

SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR  
SENATE BILL 712

**52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;  
EXEMPTING ADDITIONAL MUNICIPALITIES FROM REDUCTIONS IN HOLD  
HARMLESS DISTRIBUTIONS.

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

SECTION 1. Section 7-1-6.46 NMSA 1978 (being Laws 2004,  
Chapter 116, Section 1, as amended) is amended to read:

"7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR  
FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES  
DEDUCTION.--

A. For a municipality that has not elected to  
impose a municipal hold harmless gross receipts tax through an  
ordinance and that has a population of less than [~~ten thousand~~]  
twelve thousand five hundred according to the most recent  
federal decennial census, a distribution pursuant to Section

.201019.1

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1 7-1-6.1 NMSA 1978 shall be made to a municipality in an amount,  
2 subject to any increase or decrease made pursuant to Section  
3 7-1-6.15 NMSA 1978, equal to the sum of:

4 (1) the total deductions claimed pursuant to  
5 Section 7-9-92 NMSA 1978 for the month by taxpayers from  
6 business locations attributable to the municipality multiplied  
7 by the sum of the combined rate of all municipal local option  
8 gross receipts taxes in effect in the municipality for the  
9 month plus one and two hundred twenty-five thousandths percent;  
10 and

11 (2) the total deductions claimed pursuant to  
12 Section 7-9-93 NMSA 1978 for the month by taxpayers from  
13 business locations attributable to the municipality multiplied  
14 by the sum of the combined rate of all municipal local option  
15 gross receipts taxes in effect in the municipality for the  
16 month plus one and two hundred twenty-five thousandths percent.

17 B. For a municipality not described in Subsection A  
18 of this section, a distribution pursuant to Section 7-1-6.1  
19 NMSA 1978 shall be made to the municipality in an amount,  
20 subject to any increase or decrease made pursuant to Section  
21 7-1-6.15 NMSA 1978, equal to the sum of:

22 (1) the total deductions claimed pursuant to  
23 Section 7-9-92 NMSA 1978 for the month by taxpayers from  
24 business locations attributable to the municipality multiplied  
25 by the sum of the combined rate of all municipal local option

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1 gross receipts taxes in effect in the municipality on January  
2 1, 2007 plus one and two hundred twenty-five thousandths  
3 percent in the following percentages:

4 (a) prior to July 1, 2015, one hundred  
5 percent;

6 (b) on or after July 1, 2015 and prior  
7 to July 1, 2016, ninety-four percent;

8 (c) on or after July 1, 2016 and prior  
9 to July 1, 2017, eighty-eight percent;

10 (d) on or after July 1, 2017 and prior  
11 to July 1, 2018, eighty-two percent;

12 (e) on or after July 1, 2018 and prior  
13 to July 1, 2019, seventy-six percent;

14 (f) on or after July 1, 2019 and prior  
15 to July 1, 2020, seventy percent;

16 (g) on or after July 1, 2020 and prior  
17 to July 1, 2021, sixty-three percent;

18 (h) on or after July 1, 2021 and prior  
19 to July 1, 2022, fifty-six percent;

20 (i) on or after July 1, 2022 and prior  
21 to July 1, 2023, forty-nine percent;

22 (j) on or after July 1, 2023 and prior  
23 to July 1, 2024, forty-two percent;

24 (k) on or after July 1, 2024 and prior  
25 to July 1, 2025, thirty-five percent;

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1 (1) on or after July 1, 2025 and prior  
2 to July 1, 2026, twenty-eight percent;

3 (m) on or after July 1, 2026 and prior  
4 to July 1, 2027, twenty-one percent;

5 (n) on or after July 1, 2027 and prior  
6 to July 1, 2028, fourteen percent; and

7 (o) on or after July 1, 2028 and prior  
8 to July 1, 2029, seven percent; and

9 (2) the total deductions claimed pursuant to  
10 Section 7-9-93 NMSA 1978 for the month by taxpayers from  
11 business locations attributable to the municipality multiplied  
12 by the sum of the combined rate of all municipal local option  
13 gross receipts taxes in effect in the municipality on January  
14 1, 2007 plus one and two hundred twenty-five thousandths  
15 percent in the following percentages:

16 (a) prior to July 1, 2015, one hundred  
17 percent;

18 (b) on or after July 1, 2015 and prior  
19 to July 1, 2016, ninety-four percent;

20 (c) on or after July 1, 2016 and prior  
21 to July 1, 2017, eighty-eight percent;

22 (d) on or after July 1, 2017 and prior  
23 to July 1, 2018, eighty-two percent;

24 (e) on or after July 1, 2018 and prior  
25 to July 1, 2019, seventy-six percent;

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1 (f) on or after July 1, 2019 and prior  
2 to July 1, 2020, seventy percent;

3 (g) on or after July 1, 2020 and prior  
4 to July 1, 2021, sixty-three percent;

5 (h) on or after July 1, 2021 and prior  
6 to July 1, 2022, fifty-six percent;

7 (i) on or after July 1, 2022 and prior  
8 to July 1, 2023, forty-nine percent;

9 (j) on or after July 1, 2023 and prior  
10 to July 1, 2024, forty-two percent;

11 (k) on or after July 1, 2024 and prior  
12 to July 1, 2025, thirty-five percent;

13 (l) on or after July 1, 2025 and prior  
14 to July 1, 2026, twenty-eight percent;

15 (m) on or after July 1, 2026 and prior  
16 to July 1, 2027, twenty-one percent;

17 (n) on or after July 1, 2027 and prior  
18 to July 1, 2028, fourteen percent; and

19 (o) on or after July 1, 2028 and prior  
20 to July 1, 2029, seven percent.

21 C. The distribution pursuant to Subsections A and B  
22 of this section is in lieu of revenue that would have been  
23 received by the municipality but for the deductions provided by  
24 Sections 7-9-92 and 7-9-93 NMSA 1978. The distribution shall  
25 be considered gross receipts tax revenue and shall be used by

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1 the municipality in the same manner as gross receipts tax  
2 revenue, including payment of gross receipts tax revenue bonds.  
3 A distribution pursuant to this section to a municipality not  
4 described in Subsection A of this section [~~or to a municipality~~  
5 ~~that has imposed a gross receipts tax through an ordinance that~~  
6 ~~does not provide a deduction contained in the Gross Receipts~~  
7 ~~and Compensating Tax Act]~~ shall not be made on or after July 1,  
8 2029.

9 D. If the reductions made by [~~this 2013 act~~] Laws  
10 2013, Chapter 160, Section 1 to the distributions made pursuant  
11 to Subsections A and B of this section impair the ability of a  
12 municipality to meet its principal or interest payment  
13 obligations for revenue bonds that are outstanding prior to  
14 July 1, 2013 and that are secured by the pledge of all or part  
15 of the municipality's revenue from the distribution made  
16 pursuant to this section, then the amount distributed pursuant  
17 to this section to that municipality shall be increased by an  
18 amount sufficient to meet the required payment; provided that  
19 the total amount distributed to that municipality pursuant to  
20 this section does not exceed the amount that would have been  
21 due that municipality pursuant to this section as it was in  
22 effect on June 30, 2013.

23 E. For the purposes of this section, "business  
24 locations attributable to the municipality" means business  
25 locations:

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- 1 (1) within the municipality;
- 2 (2) on land owned by the state, commonly known  
3 as the "state fairgrounds", within the exterior boundaries of  
4 the municipality;
- 5 (3) outside the boundaries of the municipality  
6 on land owned by the municipality; and
- 7 (4) on an Indian reservation or pueblo grant  
8 in an area that is contiguous to the municipality and in which  
9 the municipality performs services pursuant to a contract  
10 between the municipality and the Indian tribe or Indian pueblo  
11 if:

12 (a) the contract describes an area in  
13 which the municipality is required to perform services and  
14 requires the municipality to perform services that are  
15 substantially the same as the services the municipality  
16 performs for itself; and

17 (b) the governing body of the  
18 municipality has submitted a copy of the contract to the  
19 secretary.

20 F. A distribution pursuant to this section may be  
21 adjusted for a distribution made to a tax increment development  
22 district with respect to a portion of a gross receipts tax  
23 increment dedicated by a municipality pursuant to the Tax  
24 Increment for Development Act."

25 SECTION 2. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2015.

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