

1 SENATE BILL 343

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Ron Griggs

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10 AN ACT

11 RELATING TO TAXATION; EXEMPTING DIVIDENDS AND INTEREST FROM THE  
12 INCOME OF PERSONS OVER THE AGE OF FIFTY-FIVE; REDUCING THE TAX  
13 CREDITS FOR CERTAIN CONVEYANCES OF REAL PROPERTY; INCREASING  
14 THE WORKING FAMILIES TAX CREDIT; REDUCING THE RURAL HEALTH CARE  
15 PRACTITIONER TAX CREDIT; INCREASING THE VETERAN EMPLOYMENT TAX  
16 CREDITS; REDUCING THE CORPORATE INCOME TAX RATE; ENACTING THE  
17 GROSS RECEIPTS TAXES ON FOOD AND HEALTH CARE PRACTITIONER  
18 SERVICES ACT; DISTRIBUTING THE REVENUE FROM THOSE TAXES TO  
19 MUNICIPALITIES AND COUNTIES; REDUCING CERTAIN DEDUCTIONS FROM  
20 GROSS RECEIPTS; INCREASING THE MOTOR VEHICLE EXCISE TAX;  
21 DISTRIBUTING ONE-HALF OF THE REVENUE FROM THE MOTOR VEHICLE  
22 EXCISE TAX TO THE STATE ROAD FUND; ENACTING THE RECORDATION TAX  
23 ACT; REPEALING THE HOLD HARMLESS DISTRIBUTIONS TO  
24 MUNICIPALITIES AND COUNTIES THAT OFFSET THE FOOD AND HEALTH  
25 CARE PRACTITIONER DEDUCTIONS FROM GROSS RECEIPTS.

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

SECTION 1. Section 7-1-2 NMSA 1978 (being Laws 1965, Chapter 248, Section 2, as amended) is amended to read:

"7-1-2. APPLICABILITY.--The Tax Administration Act applies to and governs:

A. the administration and enforcement of the following taxes or tax acts as they now exist or may hereafter be amended:

- (1) Income Tax Act;
- (2) Withholding Tax Act;
- (3) Venture Capital Investment Act;
- (4) Gross Receipts and Compensating Tax Act and any state gross receipts tax;
- (5) Liquor Excise Tax Act;
- (6) Local Liquor Excise Tax Act;
- (7) any municipal local option gross receipts tax;
- (8) any county local option gross receipts tax;
- (9) Special Fuels Supplier Tax Act;
- (10) Gasoline Tax Act;
- (11) petroleum products loading fee, which fee shall be considered a tax for the purpose of the Tax Administration Act;

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- 1 (12) Alternative Fuel Tax Act;
- 2 (13) Cigarette Tax Act;
- 3 (14) Estate Tax Act;
- 4 (15) Railroad Car Company Tax Act;
- 5 (16) Investment Credit Act, rural job tax  
6 credit, Laboratory Partnership with Small Business Tax Credit  
7 Act, Technology Jobs and Research and Development Tax Credit  
8 Act, Film Production Tax Credit Act, Affordable Housing Tax  
9 Credit Act and high-wage jobs tax credit;
- 10 (17) Corporate Income and Franchise Tax Act;
- 11 (18) Uniform Division of Income for Tax  
12 Purposes Act;
- 13 (19) Multistate Tax Compact;
- 14 (20) Tobacco Products Tax Act; [~~and~~]
- 15 (21) the telecommunications relay service  
16 surcharge imposed by Section 63-9F-11 NMSA 1978, which  
17 surcharge shall be considered a tax for the purposes of the Tax  
18 Administration Act;
- 19 (22) the Gross Receipts Taxes on Food and  
20 Health Care Practitioner Services Act; and
- 21 (23) the Recordation Tax Act;
- 22 B. the administration and enforcement of the  
23 following taxes, surtaxes, advanced payments or tax acts as  
24 they now exist or may hereafter be amended:
- 25 (1) Resources Excise Tax Act;

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- 1 (2) Severance Tax Act;
- 2 (3) any severance surtax;
- 3 (4) Oil and Gas Severance Tax Act;
- 4 (5) Oil and Gas Conservation Tax Act;
- 5 (6) Oil and Gas Emergency School Tax Act;
- 6 (7) Oil and Gas Ad Valorem Production Tax Act;
- 7 (8) Natural Gas Processors Tax Act;
- 8 (9) Oil and Gas Production Equipment Ad
- 9 Valorem Tax Act;
- 10 (10) Copper Production Ad Valorem Tax Act;
- 11 (11) any advance payment required to be made
- 12 by any act specified in this subsection, which advance payment
- 13 shall be considered a tax for the purposes of the Tax
- 14 Administration Act;
- 15 (12) Enhanced Oil Recovery Act;
- 16 (13) Natural Gas and Crude Oil Production
- 17 Incentive Act; and
- 18 (14) intergovernmental production tax credit
- 19 and intergovernmental production equipment tax credit;
- 20 C. the administration and enforcement of the
- 21 following taxes, surcharges, fees or acts as they now exist or
- 22 may hereafter be amended:
- 23 (1) Weight Distance Tax Act;
- 24 (2) the workers' compensation fee authorized
- 25 by Section 52-5-19 NMSA 1978, which fee shall be considered a

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1 tax for purposes of the Tax Administration Act;

2 (3) Uniform Unclaimed Property Act (1995);

3 (4) 911 emergency surcharge and the network  
4 and database surcharge, which surcharges shall be considered  
5 taxes for purposes of the Tax Administration Act;

6 (5) the solid waste assessment fee authorized  
7 by the Solid Waste Act, which fee shall be considered a tax for  
8 purposes of the Tax Administration Act;

9 (6) the water conservation fee imposed by  
10 Section 74-1-13 NMSA 1978, which fee shall be considered a tax  
11 for the purposes of the Tax Administration Act; and

12 (7) the gaming tax imposed pursuant to the  
13 Gaming Control Act; and

14 D. the administration and enforcement of all other  
15 laws, with respect to which the department is charged with  
16 responsibilities pursuant to the Tax Administration Act, but  
17 only to the extent that the other laws do not conflict with the  
18 Tax Administration Act."

19 **SECTION 2.** Section 7-1-6.15 NMSA 1978 (being Laws 1983,  
20 Chapter 211, Section 20, as amended by Laws 2015, Chapter 89,  
21 Section 1 and by Laws 2015, Chapter 100, Section 1) is amended  
22 to read:

23 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS TO  
24 MUNICIPALITIES OR COUNTIES.--

25 A. The provisions of this section apply to:

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1 (1) any distribution to a municipality  
2 pursuant to Section 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

3 (2) any transfer to a municipality with  
4 respect to any local option gross receipts tax imposed by that  
5 municipality;

6 (3) any transfer to a county with respect to  
7 any local option gross receipts tax imposed by that county;

8 (4) any distribution to a county pursuant to  
9 Section 7-1-6.16 or 7-1-6.47 NMSA 1978;

10 (5) any distribution to a municipality or a  
11 county of gasoline taxes pursuant to Section 7-1-6.9 NMSA 1978;

12 (6) any transfer to a county with respect to  
13 any tax imposed in accordance with the Local Liquor Excise Tax  
14 Act;

15 (7) any distribution to a county from the  
16 county government road fund pursuant to Section 7-1-6.26 NMSA  
17 1978;

18 (8) any distribution to a municipality of  
19 gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978; ~~and~~

20 (9) any distribution to a municipality of  
21 compensating taxes pursuant to Section 7-1-6.55 NMSA 1978; and

22 (10) any distribution to a municipality or  
23 county pursuant to Section 4 of this 2017 act.

24 B. Before making a distribution or transfer  
25 specified in Subsection A of this section to a municipality or

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1 county for the month, amounts comprising the net receipts shall  
2 be segregated into two mutually exclusive categories. One  
3 category shall be for amounts relating to the current month,  
4 and the other category shall be for amounts relating to prior  
5 periods. The total of each category for a municipality or  
6 county shall be reported each month to that municipality or  
7 county. If the total of the amounts relating to prior periods  
8 is less than zero and its absolute value exceeds the greater of  
9 one hundred dollars (\$100) or an amount equal to twenty percent  
10 of the average distribution or transfer amount for that  
11 municipality or county, then the following procedures shall be  
12 carried out:

13 (1) all negative amounts relating to any  
14 period prior to the three calendar years preceding the year of  
15 the current month, net of any positive amounts in that same  
16 time period for the same taxpayers to which the negative  
17 amounts pertain, shall be excluded from the total relating to  
18 prior periods. Except as provided in Paragraph (2) of this  
19 subsection, the net receipts to be distributed or transferred  
20 to the municipality or county shall be adjusted to equal the  
21 amount for the current month plus the revised total for prior  
22 periods; and

23 (2) if the revised total for prior periods  
24 determined pursuant to Paragraph (1) of this subsection is  
25 negative and its absolute value exceeds the greater of one

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1 hundred dollars (\$100) or an amount equal to twenty percent of  
2 the average distribution or transfer amount for that  
3 municipality or county, the revised total for prior periods  
4 shall be excluded from the distribution or transfers and the  
5 net receipts to be distributed or transferred to the  
6 municipality or county shall be equal to the amount for the  
7 current month.

8 C. The department shall recover from a municipality  
9 or county the amount excluded by Paragraph (2) of Subsection B  
10 of this section. This amount may be referred to as the  
11 "recoverable amount".

12 D. Prior to or concurrently with the distribution  
13 or transfer to the municipality or county of the adjusted net  
14 receipts, the department shall notify the municipality or  
15 county whose distribution or transfer has been adjusted  
16 pursuant to Paragraph (2) of Subsection B of this section:

17 (1) that the department has made such an  
18 adjustment, that the department has determined that a specified  
19 amount is recoverable from the municipality or county and that  
20 the department intends to recover that amount from future  
21 distributions or transfers to the municipality or county;

22 (2) that the municipality or county has ninety  
23 days from the date notice is made to enter into a mutually  
24 agreeable repayment agreement with the department;

25 (3) that if the municipality or county takes

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1 no action within the ninety-day period, the department will  
2 recover the amount from the next six distributions or transfers  
3 following the expiration of the ninety days; and

4 (4) that the municipality or county may  
5 inspect, pursuant to Section 7-1-8.9 NMSA 1978, an application  
6 for a claim for refund that gave rise to the recoverable  
7 amount, exclusive of any amended returns that may be attached  
8 to the application.

9 E. No earlier than ninety days from the date notice  
10 pursuant to Subsection D of this section is given, the  
11 department shall begin recovering the recoverable amount from a  
12 municipality or county as follows:

13 (1) the department may collect the recoverable  
14 amount by:

15 (a) decreasing distributions or  
16 transfers to the municipality or county in accordance with a  
17 repayment agreement entered into with the municipality or  
18 county; or

19 (b) except as provided in Paragraphs (2)  
20 and (3) of this subsection, if the municipality or county fails  
21 to act within the ninety days, decreasing the amount of the  
22 next six distributions or transfers to the municipality or  
23 county following expiration of the ninety-day period in  
24 increments as nearly equal as practicable and sufficient to  
25 recover the amount;

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1 (2) if, pursuant to Subsection B of this  
2 section, the secretary determines that the recoverable amount  
3 is more than fifty percent of the average distribution or  
4 transfer of net receipts for that municipality or county, the  
5 secretary:

6 (a) shall recover only up to fifty  
7 percent of the average distribution or transfer of net receipts  
8 for that municipality or county; and

9 (b) may, in the secretary's discretion,  
10 waive recovery of any portion of the recoverable amount,  
11 subject to approval by the state board of finance; and

12 (3) if, after application of a refund claim,  
13 audit adjustment, correction of a mistake by the department or  
14 other adjustment of a prior period, but prior to any recovery  
15 of the department pursuant to this section, the total net  
16 receipts of a municipality or county for the twelve-month  
17 period beginning with the current month are reduced or are  
18 projected to be reduced to less than fifty percent of the  
19 average distribution or transfer of net receipts, the secretary  
20 may waive recovery of any portion of the recoverable amount,  
21 subject to approval by the state board of finance.

22 F. No later than ninety days from the date notice  
23 pursuant to Subsection D of this section is given, the  
24 department shall provide the municipality or county adequate  
25 opportunity to review an application for a claim for refund

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1 that gave rise to the recoverable amount, exclusive of any  
2 amended returns that may be attached to the application,  
3 pursuant to Section 7-1-8.9 NMSA 1978.

4 G. On or before September 1 of each year beginning  
5 in 2016, the secretary shall report to the state board of  
6 finance and the legislative finance committee the total  
7 recoverable amount waived pursuant to Subparagraph (b) of  
8 Paragraph (2) and Paragraph (3) of Subsection E of this section  
9 for each municipality and county in the prior fiscal year.

10 H. The secretary is authorized to decrease a  
11 distribution or transfer to a municipality or county upon being  
12 directed to do so by the secretary of finance and  
13 administration pursuant to the State Aid Intercept Act or to  
14 redirect a distribution or transfer to the New Mexico finance  
15 authority pursuant to an ordinance or a resolution passed by  
16 the county or municipality and a written agreement of the  
17 municipality or county and the New Mexico finance authority.  
18 Upon direction to decrease a distribution or transfer or notice  
19 to redirect a distribution or transfer to a municipality or  
20 county, the secretary shall decrease or redirect the next  
21 designated distribution or transfer, and succeeding  
22 distributions or transfers as necessary, by the amount of the  
23 state distributions intercept authorized by the secretary of  
24 finance and administration pursuant to the State Aid Intercept  
25 Act or by the amount of the state distribution intercept

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1 authorized pursuant to an ordinance or a resolution passed by  
2 the county or municipality and a written agreement with the New  
3 Mexico finance authority. The secretary shall transfer the  
4 state distributions intercept amount to the municipal or county  
5 treasurer or other person designated by the secretary of  
6 finance and administration or to the New Mexico finance  
7 authority pursuant to written agreement to pay the debt service  
8 to avoid default on qualified local revenue bonds or meet other  
9 local revenue bond, loan or other debt obligations of the  
10 municipality or county to the New Mexico finance authority. A  
11 decrease to or redirection of a distribution or transfer  
12 pursuant to this subsection that arose:

13 (1) prior to an adjustment of a distribution  
14 or transfer of net receipts creating a recoverable amount owed  
15 to the department takes precedence over any collection of any  
16 recoverable amount pursuant to Paragraph (2) of Subsection B of  
17 this section, which may be made only from the net amount of the  
18 distribution or transfer remaining after application of the  
19 decrease or redirection pursuant to this subsection; and

20 (2) after an adjustment of a distribution or  
21 transfer of net receipts creating a recoverable amount owed to  
22 the department shall be subordinate to any collection of any  
23 recoverable amount pursuant to Paragraph (2) of Subsection B of  
24 this section.

25 I. Upon the direction of the secretary of finance

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1 and administration pursuant to Section 9-6-5.2 NMSA 1978, the  
2 secretary shall temporarily withhold the balance of a  
3 distribution to a municipality or county, net of any decrease  
4 or redirected amount pursuant to Subsection H of this section  
5 and any recoverable amount pursuant to Paragraph (2) of  
6 Subsection B of this section, that has failed to submit an  
7 audit report required by the Audit Act or a financial report  
8 required by Subsection F of Section 6-6-2 NMSA 1978. The  
9 amount to be withheld, the source of the withheld distribution  
10 and the number of months that the distribution is to be  
11 withheld shall be as directed by the secretary of finance and  
12 administration. A distribution withheld pursuant to this  
13 subsection shall remain in the tax administration suspense fund  
14 until distributed to the municipality or county and shall not  
15 be distributed to the general fund. An amount withheld  
16 pursuant to this subsection shall be distributed to the  
17 municipality or county upon direction of the secretary of  
18 finance and administration.

19 J. As used in this section:

20 (1) "amounts relating to the current month"  
21 means any amounts included in the net receipts of the current  
22 month that represent payment of tax due for the current month,  
23 correction of amounts processed in the current month that  
24 relate to the current month or that otherwise relate to  
25 obligations due for the current month;

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1 (2) "amounts relating to prior periods" means  
2 any amounts processed during the current month that adjust  
3 amounts processed in a period or periods prior to the current  
4 month regardless of whether the adjustment is a correction of a  
5 department error or due to the filing of amended returns,  
6 payment of department-issued assessments, filing or approval of  
7 claims for refund, audit adjustments or other cause;

8 (3) "average distribution or transfer amount"  
9 means the following amounts; provided that a distribution or  
10 transfer that is negative shall not be used in calculating the  
11 amounts:

12 (a) the annual average of the total  
13 amount distributed or transferred to a municipality or county  
14 in each of the three twelve-month periods preceding the current  
15 month;

16 (b) if a distribution or transfer to a  
17 municipality or county has been made for less than three years,  
18 the total amount distributed or transferred in the year  
19 preceding the current month; or

20 (c) if a municipality or county has not  
21 received distributions or transfers of net receipts for twelve  
22 or more months, the monthly average of net receipts distributed  
23 or transferred to the municipality or county preceding the  
24 current month multiplied by twelve;

25 (4) "current month" means the month for which

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1 the distribution or transfer is being prepared; and

2 (5) "repayment agreement" means an agreement  
3 between the department and a municipality or county under which  
4 the municipality or county agrees to allow the department to  
5 recover an amount determined pursuant to Paragraph (2) of  
6 Subsection B of this section by decreasing distributions or  
7 transfers to the municipality or county for one or more months  
8 beginning with the distribution or transfer to be made with  
9 respect to a designated month. No interest shall be charged."

10 SECTION 3. Section 7-1-6.16 NMSA 1978 (being Laws 1983,  
11 Chapter 213, Section 27, as amended) is amended to read:

12 "7-1-6.16. COUNTY EQUALIZATION DISTRIBUTION.--

13 A. Beginning on September 15, 1989 and on September  
14 15 of each year thereafter, the department shall distribute to  
15 any county that has imposed or continued in effect during the  
16 state's preceding fiscal year a county gross receipts tax  
17 pursuant to Section 7-20E-9 NMSA 1978 an amount equal to:

18 (1) the product of a fraction, the numerator  
19 of which is the county's population and the denominator of  
20 which is the state's population, multiplied by the annual sum  
21 for the county; less

22 (2) the net receipts received by the  
23 department during the report year, including any increase or  
24 decrease made pursuant to Section 7-1-6.15 NMSA 1978,  
25 attributable to the county gross receipts tax at a rate of one-  
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1 eighth percent; provided that for any month in the report year,  
2 if no county gross receipts tax was in effect in the county in  
3 the previous month, the net receipts, for the purposes of this  
4 section, for that county for that month shall be zero.

5 B. If the amount determined by the calculation in  
6 Subsection A of this section is zero or a negative number for a  
7 county, no distribution shall be made to that county.

8 C. As used in this section:

9 (1) "annual sum" means for each county the sum  
10 of the monthly amounts for those months in the report year that  
11 follow a month in which the county had in effect a county gross  
12 receipts tax;

13 (2) "monthly amount" means an amount equal to  
14 the product of:

15 (a) the net receipts received by the  
16 department in the month attributable to the state gross  
17 receipts tax [~~plus five percent of the total amount of~~  
18 ~~deductions claimed pursuant to Section 7-9-92 NMSA 1978 for the~~  
19 ~~month plus five percent of the total amount of deductions~~  
20 ~~claimed pursuant to Section 7-9-93 NMSA 1978 for the month~~];  
21 and

22 (b) a fraction, the numerator of which  
23 is one-eighth percent and the denominator of which is the tax  
24 rate imposed by Section 7-9-4 NMSA 1978 in effect on the last  
25 day of the previous month;

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1 (3) "population" means the most recent  
2 official census or estimate determined by the United States  
3 census bureau for the unit or, if neither is available, the  
4 most current estimated population for the unit provided in  
5 writing by the bureau of business and economic research at the  
6 university of New Mexico; and

7 (4) "report year" means the twelve-month  
8 period ending on the July 31 immediately preceding the date  
9 upon which a distribution pursuant to this section is required  
10 to be made."

11 SECTION 4. A new section of the Tax Administration Act is  
12 enacted to read:

13 "[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX ON FOOD  
14 AND GROSS RECEIPTS TAX ON HEALTH CARE PRACTITIONER SERVICES--  
15 MUNICIPALITIES AND COUNTIES.--

16 A. A distribution pursuant to Section 7-1-6.1 NMSA  
17 1978 shall be made to each municipality in an amount equal to  
18 eighty-six and sixty-seven hundredths percent of the net  
19 receipts attributable to the gross receipts tax on food sold in  
20 the municipality.

21 B. A distribution pursuant to Section 7-1-6.1 NMSA  
22 1978 shall be made to each county in an amount equal to  
23 thirteen and thirty-three hundredths percent of the net  
24 receipts attributable to the gross receipts tax on food sold in  
25 that portion of a county that is located inside the boundaries

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1 of a municipality.

2 C. A distribution pursuant to Section 7-1-6.1 NMSA  
3 1978 shall be made to each county in an amount equal to the net  
4 receipts attributable to the gross receipts tax on food sold in  
5 that portion of a county located outside the boundaries of a  
6 municipality.

7 D. A distribution pursuant to Section 7-1-6.1 NMSA  
8 1978 shall be made to each municipality in an amount equal to  
9 eighty-seven and one-half percent of the net receipts  
10 attributable to the gross receipts tax on health care  
11 practitioner services sold in the municipality.

12 E. A distribution pursuant to Section 7-1-6.1 NMSA  
13 1978 shall be made to each county in an amount equal to twelve  
14 and one-half percent of the net receipts attributable to the  
15 gross receipts tax on health care practitioner services sold in  
16 that portion of a county that is located inside the boundaries  
17 of a municipality.

18 F. A distribution pursuant to Section 7-1-6.1 NMSA  
19 1978 shall be made to each county in an amount equal to the net  
20 receipts attributable to the gross receipts tax on health care  
21 practitioner services sold in that portion of a county located  
22 outside the boundaries of any municipality.

23 G. The distribution amounts made pursuant to this  
24 section shall be subject to any increase or decrease made  
25 pursuant to Section 7-1-6.15 NMSA 1978.

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1           H. The department may withhold an administrative  
2 fee of three percent of the net amount to be distributed  
3 pursuant to this section."

4           **SECTION 5.** Section 7-2-2 NMSA 1978 (being Laws 1986,  
5 Chapter 20, Section 26, as amended) is amended to read:

6           "7-2-2. DEFINITIONS.--For the purpose of the Income Tax  
7 Act and unless the context requires otherwise:

8           A. "adjusted gross income" means adjusted gross  
9 income as defined in Section 62 of the Internal Revenue Code,  
10 as that section may be amended or renumbered;

11           B. "base income":

12                   (1) means, for estates and trusts, that part  
13 of the estate's or trust's income defined as taxable income and  
14 upon which the federal income tax is calculated in the Internal  
15 Revenue Code for income tax purposes plus, for taxable years  
16 beginning on or after January 1, 1991, the amount of the net  
17 operating loss deduction allowed by Section 172(a) of the  
18 Internal Revenue Code, as that section may be amended or  
19 renumbered, and taken by the taxpayer for that year;

20                   (2) means, for taxpayers other than estates or  
21 trusts, that part of the taxpayer's income defined as adjusted  
22 gross income plus, for taxable years beginning on or after  
23 January 1, 1991, the amount of the net operating loss deduction  
24 allowed by Section 172(a) of the Internal Revenue Code, as that  
25 section may be amended or renumbered, and taken by the taxpayer

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1 for that year;

2 (3) includes, for all taxpayers, any other  
3 income of the taxpayer not included in adjusted gross income  
4 but upon which a federal tax is calculated pursuant to the  
5 Internal Revenue Code for income tax purposes, except amounts  
6 for which a calculation of tax is made pursuant to Section 55  
7 of the Internal Revenue Code, as that section may be amended or  
8 renumbered; "base income" also includes interest received on a  
9 state or local bond; and

10 (4) includes, for all taxpayers, an amount  
11 deducted pursuant to Section 7-2-32 NMSA 1978 in a prior  
12 taxable year if:

13 (a) such amount is transferred to  
14 another qualified tuition program, as defined in Section 529 of  
15 the Internal Revenue Code, not authorized in the Education  
16 Trust Act; or

17 (b) a distribution or refund is made for  
18 any reason other than: 1) to pay for qualified higher  
19 education expenses, as defined pursuant to Section 529 of the  
20 Internal Revenue Code; or 2) upon the beneficiary's death,  
21 disability or receipt of a scholarship;

22 C. "compensation" means wages, salaries,  
23 commissions and any other form of remuneration paid to  
24 employees for personal services;

25 D. "department" means the taxation and revenue

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1 department, the secretary or any employee of the department  
2 exercising authority lawfully delegated to that employee by the  
3 secretary;

4 E. "fiduciary" means a guardian, trustee, executor,  
5 administrator, committee, conservator, receiver, individual or  
6 corporation acting in any fiduciary capacity;

7 F. "filing status" means "married filing joint  
8 returns", "married filing separate returns", "head of  
9 household", "surviving spouse" and "single", as those terms are  
10 generally defined for federal tax purposes;

11 G. "fiscal year" means any accounting period of  
12 twelve months ending on the last day of any month other than  
13 December;

14 H. "head of household" means "head of household" as  
15 generally defined for federal income tax purposes;

16 I. "individual" means a natural person, an estate,  
17 a trust or a fiduciary acting for a natural person, trust or  
18 estate;

19 J. "Internal Revenue Code" means the United States  
20 Internal Revenue Code of 1986, as amended;

21 K. "lump-sum amount" means, for the purpose of  
22 determining liability for federal income tax, an amount that  
23 was not included in adjusted gross income but upon which the  
24 five-year-averaging or the ten-year-averaging method of tax  
25 computation provided in Section 402 of the Internal Revenue

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1 Code, as that section may be amended or renumbered, was  
2 applied;

3 L. "modified gross income" means all income of the  
4 taxpayer and, if any, the taxpayer's spouse and dependents,  
5 undiminished by losses and from whatever source, including:

- 6 (1) compensation;
- 7 (2) net profit from business;
- 8 (3) gains from dealings in property;
- 9 (4) interest, except of a taxpayer and the  
10 taxpayer's spouse that are over the age of fifty-five;
- 11 (5) net rents;
- 12 (6) royalties;
- 13 (7) dividends, except of a taxpayer and the  
14 taxpayer's spouse that are both over the age of fifty-five;
- 15 (8) alimony and separate maintenance payments;
- 16 (9) annuities;
- 17 (10) income from life insurance and endowment  
18 contracts;
- 19 (11) pensions;
- 20 (12) discharge of indebtedness;
- 21 (13) distributive share of partnership income;
- 22 (14) income in respect of a decedent;
- 23 (15) income from an interest in an estate or a  
24 trust;
- 25 (16) social security benefits;

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- 1 (17) unemployment compensation benefits;
- 2 (18) workers' compensation benefits;
- 3 (19) public assistance and welfare benefits;
- 4 (20) cost-of-living allowances; and
- 5 (21) gifts;

6 M. "modified gross income" excludes:

7 (1) payments for hospital, dental, medical or  
8 drug expenses to or on behalf of the taxpayer;

9 (2) the value of room and board provided by  
10 federal, state or local governments or by private individuals  
11 or agencies based upon financial need and not as a form of  
12 compensation;

13 (3) payments pursuant to a federal, state or  
14 local government program directly or indirectly to a third  
15 party on behalf of the taxpayer when identified to a particular  
16 use or invoice by the payer; or

17 (4) payments for credits and rebates pursuant  
18 to the Income Tax Act and made for a credit pursuant to Section  
19 7-3-9 NMSA 1978;

20 N. "net income" means, for estates and trusts, base  
21 income adjusted to exclude amounts that the state is prohibited  
22 from taxing because of the laws or constitution of this state  
23 or the United States and means, for taxpayers other than  
24 estates or trusts, base income adjusted to exclude:

- 25 (1) an amount equal to the standard deduction

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1 allowed the taxpayer for the taxpayer's taxable year by Section  
2 63 of the Internal Revenue Code, as that section may be amended  
3 or renumbered;

4 (2) an amount equal to the itemized deductions  
5 defined in Section 63 of the Internal Revenue Code, as that  
6 section may be amended or renumbered, allowed the taxpayer for  
7 the taxpayer's taxable year less the amount excluded pursuant  
8 to Paragraph (1) of this subsection and less the amount of  
9 state and local income and sales taxes included in the  
10 taxpayer's itemized deductions;

11 (3) an amount equal to the product of the  
12 exemption amount allowed for the taxpayer's taxable year by  
13 Section 151 of the Internal Revenue Code, as that section may  
14 be amended or renumbered, multiplied by the number of personal  
15 exemptions allowed for federal income tax purposes;

16 (4) income from obligations of the United  
17 States of America less expenses incurred to earn that income;

18 (5) other amounts that the state is prohibited  
19 from taxing because of the laws or constitution of this state  
20 or the United States;

21 (6) for taxable years that began prior to  
22 January 1, 1991, an amount equal to the sum of:

23 (a) net operating loss carryback  
24 deductions to that year from taxable years beginning prior to  
25 January 1, 1991 claimed and allowed, as provided by the

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1 Internal Revenue Code; and

2 (b) net operating loss carryover  
3 deductions to that year claimed and allowed;

4 (7) for taxable years beginning on or after  
5 January 1, 1991 and prior to January 1, 2013, an amount equal  
6 to the sum of any net operating loss carryover deductions to  
7 that year claimed and allowed; provided that the amount of any  
8 net operating loss carryover from a taxable year beginning on  
9 or after January 1, 1991 and prior to January 1, 2013 may be  
10 excluded only as follows:

11 (a) in the case of a timely filed  
12 return, in the taxable year immediately following the taxable  
13 year for which the return is filed; or

14 (b) in the case of amended returns or  
15 original returns not timely filed, in the first taxable year  
16 beginning after the date on which the return or amended return  
17 establishing the net operating loss is filed; and

18 (c) in either case, if the net operating  
19 loss carryover exceeds the amount of net income exclusive of  
20 the net operating loss carryover for the taxable year to which  
21 the exclusion first applies, in the next four succeeding  
22 taxable years in turn until the net operating loss carryover is  
23 exhausted for any net operating loss carryover from a taxable  
24 year prior to January 1, 2013; in no event shall a net  
25 operating loss carryover from a taxable year beginning prior to

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1 January 1, 2013 be excluded in any taxable year after the  
2 fourth taxable year beginning after the taxable year to which  
3 the exclusion first applies;

4 (8) for taxable years beginning on or after  
5 January 1, 2013, an amount equal to the sum of any net  
6 operating loss carryover deductions to that year claimed and  
7 allowed; provided that the amount of any net operating loss  
8 carryover may be excluded only as follows:

9 (a) in the case of a timely filed  
10 return, in the taxable year immediately following the taxable  
11 year for which the return is filed; or

12 (b) in the case of amended returns or  
13 original returns not timely filed, in the first taxable year  
14 beginning after the date on which the return or amended return  
15 establishing the net operating loss is filed; and

16 (c) in either case, if the net operating  
17 loss carryover exceeds the amount of net income exclusive of  
18 the net operating loss carryover for the taxable year to which  
19 the exclusion first applies, in the next nineteen succeeding  
20 taxable years in turn until the net operating loss carryover is  
21 exhausted for any net operating loss carryover from a taxable  
22 year beginning on or after January 1, 2013; in no event shall a  
23 net operating loss carryover from a taxable year beginning: 1)  
24 prior to January 1, 2013 be excluded in any taxable year after  
25 the fourth taxable year beginning after the taxable year to

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1 which the exclusion first applies; and 2) on or after January  
2 1, 2013 be excluded in any taxable year after the nineteenth  
3 taxable year beginning after the taxable year to which the  
4 exclusion first applies; and

5 (9) for taxable years beginning on or after  
6 January 1, 2011, an amount equal to the amount included in  
7 adjusted gross income that represents a refund of state and  
8 local income and sales taxes that were deducted for federal tax  
9 purposes in taxable years beginning on or after January 1,  
10 2010;

11 O. "net operating loss" means any net operating  
12 loss, as defined by Section 172(c) of the Internal Revenue  
13 Code, as that section may be amended or renumbered, for a  
14 taxable year as further increased by the income, if any, from  
15 obligations of the United States for that year less related  
16 expenses;

17 P. "net operating loss carryover" means the amount,  
18 or any portion of the amount, of a net operating loss for any  
19 taxable year that, pursuant to Paragraph (6), (7) or (8) of  
20 Subsection N of this section, may be excluded from base income;

21 Q. "nonresident" means every individual not a  
22 resident of this state;

23 R. "person" means any individual, estate, trust,  
24 receiver, cooperative association, club, corporation, company,  
25 firm, partnership, limited liability company, joint venture,

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1 syndicate or other association; "person" also means, to the  
2 extent permitted by law, any federal, state or other  
3 governmental unit or subdivision or agency, department or  
4 instrumentality thereof;

5 S. "resident" means an individual who is domiciled  
6 in this state during any part of the taxable year or an  
7 individual who is physically present in this state for one  
8 hundred eighty-five days or more during the taxable year; but  
9 any individual, other than someone who was physically present  
10 in the state for one hundred eighty-five days or more during  
11 the taxable year, who, on or before the last day of the taxable  
12 year, changed the individual's place of abode to a place  
13 without this state with the bona fide intention of continuing  
14 actually to abide permanently without this state is not a  
15 resident for the purposes of the Income Tax Act for periods  
16 after that change of abode;

17 T. "secretary" means the secretary of taxation and  
18 revenue or the secretary's delegate;

19 U. "state" means any state of the United States,  
20 the District of Columbia, the commonwealth of Puerto Rico, any  
21 territory or possession of the United States or any political  
22 subdivision of a foreign country;

23 V. "state or local bond" means a bond issued by a  
24 state other than New Mexico or by a local government other than  
25 one of New Mexico's political subdivisions, the interest from

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1 which is excluded from income for federal income tax purposes  
2 under Section 103 of the Internal Revenue Code, as that section  
3 may be amended or renumbered;

4 W. "surviving spouse" means "surviving spouse" as  
5 generally defined for federal income tax purposes;

6 X. "taxable income" means net income less any lump-  
7 sum amount;

8 Y. "taxable year" means the calendar year or fiscal  
9 year upon the basis of which the net income is computed under  
10 the Income Tax Act and includes, in the case of the return made  
11 for a fractional part of a year under the provisions of the  
12 Income Tax Act, the period for which the return is made; and

13 Z. "taxpayer" means any individual subject to the  
14 tax imposed by the Income Tax Act."

15 SECTION 6. Section 7-2-18.10 NMSA 1978 (being Laws 2003,  
16 Chapter 331, Section 7, as amended) is amended to read:

17 "7-2-18.10. TAX CREDIT--CERTAIN CONVEYANCES OF REAL  
18 PROPERTY.--

19 A. There shall be allowed as a credit against the  
20 tax liability imposed by the Income Tax Act an amount equal to  
21 fifty percent of the fair market value of land or interest in  
22 land that is conveyed for the purpose of open space, natural  
23 resource or biodiversity conservation, agricultural  
24 preservation or watershed or historic preservation as an  
25 unconditional donation in perpetuity by the landowner or

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1 taxpayer to a public or private conservation agency eligible to  
2 hold the land and interests therein for conservation or  
3 preservation purposes. The fair market value of qualified  
4 donations made pursuant to this section shall be substantiated  
5 by a "qualified appraisal" prepared by a "qualified appraiser",  
6 as those terms are defined under applicable federal laws and  
7 regulations governing charitable contributions.

8 B. The amount of the credit that may be claimed by  
9 a taxpayer shall not exceed one hundred thousand dollars  
10 (\$100,000) for a conveyance [~~made prior to January 1, 2008 and~~  
11 ~~shall not exceed two hundred fifty thousand dollars (\$250,000)~~  
12 ~~for a conveyance made on or after that date~~]. In addition, in  
13 a taxable year, the credit used may not exceed the amount of  
14 individual income tax otherwise due. A portion of the credit  
15 that is unused in a taxable year may be carried over for a  
16 maximum of twenty consecutive taxable years following the  
17 taxable year in which the credit originated until fully  
18 expended. A taxpayer may claim only one tax credit per taxable  
19 year.

20 C. Qualified donations shall include the conveyance  
21 in perpetuity of a fee interest in real property or a less-  
22 than-fee interest in real property, such as a conservation  
23 restriction, preservation restriction, agricultural  
24 preservation restriction or watershed preservation restriction,  
25 pursuant to the Land Use Easement Act and provided that the

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1 less-than-fee interest qualifies as a charitable contribution  
2 deduction under Section 170(h) of the Internal Revenue Code.  
3 Dedications of land for open space for the purpose of  
4 fulfilling density requirements to obtain subdivision or  
5 building permits shall not be considered as qualified donations  
6 pursuant to the Land Conservation Incentives Act.

7 D. Qualified donations shall be eligible for the  
8 tax credit if the donations are made to the state of New  
9 Mexico, a political subdivision thereof or a charitable  
10 organization described in Section 501(c)(3) of the Internal  
11 Revenue Code and that meets the requirements of Section  
12 170(h)(3) of that code.

13 E. To be eligible for treatment as qualified  
14 donations under this section, land or interests in lands must  
15 be certified by the secretary of energy, minerals and natural  
16 resources as fulfilling the purposes as set forth in Section  
17 75-9-2 NMSA 1978. The use and protection of the lands, or  
18 interests therein, for open space, natural area protection,  
19 biodiversity habitat conservation, land preservation,  
20 agricultural preservation, historic preservation or similar use  
21 or purpose of the property shall be assured in perpetuity.

22 F. A taxpayer may apply for certification of  
23 eligibility for the tax credit provided by this section from  
24 the energy, minerals and natural resources department. If the  
25 energy, minerals and natural resources department determines

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1 that the application meets the requirements of this section and  
2 that the property conveyed will not adversely affect the  
3 property rights of contiguous landowners, it shall issue a  
4 certificate of eligibility to the taxpayer, which shall include  
5 a calculation of the maximum amount of tax credit for which the  
6 taxpayer would be eligible. The energy, minerals and natural  
7 resources department may issue rules governing the procedure  
8 for administering the provisions of this subsection.

9 G. To receive a credit pursuant to this section, a  
10 person shall apply to the taxation and revenue department on  
11 forms and in the manner prescribed by the department. The  
12 application shall include a certificate of eligibility issued  
13 by the energy, minerals and natural resources department  
14 pursuant to Subsection F of this section. If all of the  
15 requirements of this section have been complied with, the  
16 taxation and revenue department shall issue to the applicant a  
17 document granting the tax credit. The document shall be  
18 numbered for identification and declare its date of issuance  
19 and the amount of the tax credit allowed for the qualified  
20 donation made pursuant to this section.

21 H. The tax credit represented by a document issued  
22 pursuant to Subsection G of this section for a conveyance made  
23 on or after January 1, 2008, or an increment of that tax  
24 credit, may be sold, exchanged or otherwise transferred and may  
25 be carried forward for a period of twenty taxable years

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1 following the taxable year in which the credit originated until  
2 fully expended. A tax credit or increment of a tax credit may  
3 only be transferred once. The credit may be transferred to any  
4 taxpayer. A taxpayer to whom a credit has been transferred may  
5 use the credit for the taxable year in which the transfer  
6 occurred and unused amounts may be carried forward to  
7 succeeding taxable years, but in no event may the transferred  
8 credit be used more than twenty years after it was originally  
9 issued.

10 I. A tax credit issued pursuant to this section  
11 shall be transferred through a qualified intermediary. The  
12 qualified intermediary shall, by means of a sworn notarized  
13 statement, notify the taxation and revenue department of the  
14 transfer and of the date of the transfer within ten days of the  
15 transfer. Credits shall only be transferred in increments of  
16 ten thousand dollars (\$10,000) or more. The qualified  
17 intermediary shall keep an account of the credits and have the  
18 authority to issue sub-numbers registered with the taxation and  
19 revenue department and traceable to the original credit.

20 J. If a charitable deduction is claimed on the  
21 taxpayer's federal income tax for any contribution for which  
22 the credit provided by this section is claimed, the taxpayer's  
23 itemized deductions for New Mexico income tax shall be reduced  
24 by the amount of the deduction for the contribution in order to  
25 determine the New Mexico taxable income of the taxpayer.

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1 K. For the purposes of this section:

2 (1) "qualified intermediary" does not include  
3 a person who has been previously convicted of a felony, who has  
4 had a professional license revoked, who is engaged in the  
5 practice defined in Section 61-28B-3 NMSA 1978 and who is  
6 identified in Section 61-29-2 NMSA 1978, and does not include  
7 any entity owned wholly or in part or employing any of the  
8 foregoing persons; and

9 (2) "taxpayer" means a citizen or resident of  
10 the United States, a domestic partnership, a limited liability  
11 company, a domestic corporation, an estate, including a foreign  
12 estate, or a trust."

13 SECTION 7. Section 7-2-18.15 NMSA 1978 (being Laws 2007,  
14 Chapter 45, Section 9, as amended) is amended to read:

15 "7-2-18.15. WORKING FAMILIES TAX CREDIT.--

16 A. A resident who files an individual New Mexico  
17 income tax return may claim a credit in an amount equal to  
18 [~~ten~~] eleven and one-half percent of the federal income tax  
19 credit for which that individual is eligible for the same  
20 taxable year pursuant to Section 32 of the Internal Revenue  
21 Code. The credit provided in this section may be referred to  
22 as the "working families tax credit".

23 B. The working families tax credit may be deducted  
24 from the income tax liability of an individual who claims the  
25 credit and qualifies for the credit pursuant to this section.

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1 If the credit exceeds the individual's income tax liability for  
2 the taxable year, the excess shall be refunded to the  
3 individual."

4 SECTION 8. Section 7-2-18.22 NMSA 1978 (being Laws 2007,  
5 Chapter 361, Section 2) is amended to read:

6 "7-2-18.22. [~~TAX CREDIT~~] RURAL HEALTH CARE PRACTITIONER  
7 TAX CREDIT.--

8 A. A taxpayer who files an individual New Mexico  
9 tax return, who is not a dependent of another individual, who  
10 is an eligible health care practitioner and who has provided  
11 health care services in New Mexico in a rural health care  
12 underserved area in a taxable year may claim a credit against  
13 the tax liability imposed by the Income Tax Act. The credit  
14 provided in this section may be referred to as the "rural  
15 health care practitioner tax credit".

16 B. The rural health care practitioner tax credit  
17 may be claimed and allowed in an amount that shall not exceed  
18 [~~five thousand dollars (\$5,000)~~] two thousand dollars (\$2,000)  
19 for all eligible physicians, osteopathic physicians, dentists,  
20 clinical psychologists, podiatrists and optometrists who  
21 qualify pursuant to the provisions of this section, except the  
22 credit shall not exceed [~~three thousand dollars (\$3,000)~~] two  
23 thousand dollars (\$2,000) for all eligible dental hygienists,  
24 physician assistants, certified nurse-midwives, certified  
25 registered nurse anesthetists, certified nurse practitioners

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1 and clinical nurse specialists.

2 C. To qualify for the rural health care  
3 practitioner tax credit, an eligible health care practitioner  
4 shall have provided health care during a taxable year for at  
5 least two thousand eighty hours at a practice site located in  
6 an approved, rural health care underserved area. An eligible  
7 rural health care practitioner who provided health care  
8 services for at least one thousand forty hours but less than  
9 two thousand eighty hours at a practice site located in an  
10 approved rural health care underserved area during a taxable  
11 year is eligible for one-half of the credit amount.

12 D. Before an eligible health care practitioner may  
13 claim the rural health care practitioner tax credit, the  
14 practitioner shall submit an application to the department of  
15 health that describes the practitioner's clinical practice and  
16 contains additional information that the department of health  
17 may require. The department of health shall determine whether  
18 an eligible health care practitioner qualifies for the rural  
19 health care practitioner tax credit and shall issue a  
20 certificate to each qualifying eligible health care  
21 practitioner. The department of health shall provide the  
22 taxation and revenue department appropriate information for all  
23 eligible health care practitioners to whom certificates are  
24 issued.

25 E. A taxpayer claiming the credit provided by this

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1 section shall submit a copy of the certificate issued by the  
2 department of health with the taxpayer's New Mexico income tax  
3 return for the taxable year. If the amount of the credit  
4 claimed exceeds a taxpayer's tax liability for the taxable year  
5 in which the credit is being claimed, the excess may be carried  
6 forward for three consecutive taxable years.

7 F. As used in this section:

8 (1) "eligible health care practitioner" means:

9 (a) a certified nurse-midwife licensed  
10 by the board of nursing as a registered nurse and licensed by  
11 the public health division of the department of health to  
12 practice nurse-midwifery as a certified nurse-midwife;

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

15 (c) an optometrist licensed pursuant to  
16 the provisions of the Optometry Act;

17 (d) an osteopathic physician [~~licensed~~  
18 ~~pursuant to the provisions of Chapter 61, Article 10 NMSA 1978]~~  
19 or an osteopathic physician assistant licensed pursuant to the  
20 provisions of the Osteopathic [~~Physicians' Assistants~~] Medicine  
21 Act;

22 (e) a physician or physician assistant  
23 licensed pursuant to the provisions of [~~Chapter 61, Article 6~~  
24 ~~NMSA 1978~~] the Medical Practice Act;

25 (f) a podiatrist licensed pursuant to

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1 the provisions of the Podiatry Act;

2 (g) a clinical psychologist licensed  
3 pursuant to the provisions of the Professional Psychologist  
4 Act; and

5 (h) a registered nurse in advanced  
6 practice who has been prepared through additional formal  
7 education as provided in Sections 61-3-23.2 through 61-3-23.4  
8 NMSA 1978 to function beyond the scope of practice of  
9 professional registered nursing, including certified nurse  
10 practitioners, certified registered nurse anesthetists and  
11 clinical nurse specialists;

12 (2) "health care underserved area" means a  
13 geographic area or practice location in which it has been  
14 determined by the department of health, through the use of  
15 indices and other standards set by the department of health,  
16 that sufficient health care services are not being provided;

17 (3) "practice site" means a private practice,  
18 public health clinic, hospital, public or private nonprofit  
19 primary care clinic or other health care service location in a  
20 health care underserved area; and

21 (4) "rural" means an area or location  
22 identified by the department of health as falling outside of an  
23 urban area."

24 **SECTION 9.** Section 7-2-18.28 NMSA 1978 (being Laws 2012,  
25 Chapter 55, Section 1) is amended to read:

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1 "7-2-18.28. VETERAN EMPLOYMENT TAX CREDIT.--

2 A. A taxpayer who is not a dependent of another  
3 individual and who employs a qualified military veteran in New  
4 Mexico is eligible for a credit against the taxpayer's tax  
5 liability imposed pursuant to the Income Tax Act in an amount  
6 up to [~~one thousand dollars (\$1,000)~~] five thousand dollars  
7 (\$5,000) of the gross wages paid to each qualified military  
8 veteran by the taxpayer during the taxable year for which the  
9 return is filed. A taxpayer who employs a qualified military  
10 veteran for less than the full taxable year is eligible for a  
11 credit amount equal to [~~one thousand dollars (\$1,000)~~] five  
12 thousand dollars (\$5,000) multiplied by the fraction of a full  
13 year for which the qualified military veteran was employed.  
14 The tax credit provided by this section may be referred to as  
15 the "veteran employment tax credit".

16 B. The purpose of the veteran employment tax credit  
17 is to encourage the full-time employment of qualified military  
18 veterans within two years of discharge from the armed forces of  
19 the United States.

20 C. A taxpayer may claim the veteran employment tax  
21 credit provided in this section for each taxable year in which  
22 the taxpayer employs one or more qualified military veterans;  
23 provided that the taxpayer may not claim the veteran employment  
24 tax credit for any individual qualified military veteran for  
25 more than one calendar year from the date of hire.

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1           D. That portion of a veteran employment tax credit  
2 approved by the department that exceeds a taxpayer's income tax  
3 liability in the taxable year in which the veteran employment  
4 tax credit is claimed shall not be refunded to the taxpayer but  
5 may be carried forward for up to three years. The veteran  
6 employment tax credit shall not be transferred to another  
7 taxpayer.

8           E. ~~[A husband and wife]~~ Married individuals filing  
9 separate returns for a taxable year for which they could have  
10 filed a joint return may each claim only one-half of the  
11 veteran employment tax credit that would have been claimed on a  
12 joint return.

13           F. A taxpayer may be allocated the right to claim a  
14 veteran employment tax credit in proportion to its ownership  
15 interest if the taxpayer owns an interest in a business entity  
16 that is taxed for federal income tax purposes as a partnership  
17 and that business entity has met all of the requirements to be  
18 eligible for the credit. The total credit claimed by all  
19 members of the partnership or limited liability company shall  
20 not exceed the allowable credit pursuant to Subsection A of  
21 this section.

22           G. The taxpayer shall submit to the department with  
23 respect to each employee for whom the veteran employment tax  
24 credit is claimed information required by the department with  
25 respect to the veteran's employment by the taxpayer during the

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1 taxable year for which the veteran employment tax credit is  
2 claimed, including information establishing that the employee  
3 is a qualified military veteran that can be used to determine  
4 that the employee was not also employed in the same taxable  
5 year by another taxpayer claiming a veteran employment tax  
6 credit for that employee pursuant to this section or the  
7 Corporate Income and Franchise Tax Act.

8 H. The department shall adopt rules establishing  
9 procedures to certify qualified military veterans for purposes  
10 of obtaining a veteran employment tax credit. The rules shall  
11 ensure that not more than one veteran employment tax credit per  
12 qualified military veteran shall be allowed in a taxable year  
13 and that the credits allowed per qualified military veteran are  
14 limited to a maximum of one year's employment.

15 I. A taxpayer allowed a tax credit pursuant to this  
16 section shall report the amount of the credit to the department  
17 in a manner required by the department.

18 J. The department shall compile an annual report on  
19 the tax credit that shall include the number of taxpayers  
20 approved by the department to receive the credit, the aggregate  
21 amount of credits approved and any other information necessary  
22 to evaluate the effectiveness of the credit. By December 15 of  
23 each year, the department shall compile and present the annual  
24 reports to the revenue stabilization and tax policy committee  
25 and the legislative finance committee with an analysis of

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1 whether the tax credit is performing the purpose for which it  
2 was created.

3 ~~[F.]~~ K. As used in this section, "qualified  
4 military veteran" means an individual who is hired within two  
5 years of receipt of an honorable discharge from a branch of the  
6 United States military, who works at least forty hours per week  
7 during the taxable year for which the veteran employment tax  
8 credit is claimed and who was not previously employed by the  
9 taxpayer prior to the individual's deployment."

10 **SECTION 10.** Section 7-2A-5 NMSA 1978 (being Laws 1981,  
11 Chapter 37, Section 38, as amended) is amended to read:

12 "7-2A-5. CORPORATE INCOME TAX RATES.--The corporate  
13 income tax imposed on corporations by Section 7-2A-3 NMSA 1978  
14 shall be at the rates specified in the following tables:

15 A. For taxable years beginning prior to January 1,  
16 2014:

| 17 If the net income is:  | The tax shall be:   |
|---------------------------|---------------------|
| 18 Not over \$500,000     | 4.8% of net income  |
| 19 Over \$500,000 but not |                     |
| 20 over \$1,000,000       | \$24,000 plus       |
| 21                        | 6.4% of excess      |
| 22                        | over \$500,000      |
| 23 Over \$1,000,000       | \$56,000            |
| 24                        | plus 7.6% of excess |
| 25                        | over \$1,000,000.   |

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1           B. For taxable years beginning on or after January 1,  
2 2014 and prior to January 1, 2015:

|                                    |                     |
|------------------------------------|---------------------|
| 3           If the net income is:  | The tax shall be:   |
| 4           Not over \$500,000     | 4.8% of net income  |
| 5           Over \$500,000 but not |                     |
| 6           over \$1,000,000       | \$24,000 plus       |
| 7                                  | 6.4% of excess      |
| 8                                  | over \$500,000      |
| 9           Over \$1,000,000       | \$56,000            |
| 10                                 | plus 7.3% of excess |
| 11                                 | over \$1,000,000.   |

12           C. For taxable years beginning on or after January 1,  
13 2015 and prior to January 1, 2016:

|                                     |                     |
|-------------------------------------|---------------------|
| 14           If the net income is:  | The tax shall be:   |
| 15           Not over \$500,000     | 4.8% of net income  |
| 16           Over \$500,000 but not |                     |
| 17           over \$1,000,000       | \$24,000 plus       |
| 18                                  | 6.4% of excess      |
| 19                                  | over \$500,000      |
| 20           Over \$1,000,000       | \$56,000            |
| 21                                  | plus 6.9% of excess |
| 22                                  | over \$1,000,000.   |

23           D. For taxable years beginning on or after January 1,  
24 2016 and prior to January 1, 2017:

25           If the net income is:                           The tax shall be:

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1 Not over \$500,000 4.8% of net income  
2 Over \$500,000 but not  
3 over \$1,000,000 \$24,000 plus  
4 6.4% of excess  
5 over \$500,000  
6 Over \$1,000,000 \$56,000  
7 plus 6.6% of excess  
8 over \$1,000,000.

9 E. For taxable years beginning on or after January 1,  
10 2017 and prior to January 1, 2018:

11 If the net income is: The tax shall be:  
12 Not over \$500,000 4.8% of net income  
13 Over \$500,000 \$24,000 plus  
14 6.2% of excess  
15 over \$500,000.

16 F. For taxable years beginning on or after January 1,  
17 2018,

18 ~~If the net income is:~~ ~~The tax shall be:~~  
19 ~~Not over \$500,000 4.8% of net income~~  
20 ~~Over \$500,000 \$24,000 plus~~  
21 ~~5.9% of excess~~  
22 ~~over \$500,000] the~~

23 tax shall be three percent of net income."

24 SECTION 11. Section 7-2A-8.9 NMSA 1978 (being Laws 2003,  
25 Chapter 331, Section 8, as amended) is amended to read:

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1 "7-2A-8.9. TAX CREDIT--CERTAIN CONVEYANCES OF REAL  
2 PROPERTY.--

3 A. There shall be allowed as a credit against the tax  
4 liability imposed by the Corporate Income and Franchise Tax Act  
5 an amount equal to fifty percent of the fair market value of  
6 land or interest in land that is conveyed for the purpose of  
7 open space, natural resource or biodiversity conservation,  
8 agricultural preservation or watershed or historic preservation  
9 as an unconditional donation in perpetuity by the landowner or  
10 taxpayer to a public or private conservation agency eligible to  
11 hold the land and interests therein for conservation or  
12 preservation purposes. The fair market value of qualified  
13 donations made pursuant to this section shall be substantiated  
14 by a "qualified appraisal" prepared by a "qualified appraiser",  
15 as those terms are defined under applicable federal laws and  
16 regulations governing charitable contributions.

17 B. The amount of the credit that may be claimed by a  
18 taxpayer shall not exceed one hundred thousand dollars  
19 (\$100,000) for a conveyance [~~made prior to January 1, 2008 and~~  
20 ~~shall not exceed two hundred fifty thousand dollars (\$250,000)~~  
21 ~~for a conveyance made on or after that date~~]. In addition, in  
22 a taxable year, the credit used may not exceed the amount of  
23 corporate income tax otherwise due. A portion of the credit  
24 that is unused in a taxable year may be carried over for a  
25 maximum of twenty consecutive taxable years following the

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1 taxable year in which the credit originated until fully  
2 expended. A taxpayer may claim only one tax credit per taxable  
3 year.

4 C. Qualified donations shall include the conveyance  
5 in perpetuity of a fee interest in real property or a less-  
6 than-fee interest in real property, such as a conservation  
7 restriction, preservation restriction, agricultural  
8 preservation restriction or watershed preservation restriction,  
9 pursuant to the Land Use Easement Act; provided that the less-  
10 than-fee interest qualifies as a charitable contribution  
11 deduction under Section 170(h) of the Internal Revenue Code.  
12 Dedications of land for open space for the purpose of  
13 fulfilling density requirements to obtain subdivision or  
14 building permits shall not be considered as qualified donations  
15 pursuant to the Land Conservation Incentives Act.

16 D. Qualified donations shall be eligible for the tax  
17 credit if the donations are made to the state of New Mexico, a  
18 political subdivision thereof or a charitable organization  
19 described in Section 501(c)(3) of the Internal Revenue Code and  
20 that meets the requirements of Section 170(h)(3) of that code.

21 E. To be eligible for treatment as qualified  
22 donations under this section, land or interests in lands must  
23 be certified by the secretary of energy, minerals and natural  
24 resources as fulfilling the purposes as set forth in Section  
25 [~~5-9-2~~] 75-9-2 NMSA 1978. The use and protection of the lands,

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1 or interests therein, for open space, natural area protection,  
2 biodiversity habitat conservation, land preservation,  
3 agricultural preservation, historic preservation or similar use  
4 or purpose of the property shall be assured in perpetuity.

5 F. A taxpayer may apply for certification of  
6 eligibility for the tax credit provided by this section from  
7 the energy, minerals and natural resources department. If the  
8 energy, minerals and natural resources department determines  
9 that the application meets the requirements of this section and  
10 that the property conveyed will not adversely affect the  
11 property rights of contiguous landowners, it shall issue a  
12 certificate of eligibility to the taxpayer, which shall include  
13 a calculation of the maximum amount of tax credit for which the  
14 taxpayer would be eligible. The energy, minerals and natural  
15 resources department may issue rules governing the procedure  
16 for administering the provisions of this subsection.

17 G. To receive a credit pursuant to this section, a  
18 person shall apply to the taxation and revenue department on  
19 forms and in the manner prescribed by the department. The  
20 application shall include a certificate of eligibility issued  
21 by the energy, minerals and natural resources department  
22 pursuant to Subsection F of this section. If all of the  
23 requirements of this section have been complied with, the  
24 taxation and revenue department shall issue to the applicant a  
25 document granting the tax credit. The document shall be

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1 numbered for identification and declare its date of issuance  
2 and the amount of the tax credit allowed for the qualified  
3 donation made pursuant to this section.

4 H. The tax credit represented by a document issued  
5 pursuant to Subsection G of this section for a conveyance made  
6 on or after January 1, 2008, or an increment of that tax  
7 credit, may be sold, exchanged or otherwise transferred and may  
8 be carried forward for a period of twenty taxable years  
9 following the taxable year in which the credit originated until  
10 fully expended. A tax credit or increment of a tax credit may  
11 only be transferred once. The credit may be transferred to any  
12 taxpayer. A taxpayer to whom a credit has been transferred may  
13 use the credit for the taxable year in which the transfer  
14 occurred and unused amounts may be carried forward to  
15 succeeding taxable years, but in no event may the transferred  
16 credit be used more than twenty years after it was originally  
17 issued.

18 I. A tax credit issued pursuant to this section  
19 shall be transferred through a qualified intermediary. The  
20 qualified intermediary shall, by means of a sworn notarized  
21 statement, notify the taxation and revenue department of the  
22 transfer and of the date of the transfer within ten days of the  
23 transfer. Credits shall only be transferred in increments of  
24 ten thousand dollars (\$10,000) or more. The qualified  
25 intermediary shall keep an account of the credits and have the

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1 authority to issue sub-numbers registered with the taxation and  
2 revenue department and traceable to the original credit.

3 J. If a charitable deduction is claimed on the  
4 taxpayer's federal income tax for any contribution for which  
5 the credit provided by this section is claimed, the taxpayer's  
6 itemized deductions for New Mexico income tax shall be reduced  
7 by the amount of the deduction for the contribution in order to  
8 determine the New Mexico taxable income of the taxpayer.

9 K. For the purposes of this section:

10 (1) "qualified intermediary" does not include a  
11 person who has been previously convicted of a felony, who has  
12 had a professional license revoked, who is engaged in the  
13 practice defined in Section 61-28B-3 NMSA 1978 and who is  
14 identified in Section 61-29-2 NMSA 1978, and does not include  
15 any entity owned wholly or in part or employing any of the  
16 foregoing persons; and

17 (2) "taxpayer" means a citizen or resident of  
18 the United States, a domestic partnership, a limited liability  
19 company, a domestic corporation, an estate, including a foreign  
20 estate, or a trust."

21 SECTION 12. Section 7-2A-27 NMSA 1978 (being Laws 2012,  
22 Chapter 55, Section 2) is amended to read:

23 "7-2A-27. VETERAN EMPLOYMENT TAX CREDIT.--

24 A. A taxpayer that employs a qualified military  
25 veteran in New Mexico is eligible for a credit against the

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1 taxpayer's tax liability imposed pursuant to the Corporate  
2 Income and Franchise Tax Act in an amount up to [~~one thousand~~  
3 ~~dollars (\$1,000)~~] five thousand dollars (\$5,000) of the gross  
4 wages paid to each qualified military veteran by the taxpayer  
5 during the taxable year for which the return is filed. A  
6 taxpayer that employs a qualified military veteran for less  
7 than the full taxable year is eligible for a credit amount  
8 equal to [~~one thousand dollars (\$1,000)~~] five thousand dollars  
9 (\$5,000) multiplied by the fraction of a full year for which  
10 the qualified military veteran was employed. The tax credit  
11 provided by this section may be referred to as the "veteran  
12 employment tax credit".

13 B. The purpose of the veteran employment tax credit  
14 is to encourage the full-time employment of qualified military  
15 veterans within two years of discharge from the armed forces of  
16 the United States.

17 C. A taxpayer may claim the veteran employment tax  
18 credit provided in this section for each taxable year in which  
19 the taxpayer employs one or more qualified military veterans;  
20 provided that the taxpayer may not claim the veteran employment  
21 tax credit for any individual qualified military veteran for  
22 more than one calendar year from the date of hire.

23 D. That portion of a veteran employment tax credit  
24 approved by the department that exceeds a taxpayer's corporate  
25 income tax liability in the taxable year in which the credit is

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1 claimed shall not be refunded to the taxpayer but may be  
2 carried forward for up to three years. The veteran employment  
3 tax credit shall not be transferred to another taxpayer.

4 E. The taxpayer shall submit to the department with  
5 respect to each employee for whom the veteran employment tax  
6 credit is claimed information required by the department with  
7 respect to the veteran's employment by the taxpayer during the  
8 taxable year for which the veteran employment tax credit is  
9 claimed, including information establishing that the employee  
10 is a qualified military veteran that can be used to determine  
11 that the employee was not also employed in the same taxable  
12 year by another taxpayer claiming a veteran employment tax  
13 credit for that employee pursuant to this section or the Income  
14 Tax Act.

15 F. The department shall adopt rules establishing  
16 procedures to certify qualified military veterans for purposes  
17 of obtaining a veteran employment tax credit. The rules shall  
18 ensure that not more than one veteran employment tax credit per  
19 qualified military veteran shall be allowed in a taxable year  
20 and that the credits allowed per qualified military veteran are  
21 limited to a maximum of one year's employment.

22 ~~[G. The department shall compile an annual report for~~  
23 ~~the revenue stabilization and tax policy committee and the~~  
24 ~~legislative finance committee that sets forth the number of~~  
25 ~~taxpayers approved to receive the veteran employment tax~~

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1 ~~credit, the aggregate amount of credits approved and the~~  
2 ~~average and median amounts of credits approved. The department~~  
3 ~~shall advise those committees in 2015 whether the veteran~~  
4 ~~employment tax credit is performing the purpose for which it~~  
5 ~~was enacted.~~

6 ~~H. Acceptance of the veteran employment tax credit is~~  
7 ~~authorization to the department to reveal the amount of the tax~~  
8 ~~credit claimed by the taxpayer and other information from the~~  
9 ~~taxpayer's tax reports as needed to report fully as required by~~  
10 ~~this section to the revenue stabilization and tax policy~~  
11 ~~committee and the legislative finance committee.]~~

12 G. A taxpayer allowed a tax credit pursuant to this  
13 section shall report the amount of the credit to the department  
14 in a manner required by the department.

15 H. The department shall compile an annual report on  
16 the tax credit that shall include the number of taxpayers  
17 approved by the department to receive the credit, the aggregate  
18 amount of credits approved and any other information necessary  
19 to evaluate the effectiveness of the credit. By December 15 of  
20 each year, the department shall compile and present the annual  
21 reports to the revenue stabilization and tax policy committee  
22 and the legislative finance committee with an analysis of  
23 whether the tax credit is performing the purpose for which it  
24 was created.

25 I. As used in this section, "qualified military

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1 veteran" means an individual who is hired within two years of  
2 receipt of an honorable discharge from a branch of the United  
3 States military, who works at least forty hours per week during  
4 the taxable year for which the veteran employment tax credit is  
5 claimed and who was not previously employed by the taxpayer  
6 prior to the individual's deployment."

7 SECTION 13. [NEW MATERIAL] SHORT TITLE.--Sections 13  
8 through 17 of this act may be cited as the "Gross Receipts  
9 Taxes on Food and Health Care Practitioner Services Act".

10 SECTION 14. [NEW MATERIAL] DEFINITIONS.--As used in the  
11 Gross Receipts Taxes on Food and Health Care Practitioner  
12 Services Act:

13 A. "engaging in business" means carrying on or  
14 causing to be carried on the selling of food at a retail food  
15 store or selling health care practitioner services with the  
16 purpose of direct or indirect benefit;

17 B. "food" means any food or food product for home  
18 consumption that meets the definition of food in 7 USCA  
19 2012(k)(1) for purposes of the federal supplemental nutrition  
20 assistance program;

21 C. "food gross receipts" means the total amount of  
22 money or the value of other consideration received from selling  
23 food at a retail food store in New Mexico, or, if in an  
24 exchange in which the money or other consideration received  
25 does not represent the value of the food, "food gross receipts"

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1 means the reasonable value of the food. "Food gross receipts"  
2 excludes:

- 3 (1) cash discounts allowed and taken;
- 4 (2) food gross receipts tax payable on  
5 transactions for the reporting period;
- 6 (3) gross receipts tax payable pursuant to the  
7 Gross Receipts and Compensating Tax Act on transactions for the  
8 reporting period;
- 9 (4) taxes imposed pursuant to the provisions of  
10 any local option gross receipts tax, as that term is defined in  
11 the Tax Administration Act, that is payable for the reporting  
12 period;
- 13 (5) a time-price differential; and
- 14 (6) any gross receipts or sales taxes imposed by  
15 an Indian nation, tribe or pueblo; provided that the tax is  
16 approved, if approval is required by federal law or regulation,  
17 by the United States secretary of the interior; and provided  
18 further that the gross receipts or sales tax imposed by the  
19 Indian nation, tribe or pueblo provides a reciprocal exclusion  
20 from gross receipts, sales or gross receipts-based excise taxes  
21 imposed by the state or its political subdivisions;

22 D. "health care insurer" means a person that:

- 23 (1) has a valid certificate of authority in good  
24 standing pursuant to the New Mexico Insurance Code to act as an  
25 insurer, health maintenance organization or nonprofit health

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1 care plan or prepaid dental plan; and

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

5 E. "health care practitioner" means:

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

8 (2) a dentist or dental hygienist licensed  
9 pursuant to the provisions of Dental Health Care Act;

10 (3) a doctor of oriental medicine licensed  
11 pursuant to the provisions of the Acupuncture and Oriental  
12 Medicine Practice Act;

13 (4) an optometrist licensed pursuant to the  
14 provisions of the Optometry Act;

15 (5) an osteopathic physician or an osteopathic  
16 physician assistant licensed pursuant to the provisions of the  
17 Osteopathic Medicine Act;

18 (6) a physical therapist licensed pursuant to  
19 the provisions of the Physical Therapy Act;

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

22 (8) a podiatrist licensed pursuant to the  
23 provisions of the Podiatry Act;

24 (9) a psychologist licensed pursuant to the  
25 provisions of the Professional Psychologist Act;

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1 (10) a registered lay midwife registered by the  
2 department of health;

3 (11) a registered nurse or licensed practical  
4 nurse licensed pursuant to the provisions of the Nursing  
5 Practice Act;

6 (12) an occupational therapist licensed pursuant  
7 to the provisions of the Occupational Therapy Act;

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

10 (14) a speech-language pathologist or  
11 audiologist licensed pursuant to the provisions of the  
12 Speech-Language Pathology, Audiology and Hearing Aid Dispensing  
13 Practices Act;

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

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

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

25 F. "health care practitioner services gross receipts"

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1 means the total amount of money or the value of other  
2 consideration received from selling health care practitioner  
3 services in New Mexico, or, if in an exchange in which the  
4 money or other consideration received does not represent the  
5 value of the services, "health care practitioner services gross  
6 receipts" means the reasonable value of the services. "Health  
7 care practitioner services gross receipts" excludes:

- 8 (1) cash discounts allowed and taken;
- 9 (2) health care practitioner services gross  
10 receipts tax payable on transactions for the reporting period;
- 11 (3) gross receipts tax payable pursuant to the  
12 Gross Receipts and Compensating Tax Act on transactions for the  
13 reporting period;
- 14 (4) taxes imposed pursuant to the provisions of  
15 any local option gross receipts tax, as that term is defined in  
16 the Tax Administration Act, that are payable for the reporting  
17 period;
- 18 (5) a time-price differential; and
- 19 (6) any gross receipts or sales taxes imposed by  
20 an Indian nation, tribe or pueblo; provided that the tax is  
21 approved, if approval is required by federal law or regulation,  
22 by the United States secretary of the interior; and provided  
23 further that the gross receipts or sales tax imposed by the  
24 Indian nation, tribe or pueblo provides a reciprocal exclusion  
25 from gross receipts, sales or gross receipts-based excise taxes

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1 imposed by the state or its political subdivisions;

2 G. "managed health care provider" means a person that  
3 provides for the delivery of comprehensive basic health care  
4 services and medically necessary services to individuals  
5 enrolled in a plan through its own employed health care  
6 providers or by contracting with selected or participating  
7 health care providers. "Managed health care provider" includes  
8 only those persons that provide comprehensive basic health care  
9 services to enrollees on a contract basis, including the  
10 following:

- 11 (1) health maintenance organizations;
- 12 (2) preferred provider organizations;
- 13 (3) individual practice associations;
- 14 (4) competitive medical plans;
- 15 (5) exclusive provider organizations;
- 16 (6) integrated delivery systems;
- 17 (7) independent physician-provider  
18 organizations;
- 19 (8) physician hospital-provider organizations;
- 20 and
- 21 (9) managed care services organizations;

22 H. "medicare part C services" means services  
23 performed pursuant to a contract with a managed health care  
24 provider for medicare patients pursuant to Title 18 of the  
25 federal Social Security Act; and

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1 I. "retail food store" means an establishment that  
2 sells food for home preparation and consumption and that meets  
3 the definition of retail food store in 7 USCA 2012(p)(1) for  
4 purposes of the federal supplemental nutrition assistance  
5 program, whether or not the establishment participates in the  
6 federal supplemental nutrition assistance program.

7 SECTION 15. [NEW MATERIAL] FOOD GROSS RECEIPTS TAX--  
8 HEALTH CARE PRACTITIONER SERVICES GROSS RECEIPTS TAX.--

9 A. For the privilege of engaging in business, an  
10 excise tax of three and seventy-five hundredths percent of  
11 gross receipts on the sale of food at a retail food store is  
12 imposed on any person engaging in business in New Mexico. The  
13 tax imposed by this subsection may be cited as the "food gross  
14 receipts tax".

15 B. For the privilege of engaging in business, an  
16 excise tax of two percent of gross receipts of the sale of  
17 services of a health care practitioner for commercial contract  
18 services or medicare part C services paid by a managed health  
19 care provider or health care insurer, if the services are  
20 within the scope of practice of the health care practitioner  
21 providing the service, is imposed on any person engaging in  
22 business in New Mexico. The tax imposed by this subsection may  
23 be cited as the "health care practitioner services gross  
24 receipts tax".

25 SECTION 16. [NEW MATERIAL] EXEMPTIONS.--Exempted from the

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1 food gross receipts tax and the health care practitioner  
2 services gross receipts tax are receipts that are exempt from  
3 the gross receipts tax pursuant to the Gross Receipts and  
4 Compensating Tax Act pursuant to Sections 7-9-13, 7-9-13.1,  
5 7-9-18.1, 7-9-28, 7-9-29 and 7-9-41.3 NMSA 1978.

6 SECTION 17. [NEW MATERIAL] DATE PAYMENT DUE.--The taxes  
7 imposed by the Gross Receipts Taxes on Food and Health Care  
8 Practitioner Services Act are to be paid on or before the  
9 twenty-fifth day of the month following the month in which the  
10 taxable event occurs.

11 SECTION 18. Section 7-9-62 NMSA 1978 (being Laws 1969,  
12 Chapter 144, Section 52, as amended) is amended to read:

13 "7-9-62. DEDUCTION--GROSS RECEIPTS TAX--AGRICULTURAL  
14 IMPLEMENTS--AIRCRAFT MANUFACTURERS--VEHICLES THAT ARE NOT  
15 REQUIRED TO BE REGISTERED--AIRCRAFT PARTS AND MAINTENANCE  
16 SERVICES--REPORTING REQUIREMENTS.--

17 A. Except for receipts deductible under Subsection B  
18 of this section, [~~fifty~~] forty percent of the receipts from  
19 selling agricultural implements, farm tractors, aircraft or  
20 vehicles that are not required to be registered under the Motor  
21 Vehicle Code may be deducted from gross receipts; provided  
22 that, with respect to agricultural implements, the sale is made  
23 to a person who states in writing that the person is regularly  
24 engaged in the business of farming or ranching. Any deduction  
25 allowed under Section 7-9-71 NMSA 1978 must be taken before the

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1 deduction allowed by this subsection is computed.

2 B. Receipts of an aircraft manufacturer or affiliate  
3 from selling aircraft or from selling aircraft flight support,  
4 pilot training or maintenance training services may be deducted  
5 from gross receipts. Any deduction allowed under Section  
6 7-9-71 NMSA 1978 must be taken before the deduction allowed by  
7 this subsection is computed.

8 C. Receipts from selling aircraft parts or  
9 maintenance services for aircraft or aircraft parts may be  
10 deducted from gross receipts. Any deduction allowed under  
11 Section 7-9-71 NMSA 1978 must be taken before the deduction  
12 allowed by this subsection is computed.

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

16 E. The department shall compile an annual report on  
17 the deductions provided by this section that shall include the  
18 number of taxpayers approved by the department to receive the  
19 deductions, the aggregate amount of deductions approved and any  
20 other information necessary to evaluate the effectiveness of  
21 the deductions. Beginning in 2019 and every five years  
22 thereafter that the deductions are in effect, the department  
23 shall compile and present the annual reports to the revenue  
24 stabilization and tax policy committee and the legislative  
25 finance committee with an analysis of the effectiveness and

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1 cost of the deductions.

2 F. As used in this section:

3 (1) "affiliate" means a business entity that  
4 directly or indirectly through one or more intermediaries  
5 controls, is controlled by or is under common control with the  
6 aircraft manufacturer;

7 (2) "agricultural implement" means a tool,  
8 utensil or instrument that is depreciable for federal income  
9 tax purposes and that is:

10 (a) designed to irrigate agricultural crops  
11 above ground or below ground at the place where the crop is  
12 grown; or

13 (b) designed primarily for use with a source  
14 of motive power, such as a tractor, in planting, growing,  
15 cultivating, harvesting or processing agricultural crops at the  
16 place where the crop is grown; in raising poultry or livestock;  
17 or in obtaining or processing food or fiber, such as eggs,  
18 milk, wool or mohair, from living poultry or livestock at the  
19 place where the poultry or livestock are kept for this purpose;

20 (3) "aircraft manufacturer" means a business  
21 entity that in the ordinary course of business designs and  
22 builds private or commercial aircraft certified by the federal  
23 aviation administration;

24 (4) "business entity" means a corporation,  
25 limited liability company, partnership, limited partnership,

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1 limited liability partnership or real estate investment trust,  
2 but does not mean an individual or a joint venture;

3 (5) "control" means equity ownership in a  
4 business entity that:

5 (a) represents at least fifty percent of the  
6 total voting power of that business entity; and

7 (b) has a value equal to at least fifty  
8 percent of the total equity of that business entity; and

9 (6) "flight support" means providing navigation  
10 data, charts, weather information, online maintenance records  
11 and other aircraft or flight-related information and the  
12 software needed to access the information."

13 SECTION 19. Section 7-9-73.1 NMSA 1978 (being Laws 1991,  
14 Chapter 8, Section 3, as amended) is amended to read:

15 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--HOSPITALS.--[Fifty]  
16 Forty percent of the receipts of hospitals licensed by the  
17 department of health may be deducted from gross receipts;  
18 provided that this deduction may be applied only to the taxable  
19 gross receipts remaining after all other appropriate deductions  
20 have been taken."

21 SECTION 20. Section 7-14-4 NMSA 1978 (being Laws 1988,  
22 Chapter 73, Section 14) is amended to read:

23 "7-14-4. DETERMINATION OF AMOUNT OF MOTOR VEHICLE EXCISE  
24 TAX.--

25 A. The rate of the motor vehicle excise tax [~~is three~~  
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1 ~~percent and is]~~ shall be as follows and shall be applied to the  
2 price paid for the vehicle:

3 (1) prior to July 1, 2018, three percent;

4 (2) beginning July 1, 2018 and prior to July 1,  
5 2020, three and one-half percent; and

6 (3) on and after July 1, 2020, four percent.

7 B. If the price paid does not represent the value of  
8 the vehicle in the condition that existed at the time it was  
9 acquired, the tax rate shall be applied to the reasonable value  
10 of the vehicle in such condition at such time. However,  
11 allowances granted for vehicle trade-ins may be deducted from  
12 the price paid or the reasonable value of the vehicle  
13 purchased."

14 **SECTION 21.** Section 7-14-10 NMSA 1978 (being Laws 1988,  
15 Chapter 73, Section 20, as amended) is amended to read:

16 "7-14-10. DISTRIBUTION OF PROCEEDS.--The receipts from  
17 the tax and any associated interest and penalties shall be  
18 deposited in the "motor vehicle suspense fund", hereby created  
19 in the state treasury. As of the end of each month, the net  
20 receipts attributable to the tax and associated penalties and  
21 interest shall be distributed as follows:

22 A. fifty percent to the state road fund; and

23 B. fifty percent to the general fund."

24 **SECTION 22.** [NEW MATERIAL] SHORT TITLE.--Sections 22  
25 through 27 of this act may be cited as the "Recordation Tax

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1 Act".

2 SECTION 23. [NEW MATERIAL] RECORDATION TAX--TRANSFERS OF  
3 REAL PROPERTY.--

4 A. An excise tax is imposed on all instruments  
5 evidencing a transfer of any interest in real property. The  
6 rate of tax shall be twenty cents (\$.20) on each one hundred  
7 dollars (\$100) or fractional part thereof on the value of each  
8 instrument transferring the interest, which value shall be  
9 based on the prior year's assessed value of the real property  
10 being transferred.

11 B. In the event the prior year's assessed value of  
12 the real property being transferred is based on undeveloped  
13 land that has since been subdivided or otherwise developed, the  
14 county shall, upon request, assess the value of the real  
15 property since being developed and provide a statement of the  
16 value to the taxpayer.

17 C. A person who obtains more than one deed or other  
18 instrument of conveyance for the same transfer of the same  
19 tract or parcel of real property shall pay the tax imposed by  
20 this section only once with respect to that transfer.

21 D. The tax imposed by this section shall be paid by  
22 the grantee or transferee of the interest in the real property  
23 to the county clerk of the county in which the real property is  
24 located. If the instrument transfers a parcel of real property  
25 lying in two or more counties, the tax shall be paid to the

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1 county clerk of the county in which the greater part of the  
2 real property with respect to value lies. The county clerk  
3 shall not record the transfer until the tax has been paid.

4 E. The tax imposed by this section shall not be  
5 imposed on the transfer of:

6 (1) a leasehold estate; or

7 (2) real property where such transfer is:

8 (a) the creation or dissolution of a tenancy  
9 by the entirety the conveyance from: 1) one spouse to another;  
10 2) one spouse or both spouses to the original grantor in the  
11 instrument or the original grantor's spouse; or 3) one spouse  
12 or both spouses to a trustee and immediate reconveyance by the  
13 trustee in the same instrument as tenants in common, tenants in  
14 common with right of survivorship, joint tenants or joint  
15 tenants with right of survivorship;

16 (b) a deed of division in kind of real  
17 property formerly held by tenants in common;

18 (c) release of a life estate to the  
19 beneficiaries of the remainder interest;

20 (d) a deed executed by an executor to  
21 implement a testamentary devise;

22 (e) a decree or deed that is an adjustment  
23 of property rights between divorcing parties;

24 (f) a transfer by a transferor of real  
25 property to a revocable living trust created by the same

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1 transferor or by a spouse of the transferor, or a transfer by  
2 the trustee of a revocable living trust back to the same  
3 transferor or to the transferor's spouse; or

4 (g) a deed executed by the trustee of a  
5 revocable living trust to implement a testamentary devise by  
6 the trustor of the trust.

7 SECTION 24. [NEW MATERIAL] RECORDATION TAX--INSTRUMENT OF  
8 INDEBTEDNESS ON REAL PROPERTY.--

9 A. An excise tax is imposed on all instruments of  
10 indebtedness for real property, including a mortgage, deed of  
11 trust or other security device of greater than twenty-five  
12 thousand dollars (\$25,000). The rate of tax shall be seven and  
13 one-half cents (\$.075) on each one hundred dollars (\$100), or  
14 fractional part thereof, of the indebtedness above twenty-five  
15 thousand dollars (\$25,000).

16 B. The tax imposed by this section shall be paid by  
17 the mortgagor, grantor or debtor, as evidenced by the  
18 instrument offered for recording. The tax shall be paid to the  
19 county clerk of the county in which the real property is  
20 located. If the instrument is for a parcel of real property  
21 lying in two or more counties, the tax shall be paid to the  
22 county clerk of the county in which the greater part of the  
23 real property with respect to value lies. If some of the real  
24 property lies outside this state, the tax may be paid on the  
25 value of real property in this state. The county clerk shall

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1 not record the instrument until the tax has been paid.

2 C. If the consideration or stipulation of  
3 indebtedness does not appear on the face of the instrument  
4 being offered for recording, the county clerk shall require a  
5 separate statement made in recordable form indicating the  
6 amount of the indebtedness so secured.

7 D. When the instrument being offered for recording  
8 secures, or evidences the securing of, a line of credit or  
9 other indebtedness arising from more than one advance or  
10 extension of credit, the amount of which may vary from time to  
11 time, the tax shall be computed and paid on the maximum amount  
12 of the indebtedness as stated in the instrument or the  
13 accompanying sworn statement, and the reduction or subsequent  
14 increasing of the amount of the indebtedness within such limits  
15 shall not result in additional tax.

16 E. As used in this section, "indebtedness" means the  
17 principal debt or obligation that is reasonably contemplated by  
18 the parties to be included within the terms of the agreement.  
19 "Indebtedness" does not include any amount of interest,  
20 collection expense, including attorney fees and expenses  
21 incurred in preserving, protecting, improving or insuring  
22 property that serves as collateral for the indebtedness, or any  
23 other amount, other than the principal debt or obligation, for  
24 which a debtor becomes liable unless such amount is added to  
25 the principal debt or obligation, and is used to calculate

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1 additional interest pursuant to refinancing, reamortization,  
2 amendment or similar transaction or occurrence.

3 SECTION 25. [NEW MATERIAL] REPORT TO TAXATION AND REVENUE  
4 DEPARTMENT--ADMINISTRATION FEE.--The county clerk shall report  
5 all collections of taxes made pursuant to this section on forms  
6 prescribed by the taxation and revenue department and shall  
7 submit the proceeds of the taxes collected to the taxation and  
8 revenue department at the end of each month. A county may  
9 withhold an administrative fee of three percent of the net  
10 amount of the tax proceeds collected.

11 SECTION 26. [NEW MATERIAL] EXEMPTIONS.--

12 A. Instruments made pursuant to mergers,  
13 consolidations, sales or transfers of substantially all of the  
14 assets in this state of corporations, pursuant to plans of  
15 reorganization, are exempt from the taxes imposed by the  
16 Recordation Tax Act.

17 B. The recording and rerecording of all transfers of  
18 real property in which the state or any of its  
19 instrumentalities is the grantee or transferee and all  
20 instruments evidencing an indebtedness in which the state or  
21 any of its instrumentalities is the holder or owner of the  
22 indebtedness shall be exempt from the taxes imposed by the  
23 Recordation Tax Act.

24 C. Instruments for which a tax imposed pursuant to  
25 Section 23 of this 2017 act is paid shall be exempt from the

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1 tax imposed pursuant to Section 24 of this 2017 act.

2 D. Instruments for which a tax imposed pursuant to  
3 Section 24 of this 2017 act is paid shall be exempt from the  
4 tax imposed pursuant to Section 23 of this 2017 act.

5 SECTION 27. [NEW MATERIAL] LIMITATION ON AMOUNT OF TAX.--

6 A tax imposed pursuant to the Recordation Tax Act shall not  
7 exceed one hundred thousand dollars (\$100,000) with respect to  
8 instruments evidencing the same transfer of an interest in real  
9 property or each instrument of indebtedness for real property.

10 SECTION 28. REPEAL.--Sections 7-1-6.46 and 7-1-6.47 NMSA  
11 1978 (being Laws 2004, Chapter 116, Sections 1 and 2, as  
12 amended) are repealed.

13 SECTION 29. APPLICABILITY.--

14 A. The provisions of Sections 5 through 12 of this  
15 act apply to taxable years beginning on or after January 1,  
16 2018.

17 B. The provisions of Sections 20 and 21 of this act  
18 apply to receipts of the motor vehicle excise tax and any  
19 associated interest and penalties that are collected on and  
20 after July 1, 2017.

21 SECTION 30. EFFECTIVE DATE.--The effective date of the  
22 provisions of Sections 1 through 4, 13 through 19 and 22  
23 through 28 of this act is July 1, 2017.