuant to Section 7-1-6.1 NMSA 1978 in an amount equal to twelve and one-half percent of the net receipts attributable to the liquor excise tax shall be made to the tribal alcohol harms alleviation fund."

**SECTION 6.** [NEW MATERIAL] TRIBAL ALCOHOL HARMS ALLEVIATION FUND.--The "tribal alcohol harms alleviation fund" is created as a nonreverting fund in the state treasury. The fund consists of appropriations, distributions, gifts, grants, donations and bequests made to the fund and income from investment of the fund. The department of finance and administration shall administer the

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fund, and money in the fund is subject to appropriation by the legislature for alcohol harms prevention, treatment and recovery services to individuals on lands of Indian nations, tribes and pueblos, and to make grants to Indian nations, tribes and pueblos to provide those services to those individuals. Money in the fund shall be expended by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary or the secretary's authorized representative."

6. On page 18, strike lines 11 through 15 and insert in lieu thereof:

"SECTION 7. DELAYED REPEAL.--Section 2 of this act is repealed effective January 1, 2031.

SECTION 8. APPLICABILITY.--The provisions of Sections 1 and 2 of this act apply to taxable years beginning on or after January 1, 2026.

SECTION 9. EFFECTIVE DATE.--

A. The effective date of the provisions of Sections 1 and 2 of this act is January 1, 2026.

B. The effective date of the provisions of Section 3 of this act is July 1, 2026.

C. The effective date of the provisions of Sections 4 through 6 of this act is July 1, 2025."

7. Renumber sections to correspond to these amendments.

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Respectfully submitted,

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Carrie Hamblen

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Joshua A. Sanchez

\_\_\_\_\_  
Peter Wirth

Adopted \_\_\_\_\_  
(Chief Clerk)

Not Adopted \_\_\_\_\_  
(Chief Clerk)

Date \_\_\_\_\_