

1 SENATE BILL 457

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

3 INTRODUCED BY

4 John Arthur Smith and Stuart Ingle

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9
10 AN ACT

11 RELATING TO TAXATION; ADJUSTING CERTAIN HEALTH CARE INDUSTRY
12 DEDUCTIONS AND EXEMPTIONS FROM GROSS RECEIPTS AND GOVERNMENTAL
13 GROSS RECEIPTS; ELIMINATING THE HOLD HARMLESS DISTRIBUTION TO
14 OFFSET THE HEALTH CARE PRACTITIONER DEDUCTION; DEFINING "NET
15 PATIENT CARE REVENUE" IN THE GROSS RECEIPTS AND COMPENSATING
16 TAX ACT; IMPOSING THE STATE GROSS RECEIPTS TAX ON THE NET
17 PATIENT CARE REVENUE OF A NONPROFIT HOSPITAL; IMPOSING THE
18 GOVERNMENTAL GROSS RECEIPTS TAX ON THE NET PATIENT CARE REVENUE
19 OF A GOVERNMENT HOSPITAL; DISTRIBUTING THE NET GOVERNMENTAL
20 GROSS RECEIPTS ATTRIBUTABLE TO NET PATIENT CARE REVENUE TO THE
21 GENERAL FUND; INCREASING A GROSS RECEIPTS TAX DEDUCTION FOR
22 HOSPITALS LICENSED BY THE DEPARTMENT OF HEALTH; ALLOWING A
23 GOVERNMENTAL GROSS RECEIPTS TAX DEDUCTION FOR HOSPITALS
24 LICENSED BY THE DEPARTMENT OF HEALTH; REDUCING THE DEDUCTION
25 FROM GROSS RECEIPTS FOR CERTAIN HEALTH CARE PRACTITIONERS;

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1 REQUIRING THE TAXATION AND REVENUE DEPARTMENT TO EVALUATE
2 HEALTH-CARE-INDUSTRY-RELATED REVENUE COLLECTIONS AND TAX
3 EXPENDITURES AND REPORT TO THE LEGISLATURE; REPEALING THE GROSS
4 RECEIPTS TAX DEDUCTION FOR PAYMENTS BY CERTAIN FEDERAL AGENCIES
5 FOR CERTAIN MEDICAL AND HEALTH CARE SERVICES AND A CREDIT
6 AGAINST THE GROSS RECEIPTS TAX FOR CERTAIN HOSPITALS.

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

9 SECTION 1. Section 7-1-6.38 NMSA 1978 (being Laws 1994,
10 Chapter 145, Section 1, as amended) is amended to read:

11 "7-1-6.38. DISTRIBUTION--GOVERNMENTAL GROSS RECEIPTS
12 TAX.--

13 A. A distribution pursuant to Section 7-1-6.1 NMSA
14 1978 shall be made in amounts equal to the following
15 percentages of the net receipts attributable to the
16 governmental gross receipts tax, less the net receipts
17 attributable to net patient care revenue from a hospital
18 licensed by the department of health:

19 (1) seventy-five percent to the public project
20 revolving fund administered by the New Mexico finance
21 authority; [~~in an amount equal to seventy-five percent of the~~
22 ~~net receipts attributable to the governmental gross receipts~~
23 ~~tax.~~

24 B. ~~A distribution pursuant to Section 7-1-6.1 NMSA~~
25 ~~1978 shall be made]~~

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1 (2) twenty-four percent to the energy,
2 minerals and natural resources department [~~in an amount equal~~
3 ~~to twenty-four percent of the net receipts attributable to the~~
4 ~~governmental gross receipts tax~~]; provided that forty-one and
5 two-thirds percent of the distribution is appropriated to the
6 energy, minerals and natural resources department to implement
7 the provisions of the New Mexico Youth Conservation Corps Act
8 and fifty-eight and one-third percent of the distribution is
9 appropriated to the energy, minerals and natural resources
10 department for state park and recreation area capital
11 improvements, including the costs of planning, engineering,
12 design, construction, renovation, repair, equipment and
13 furnishings; and

14 [~~G. A distribution pursuant to Section 7-1-6.1 NMSA~~
15 ~~1978 shall be made~~]

16 (3) one percent to the [~~office of~~] cultural
17 affairs [~~in an amount equal to one percent of the net receipts~~
18 ~~attributable to the governmental gross receipts tax~~] department
19 for capital improvements at state museums and monuments
20 administered by the [~~office of~~] cultural affairs department.

21 [~~D.~~] B. The state pledges to and agrees with the
22 holders of any bonds or notes issued by the New Mexico finance
23 authority or by the energy, minerals and natural resources
24 department and payable from the net receipts attributable to
25 the governmental gross receipts tax distributed to the New

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1 Mexico finance authority or the energy, minerals and natural
2 resources department pursuant to this section that the state
3 will not limit, reduce or alter the distribution of the net
4 receipts attributable to the governmental gross receipts tax to
5 the New Mexico finance authority or the energy, minerals and
6 natural resources department or limit, reduce or alter the rate
7 of imposition of the governmental gross receipts tax until the
8 bonds or notes together with the interest thereon are fully met
9 and discharged. The New Mexico finance authority and the
10 energy, minerals and natural resources department are
11 authorized to include this pledge and agreement of the state in
12 any agreement with the holders of the bonds or notes."

13 SECTION 2. Section 7-1-6.46 NMSA 1978 (being Laws 2004,
14 Chapter 116, Section 1, as amended) is amended to read:

15 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR
16 FOOD DEDUCTION ~~[AND HEALTH CARE PRACTITIONER SERVICES~~
17 ~~DEDUCTION]~~.--

18 A. For a municipality that ~~[has not elected to~~
19 ~~impose]~~ does not have in effect a municipal hold harmless gross
20 receipts tax through an ordinance and that has a population of
21 less than ten thousand according to the most recent federal
22 decennial census, a distribution pursuant to Section 7-1-6.1
23 NMSA 1978 shall be made to ~~[a]~~ the municipality in an amount,
24 subject to any increase or decrease made pursuant to Section
25 7-1-6.15 NMSA 1978, equal to the ~~[sum of:~~

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

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

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

20 ~~(1) the total deductions claimed pursuant to~~
21 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
22 ~~business locations attributable to the municipality multiplied~~
23 ~~by the sum of the combined rate of all municipal local option~~
24 ~~gross receipts taxes in effect in the municipality on January~~
25 ~~1, 2007 plus one and two hundred twenty-five thousandths~~

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1 ~~percent in the following percentages:~~

2 ~~(a) prior to July 1, 2015, one hundred~~
3 ~~percent;~~

4 ~~(b) on or after July 1, 2015 and prior~~
5 ~~to July 1, 2016, ninety-four percent;~~

6 ~~(c) on or after July 1, 2016 and prior~~
7 ~~to July 1, 2017, eighty-eight percent;~~

8 ~~(d) on or after July 1, 2017 and prior~~
9 ~~to July 1, 2018, eighty-two percent;~~

10 ~~(e) on or after July 1, 2018 and prior~~
11 ~~to July 1, 2019, seventy-six percent;~~

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

14 ~~(g) on or after July 1, 2020 and prior~~
15 ~~to July 1, 2021, sixty-three percent;~~

16 ~~(h) on or after July 1, 2021 and prior~~
17 ~~to July 1, 2022, fifty-six percent;~~

18 ~~(i) on or after July 1, 2022 and prior~~
19 ~~to July 1, 2023, forty-nine percent;~~

20 ~~(j) on or after July 1, 2023 and prior~~
21 ~~to July 1, 2024, forty-two percent;~~

22 ~~(k) on or after July 1, 2024 and prior~~
23 ~~to July 1, 2025, thirty-five percent;~~

24 ~~(l) on or after July 1, 2025 and prior~~
25 ~~to July 1, 2026, twenty-eight percent;~~

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

3 ~~(n) on or after July 1, 2027 and prior~~
4 ~~to July 1, 2028, fourteen percent; and~~

5 ~~(o) on or after July 1, 2028 and prior~~
6 ~~to July 1, 2029, seven percent; and~~

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

15 ~~[(a) prior to July 1, 2015, one hundred~~
16 ~~percent;~~

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

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

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

23 ~~[(e)] (2) on or after July 1, 2018 and prior~~
24 ~~to July 1, 2019, seventy-six percent;~~

25 ~~[(f)] (3) on or after July 1, 2019 and prior~~

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1 to July 1, 2020, seventy percent;
2 [~~(g)~~] (4) on or after July 1, 2020 and prior
3 to July 1, 2021, sixty-three percent;
4 [~~(h)~~] (5) on or after July 1, 2021 and prior
5 to July 1, 2022, fifty-six percent;
6 [~~(i)~~] (6) on or after July 1, 2022 and prior
7 to July 1, 2023, forty-nine percent;
8 [~~(j)~~] (7) on or after July 1, 2023 and prior
9 to July 1, 2024, forty-two percent;
10 [~~(k)~~] (8) on or after July 1, 2024 and prior
11 to July 1, 2025, thirty-five percent;
12 [~~(l)~~] (9) on or after July 1, 2025 and prior
13 to July 1, 2026, twenty-eight percent;
14 [~~(m)~~] (10) on or after July 1, 2026 and prior
15 to July 1, 2027, twenty-one percent;
16 [~~(n)~~] (11) on or after July 1, 2027 and prior
17 to July 1, 2028, fourteen percent; ~~and~~
18 [~~(o)~~] (12) on or after July 1, 2028 and prior
19 to July 1, 2029, seven percent; and
20 (13) on and after July 1, 2029, zero percent.

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

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

9 D. If the [~~reductions~~] changes made by this [2013]
10 2017 act to the distributions made pursuant to [~~Subsections A~~
11 ~~and B of~~] this section impair the ability of a municipality to
12 meet its principal or interest payment obligations for revenue
13 bonds that are outstanding prior to July 1, [2013] 2017 and
14 that are secured by the pledge of all or part of the
15 municipality's revenue from the distribution made pursuant to
16 this section, then the amount distributed pursuant to this
17 section to that municipality shall be increased by an amount
18 sufficient to meet the required payment; provided that the
19 total amount distributed to that municipality pursuant to this
20 section does not exceed the amount that would have been due
21 that municipality pursuant to this section as it was in effect
22 on June 30, [2013] 2017.

23 E. For the purposes of this section:

24 (1) "business locations attributable to the
25 municipality" means business locations:

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1 [~~1~~] (a) within the municipality;
2 [~~2~~] (b) on land owned by the state,
3 commonly known as the "state fairgrounds", within the exterior
4 boundaries of the municipality;

5 [~~3~~] (c) outside the boundaries of the
6 municipality on land owned by the municipality; and

7 [~~4~~] (d) on an Indian reservation or
8 pueblo grant in an area that is contiguous to the municipality
9 and in which the municipality performs services pursuant to a
10 contract between the municipality and the Indian tribe or
11 Indian pueblo if: [~~a~~] 1) the contract describes an area in
12 which the municipality is required to perform services and
13 requires the municipality to perform services that are
14 substantially the same as the services the municipality
15 performs for itself; and [~~b~~] 2) the governing body of the
16 municipality has submitted a copy of the contract to the
17 secretary; and

18 (2) "maximum distribution" means:

19 (a) for a municipality that has a
20 population of less than ten thousand according to the most
21 recent federal decennial census, the total deductions claimed
22 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
23 from business locations attributable to the municipality
24 multiplied by the sum of the combined rate of all municipal
25 local option gross receipts taxes in effect in the municipality

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1 for the month plus one and two hundred twenty-five thousandths
2 percent; and

3 (b) for a municipality that has a
4 population of ten thousand or more according to the most recent
5 federal decennial census, the total deductions claimed pursuant
6 to Section 7-9-92 NMSA 1978 for the month by taxpayers from
7 business locations attributable to the municipality multiplied
8 by the sum of the combined rate of all municipal local option
9 gross receipts taxes in effect in the municipality on January
10 1, 2007 plus one and two hundred twenty-five thousandths
11 percent.

12 F. A distribution pursuant to this section may be
13 adjusted for a distribution made to a tax increment development
14 district with respect to a portion of a gross receipts tax
15 increment dedicated by a municipality pursuant to the Tax
16 Increment for Development Act."

17 SECTION 3. Section 7-1-6.47 NMSA 1978 (being Laws 2004,
18 Chapter 116, Section 2, as amended) is amended to read:

19 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD
20 DEDUCTION [~~AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION~~].--

21 A. For a county that [~~has not elected to impose~~
22 does not have in effect a county hold harmless gross receipts
23 tax through an ordinance and that has a population of less than
24 forty-eight thousand according to the most recent federal
25 decennial census, a distribution pursuant to Section 7-1-6.1

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

4 ~~(1) the total deductions claimed pursuant to~~
5 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
6 ~~business locations within a municipality in the county~~
7 ~~multiplied by the combined rate of all county local option~~
8 ~~gross receipts taxes in effect for the month that are imposed~~
9 ~~throughout the county;~~

10 ~~(2) the total deductions claimed pursuant to~~
11 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
12 ~~business locations in the county but not within a municipality~~
13 ~~multiplied by the combined rate of all county local option~~
14 ~~gross receipts taxes in effect for the month that are imposed~~
15 ~~in the county area not within a municipality;~~

16 ~~(3) the total deductions claimed pursuant to~~
17 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~
18 ~~business locations within a municipality in the county~~
19 ~~multiplied by the combined rate of all county local option~~
20 ~~gross receipts taxes in effect for the month that are imposed~~
21 ~~throughout the county; and~~

22 ~~(4) the total deductions claimed pursuant to~~
23 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~
24 ~~business locations in the county but not within a municipality~~
25 ~~multiplied by the combined rate of all county local option~~

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1 ~~gross receipts taxes in effect for the month that are imposed~~
2 ~~in the county area not within a municipality] applicable~~
3 ~~maximum distribution for the county.~~

4 B. For a county not described in Subsection A of
5 this section, a distribution pursuant to Section 7-1-6.1 NMSA
6 1978 shall be made to the county in an amount, subject to any
7 increase or decrease made pursuant to Section 7-1-6.15 NMSA
8 1978, equal to the ~~[sum of:~~

9 ~~(1) the total deductions claimed pursuant to~~
10 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
11 ~~business locations within a municipality in the county~~
12 ~~multiplied by the combined rate of all county local option~~
13 ~~gross receipts taxes in effect on January 1, 2007 that are~~
14 ~~imposed throughout the county in the following percentages:~~

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

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

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

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

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

25 ~~(f) on or after July 1, 2019 and prior~~

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1 ~~to July 1, 2020, seventy percent;~~

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

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

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

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

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

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

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

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

18 ~~(o) on or after July 1, 2028 and prior~~
19 ~~to July 1, 2029, seven percent;~~

20 ~~(2) the total deductions claimed pursuant to~~
21 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
22 ~~business locations in the county but not within a municipality~~
23 ~~multiplied by the combined rate of all county local option~~
24 ~~gross receipts taxes in effect on January 1, 2007 that are~~
25 ~~imposed in the county area not within a municipality in the~~

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1 following percentages:

2 (a) ~~prior to July 1, 2015, one hundred~~
3 ~~percent;~~

4 (b) ~~on or after July 1, 2015 and prior~~
5 ~~to July 1, 2016, ninety-four percent;~~

6 (c) ~~on or after July 1, 2016 and prior~~
7 ~~to July 1, 2017, eighty-eight percent;~~

8 (d) ~~on or after July 1, 2017 and prior~~
9 ~~to July 1, 2018, eighty-two percent;~~

10 (e) ~~on or after July 1, 2018 and prior~~
11 ~~to July 1, 2019, seventy-six percent;~~

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

14 (g) ~~on or after July 1, 2020 and prior~~
15 ~~to July 1, 2021, sixty-three percent;~~

16 (h) ~~on or after July 1, 2021 and prior~~
17 ~~to July 1, 2022, fifty-six percent;~~

18 (i) ~~on or after July 1, 2022 and prior~~
19 ~~to July 1, 2023, forty-nine percent;~~

20 (j) ~~on or after July 1, 2023 and prior~~
21 ~~to July 1, 2024, forty-two percent;~~

22 (k) ~~on or after July 1, 2024 and prior~~
23 ~~to July 1, 2025, thirty-five percent;~~

24 (l) ~~on or after July 1, 2025 and prior~~
25 ~~to July 1, 2026, twenty-eight percent;~~

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

3 ~~(n) on or after July 1, 2027 and prior~~
4 ~~to July 1, 2028, fourteen percent; and~~

5 ~~(o) on or after July 1, 2028 and prior~~
6 ~~to July 1, 2029, seven percent;~~

7 ~~(3) the total deductions claimed pursuant to~~
8 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~
9 ~~business locations within a municipality in the county~~
10 ~~multiplied by the combined rate of all county local option~~
11 ~~gross receipts taxes in effect on January 1, 2007 that are~~
12 ~~imposed throughout the county in the following percentages:~~

13 ~~(a) prior to July 1, 2015, one hundred~~
14 ~~percent;~~

15 ~~(b) on or after July 1, 2015 and prior~~
16 ~~to July 1, 2016, ninety-four percent;~~

17 ~~(c) on or after July 1, 2016 and prior~~
18 ~~to July 1, 2017, eighty-eight percent;~~

19 ~~(d) on or after July 1, 2017 and prior~~
20 ~~to July 1, 2018, eighty-two percent;~~

21 ~~(e) on or after July 1, 2018 and prior~~
22 ~~to July 1, 2019, seventy-six percent;~~

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

25 ~~(g) on or after July 1, 2020 and prior~~

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1 to July 1, 2021, ~~sixty-three percent;~~

2 ~~(h) on or after July 1, 2021 and prior~~
3 ~~to July 1, 2022, fifty-six percent;~~

4 ~~(i) on or after July 1, 2022 and prior~~
5 ~~to July 1, 2023, forty-nine percent;~~

6 ~~(j) on or after July 1, 2023 and prior~~
7 ~~to July 1, 2024, forty-two percent;~~

8 ~~(k) on or after July 1, 2024 and prior~~
9 ~~to July 1, 2025, thirty-five percent;~~

10 ~~(l) on or after July 1, 2025 and prior~~
11 ~~to July 1, 2026, twenty-eight percent;~~

12 ~~(m) on or after July 1, 2026 and prior~~
13 ~~to July 1, 2027, twenty-one percent;~~

14 ~~(n) on or after July 1, 2027 and prior~~
15 ~~to July 1, 2028, fourteen percent; and~~

16 ~~(o) on or after July 1, 2028 and prior~~
17 ~~to July 1, 2029, seven percent; and~~

18 ~~(4) the total deductions claimed pursuant to~~
19 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~
20 ~~business locations in the county but not within a municipality~~
21 ~~multiplied by the combined rate of all county local option~~
22 ~~gross receipts taxes in effect on January 1, 2007 that are~~
23 ~~imposed in the county area not within a municipality in]~~
24 applicable maximum distribution multiplied by the following
25 percentages:

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1 [~~(a)~~] ~~prior to July 1, 2015, one hundred~~
2 percent;

3 [~~(b)~~] ~~on or after July 1, 2015 and prior~~
4 ~~to July 1, 2016, ninety-four percent;~~

5 [~~(c)~~] ~~on or after July 1, 2016 and prior~~
6 ~~to July 1, 2017, eighty-eight percent;~~

7 [~~(d)~~] (1) on or after July 1, 2017 and prior to
8 July 1, 2018, eighty-two percent;

9 [~~(e)~~] (2) on or after July 1, 2018 and prior
10 to July 1, 2019, seventy-six percent;

11 [~~(f)~~] (3) on or after July 1, 2019 and prior
12 to July 1, 2020, seventy percent;

13 [~~(g)~~] (4) on or after July 1, 2020 and prior
14 to July 1, 2021, sixty-three percent;

15 [~~(h)~~] (5) on or after July 1, 2021 and prior
16 to July 1, 2022, fifty-six percent;

17 [~~(i)~~] (6) on or after July 1, 2022 and prior
18 to July 1, 2023, forty-nine percent;

19 [~~(j)~~] (7) on or after July 1, 2023 and prior
20 to July 1, 2024, forty-two percent;

21 [~~(k)~~] (8) on or after July 1, 2024 and prior
22 to July 1, 2025, thirty-five percent;

23 [~~(l)~~] (9) on or after July 1, 2025 and prior
24 to July 1, 2026, twenty-eight percent;

25 [~~(m)~~] (10) on or after July 1, 2026 and prior

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1 to July 1, 2027, twenty-one percent;

2 ~~[(n)]~~ (11) on or after July 1, 2027 and prior
3 to July 1, 2028, fourteen percent; ~~[and~~

4 ~~(e)]~~ (12) on or after July 1, 2028 and prior
5 to July 1, 2029, seven percent; and

6 (13) on and after July 1, 2029, zero percent.

7 C. ~~[The]~~ A distribution pursuant to ~~[Subsections A~~
8 ~~and B of]~~ this section is in lieu of revenue that would have
9 been received by the county but for the deductions provided by
10 ~~[Sections]~~ Section 7-9-92 ~~[and 7-9-93]~~ NMSA 1978. The
11 distribution shall be considered gross receipts tax revenue and
12 shall be used by the county in the same manner as gross
13 receipts tax revenue, including payment of gross receipts tax
14 revenue bonds. ~~[A distribution pursuant to this section to a~~
15 ~~county not described in Subsection A of this section or to a~~
16 ~~county that has imposed a gross receipts tax through an~~
17 ~~ordinance that does not provide a deduction contained in the~~
18 ~~Gross Receipts and Compensating Tax Act shall not be made on or~~
19 ~~after July 1, 2029.]~~

20 D. If the ~~[reductions]~~ changes made by this ~~[2013]~~
21 2017 act to the distributions made pursuant to ~~[Subsections A~~
22 ~~and B of]~~ this section impair the ability of a county to meet
23 its principal or interest payment obligations for revenue bonds
24 that are outstanding prior to July 1, ~~[2013]~~ 2017 and that are
25 secured by the pledge of all or part of the county's revenue

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1 from the distribution made pursuant to this section, then the
2 amount distributed pursuant to this section to that county
3 shall be increased by an amount sufficient to meet the required
4 payment; provided that the total amount distributed to that
5 county pursuant to this section does not exceed the amount that
6 would have been due that county pursuant to this section as it
7 was in effect on June 30, [~~2013~~] 2017.

8 E. A distribution pursuant to this section may be
9 adjusted for a distribution made to a tax increment development
10 district with respect to a portion of a gross receipts tax
11 increment dedicated by a county pursuant to the Tax Increment
12 for Development Act.

13 F. For purposes of this section, "maximum
14 distribution" means:

15 (1) for counties that have a population of
16 less than forty-eight thousand according to the most recent
17 federal decennial census, the sum of:

18 (a) the total deductions claimed
19 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
20 from business locations within a municipality in the county
21 multiplied by the combined rate of all county local option
22 gross receipts taxes in effect for the month that are imposed
23 throughout the county; and

24 (b) the total deductions claimed
25 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers

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1 from business locations in the county but not within a
2 municipality multiplied by the combined rate of all county
3 local option gross receipts taxes in effect for the month that
4 are imposed in the county area not within a municipality; and

5 (2) for counties that have a population of
6 forty-eight thousand or more according to the most recent
7 federal decennial census, the sum of:

8 (a) the total deductions claimed
9 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
10 from business locations within a municipality in the county
11 multiplied by the combined rate of all county local option
12 gross receipts taxes in effect on January 1, 2007 that are
13 imposed throughout the county; and

14 (b) the total deductions claimed
15 pursuant to Section 7-9-92 NMSA 1978 for the month by taxpayers
16 from business locations in the county but not within a
17 municipality multiplied by the combined rate of all county
18 local option gross receipts taxes in effect on January 1, 2007
19 that are imposed in the county area not within a municipality."

20 SECTION 4. Section 7-9-3 NMSA 1978 (being Laws 1978,
21 Chapter 46, Section 1, as amended) is amended to read:

22 "7-9-3. DEFINITIONS.--As used in the Gross Receipts and
23 Compensating Tax Act:

24 A. "buying" or "selling" means a transfer of
25 property for consideration or the performance of service for

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1 consideration;

2 B. "department" means the taxation and revenue
3 department, the secretary of taxation and revenue or an
4 employee of the department exercising authority lawfully
5 delegated to that employee by the secretary;

6 C. "financial corporation" means a savings and loan
7 association or an incorporated savings and loan company, trust
8 company, mortgage banking company, consumer finance company or
9 other financial corporation;

10 D. "initial use" or "initially used" means the
11 first employment for the intended purpose and does not include
12 the following activities:

13 (1) observation of tests conducted by the
14 performer of services;

15 (2) participation in progress reviews,
16 briefings, consultations and conferences conducted by the
17 performer of services;

18 (3) review of preliminary drafts, drawings and
19 other materials prepared by the performer of the services;

20 (4) inspection of preliminary prototypes
21 developed by the performer of services; or

22 (5) similar activities;

23 E. "leasing" means an arrangement whereby, for a
24 consideration, property is employed for or by any person other
25 than the owner of the property, except that the granting of a

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1 license to use property is licensing and is not a lease;

2 F. "local option gross receipts tax" means a tax
3 authorized to be imposed by a county or municipality upon the
4 taxpayer's gross receipts and required to be collected by the
5 department at the same time and in the same manner as the gross
6 receipts tax; "local option gross receipts tax" includes the
7 taxes imposed pursuant to the Municipal Local Option Gross
8 Receipts Taxes Act, Supplemental Municipal Gross Receipts Tax
9 Act, County Local Option Gross Receipts Taxes Act, Local
10 Hospital Gross Receipts Tax Act and County Correctional
11 Facility Gross Receipts Tax Act and such other acts as may be
12 enacted authorizing counties or municipalities to impose taxes
13 on gross receipts, which taxes are to be collected by the
14 department;

15 G. "manufactured home" means a movable or portable
16 housing structure for human occupancy that exceeds either a
17 width of eight feet or a length of forty feet constructed to be
18 towed on its own chassis and designed to be installed with or
19 without a permanent foundation;

20 H. "manufacturing" means combining or processing
21 components or materials to increase their value for sale in the
22 ordinary course of business, but does not include construction;

23 I. "net patient care revenue" means the revenue
24 that a nonprofit or governmental hospital generates from
25 treating patients, less any amounts from contractual

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1 adjustments, bad debts and charitable treatment of patients;

2 [~~F.~~] J. "person" means:

3 (1) an individual, estate, trust, receiver,
4 cooperative association, club, corporation, company, firm,
5 partnership, limited liability company, limited liability
6 partnership, joint venture, syndicate or other entity,
7 including any gas, water or electric utility owned or operated
8 by a county, municipality or other political subdivision of the
9 state; or

10 (2) a national, federal, state, Indian or
11 other governmental unit or subdivision, or an agency,
12 department or instrumentality of any of the foregoing;

13 [~~J.~~] K. "property" means real property, tangible
14 personal property, licenses other than the licenses of
15 copyrights, trademarks or patents and franchises. Tangible
16 personal property includes electricity and manufactured homes;

17 [~~K.~~] L. "research and development services" means
18 an activity engaged in for other persons for consideration, for
19 one or more of the following purposes:

20 (1) advancing basic knowledge in a recognized
21 field of natural science;

22 (2) advancing technology in a field of
23 technical endeavor;

24 (3) developing a new or improved product,
25 process or system with new or improved function, performance,

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1 reliability or quality, whether or not the new or improved
2 product, process or system is offered for sale, lease or other
3 transfer;

4 (4) developing new uses or applications for an
5 existing product, process or system, whether or not the new use
6 or application is offered as the rationale for purchase, lease
7 or other transfer of the product, process or system;

8 (5) developing analytical or survey activities
9 incorporating technology review, application, trade-off study,
10 modeling, simulation, conceptual design or similar activities,
11 whether or not offered for sale, lease or other transfer; or

12 (6) designing and developing prototypes or
13 integrating systems incorporating the advances, developments or
14 improvements included in Paragraphs (1) through (5) of this
15 subsection;

16 ~~[E.]~~ M. "secretary" means the secretary of taxation
17 and revenue or the secretary's delegate;

18 ~~[M.]~~ N. "service" means all activities engaged in
19 for other persons for a consideration, which activities involve
20 predominantly the performance of a service as distinguished
21 from selling or leasing property. "Service" includes
22 activities performed by a person for its members or
23 shareholders. In determining what is a service, the intended
24 use, principal objective or ultimate objective of the
25 contracting parties shall not be controlling. "Service"

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1 includes construction activities and all tangible personal
2 property that will become an ingredient or component part of a
3 construction project. That tangible personal property retains
4 its character as tangible personal property until it is
5 installed as an ingredient or component part of a construction
6 project in New Mexico. Sales of tangible personal property
7 that will become an ingredient or component part of a
8 construction project to persons engaged in the construction
9 business are sales of tangible personal property; and

10 ~~[N-]~~ O. "use" or "using" includes use, consumption
11 or storage other than storage for subsequent sale in the
12 ordinary course of business or for use solely outside this
13 state."

14 **SECTION 5.** Section 7-9-3.2 NMSA 1978 (being Laws 1991,
15 Chapter 8, Section 1, as amended) is amended to read:

16 "7-9-3.2. **ADDITIONAL DEFINITION.--**

17 A. As used in the Gross Receipts and Compensating
18 Tax Act, "governmental gross receipts" means:

19 (1) receipts of the state or an agency,
20 institution, instrumentality or political subdivision from:

21 ~~[(1)]~~ (a) the sale of tangible personal
22 property other than water from facilities open to the general
23 public;

24 ~~[(2)]~~ (b) the performance of or
25 admissions to recreational, athletic or entertainment services

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1 or events in facilities open to the general public;

2 [~~(3)~~] (c) refuse collection or refuse
3 disposal or both;

4 [~~(4)~~] (d) sewage services;

5 [~~(5)~~] (e) the sale of water by a utility
6 owned or operated by a county, municipality or other political
7 subdivision of the state; [~~and~~

8 ~~(6)~~] (f) the renting of parking, docking
9 or tie-down spaces or the granting of permission to park
10 vehicles, tie down aircraft or dock boats; and

11 (g) net patient care revenue from a
12 hospital licensed by the department of health and subject to
13 the governmental gross receipts tax; and

14 [~~"Governmental gross receipts"~~] (2) includes
15 receipts from the sale of tangible personal property handled on
16 consignment when sold from facilities open to the general
17 public but excludes cash discounts taken and allowed,
18 governmental gross receipts tax payable on transactions
19 reportable for the period and any type of time-price
20 differential.

21 B. As used in this section, "facilities open to the
22 general public" does not include point of sale registers or
23 electronic devices at a bookstore owned or operated by a public
24 post-secondary educational institution when the registers or
25 devices are utilized in the sale of textbooks or other

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1 materials required for courses at the institution to a student
2 enrolled at the institution who displays a valid student
3 identification card."

4 SECTION 6. Section 7-9-4.3 NMSA 1978 (being Laws 1991,
5 Chapter 8, Section 2, as amended by Laws 1993, Chapter 332,
6 Section 1 and by Laws 1993, Chapter 352, Section 1) is amended
7 to read:

8 "7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS
9 "GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of
10 engaging in certain activities by governments, there is imposed
11 on every agency, institution, instrumentality or political
12 subdivision of the state, except any school district [~~and any~~
13 ~~entity licensed by the department of health that is principally~~
14 ~~engaged in providing health care services~~], an excise tax of
15 five percent of governmental gross receipts. The tax imposed
16 by this section shall be referred to as the "governmental gross
17 receipts tax"."

18 SECTION 7. A new Section 7-9-4.4 NMSA 1978 is enacted to
19 read:

20 "7-9-4.4. [NEW MATERIAL] EXEMPTION--GOVERNMENTAL GROSS
21 RECEIPTS TAX--CERTAIN SERVICES PROVIDED BY A HOSPITAL LICENSED
22 BY THE DEPARTMENT OF HEALTH.--Exempted from the governmental
23 gross receipts tax are the receipts of an entity licensed by
24 the department of health that is principally engaged in
25 providing health care services; provided that the receipts are

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1 not receipts of net patient care revenue."

2 SECTION 8. Section 7-9-29 NMSA 1978 (being Laws 1970,
3 Chapter 12, Section 3, as amended) is amended to read:

4 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
5 ORGANIZATIONS.--

6 A. Exempted from the gross receipts tax are the
7 receipts of organizations that demonstrate to the department
8 that they have been granted exemption from the federal income
9 tax by the United States commissioner of internal revenue as
10 organizations described in Section 501(c)(3) of the United
11 States Internal Revenue Code of [~~1954~~] 1986, as that section
12 may be amended or renumbered, except receipts of net patient
13 care revenue.

14 B. Exempted from the gross receipts tax are the
15 receipts from carrying on chamber of commerce, visitor bureau
16 and convention bureau functions of organizations that
17 demonstrate to the department that they have been granted
18 exemption from the federal income tax by the United States
19 commissioner of internal revenue as organizations described in
20 Section 501(c)(6) of the United States Internal Revenue Code of
21 [~~1954~~] 1986, as that section may be amended or renumbered.

22 C. This section does not apply to receipts derived
23 from an unrelated trade or business as defined in Section 513
24 of the United States Internal Revenue Code of [~~1954~~] 1986, as
25 that section may be amended or renumbered."

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

3 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--[HOSPITALS]
4 GOVERNMENTAL GROSS RECEIPTS--ENTITIES LICENSED BY THE
5 DEPARTMENT OF HEALTH.--[Fifty]

6 A. Sixty percent of the receipts of [hospitals] an
7 entity licensed by the department of health that is principally
8 engaged in providing health care services may be deducted from
9 gross receipts; provided that this deduction may be applied
10 only to the taxable gross receipts remaining after all other
11 appropriate deductions have been taken.

12 B. Sixty percent of the receipts from net patient
13 care revenue received by a hospital licensed by the department
14 of health may be deducted from governmental gross receipts;
15 provided that this deduction may be applied only to the taxable
16 governmental gross receipts remaining after all other
17 appropriate deductions have been taken."

18 SECTION 10. Section 7-9-93 NMSA 1978 (being Laws 2004,
19 Chapter 116, Section 6, as amended) is amended to read:

20 "7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR
21 SERVICES PROVIDED BY HEALTH CARE PRACTITIONER.--

22 A. Sixty percent of receipts of a health care
23 practitioner [for commercial contract services or medicare part
24 C services paid by a managed health care provider or health
25 care insurer] may be deducted from gross receipts [if the] for

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1 services that are within the scope of practice of the health
2 care practitioner [~~providing the service. Receipts from fee-~~
3 ~~for service payments by a health care insurer may not be~~
4 ~~deducted from gross receipts~~].

5 B. The deduction provided by this section shall be
6 applied only to gross receipts remaining after all other
7 allowable deductions available under the Gross Receipts and
8 Compensating Tax Act have been taken and shall be separately
9 stated by the taxpayer.

10 C. For the purposes of this section,

11 [~~(1) "commercial contract services" means~~
12 ~~health care services performed by a health care practitioner~~
13 ~~pursuant to a contract with a managed health care provider or~~
14 ~~health care insurer other than those health care services~~
15 ~~provided for medicare patients pursuant to Title 18 of the~~
16 ~~federal Social Security Act or for medicaid patients pursuant~~
17 ~~to Title 19 or Title 21 of the federal Social Security Act;~~

18 ~~(2) "health care insurer" means a person that:~~

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

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

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- 1 ~~(3)~~ "health care practitioner" means:
- 2 ~~(a)~~ (1) a chiropractic physician licensed
- 3 pursuant to the provisions of the Chiropractic Physician
- 4 Practice Act;
- 5 ~~(b)~~ (2) a dentist or dental hygienist
- 6 licensed pursuant to the Dental Health Care Act;
- 7 ~~(c)~~ (3) a doctor of oriental medicine
- 8 licensed pursuant to the provisions of the Acupuncture and
- 9 Oriental Medicine Practice Act;
- 10 ~~(d)~~ (4) an optometrist licensed pursuant to
- 11 the provisions of the Optometry Act;
- 12 ~~(e)~~ (5) an osteopathic physician or an
- 13 osteopathic physician's assistant licensed pursuant to the
- 14 provisions of the Osteopathic Medicine Act;
- 15 ~~(f)~~ (6) a physical therapist licensed
- 16 pursuant to the provisions of the Physical Therapy Act;
- 17 ~~(g)~~ (7) a physician or physician assistant
- 18 licensed pursuant to the provisions of the Medical Practice
- 19 Act;
- 20 ~~(h)~~ (8) a podiatrist licensed pursuant to
- 21 the provisions of the Podiatry Act;
- 22 ~~(i)~~ (9) a psychologist licensed pursuant to
- 23 the provisions of the Professional Psychologist Act;
- 24 ~~(j)~~ (10) a registered lay midwife registered
- 25 by the department of health;

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1 [~~k~~] (11) a registered nurse or licensed
2 practical nurse licensed pursuant to the provisions of the
3 Nursing Practice Act;

4 [~~l~~] (12) a registered occupational therapist
5 licensed pursuant to the provisions of the Occupational Therapy
6 Act;

7 [~~m~~] (13) a respiratory care practitioner
8 licensed pursuant to the provisions of the Respiratory Care
9 Act;

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

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

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

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

25 [~~4~~] "~~managed health care provider~~" means a

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

- 9 ~~(a) health maintenance organizations;~~
- 10 ~~(b) preferred provider organizations;~~
- 11 ~~(c) individual practice associations;~~
- 12 ~~(d) competitive medical plans;~~
- 13 ~~(e) exclusive provider organizations;~~
- 14 ~~(f) integrated delivery systems;~~
- 15 ~~(g) independent physician-provider~~
16 ~~organizations;~~
- 17 ~~(h) physician hospital-provider~~
18 ~~organizations; and~~
- 19 ~~(i) managed care services organizations;~~
- 20 ~~and~~

21 ~~(5) "medicare part C services" means services~~
22 ~~performed pursuant to a contract with a managed health care~~
23 ~~provider for medicare patients pursuant to Title 18 of the~~
24 ~~federal Social Security Act.]"~~

25 SECTION 11. TEMPORARY PROVISION--DEPARTMENT REPORT TO

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1 LEGISLATURE--HEALTH CARE INDUSTRY REVENUE AND TAX
2 EXPENDITURES.--The taxation and revenue department shall
3 evaluate health-care-industry-related revenue collections and
4 tax expenditures and shall, by December 1, 2017, report to the
5 legislative finance committee and the revenue stabilization and
6 tax policy committee the result of that evaluation with a
7 recommendation as to whether existing tax expenditures for that
8 industry should be adjusted.

9 SECTION 12. REPEAL.--Sections 7-9-77.1 and 7-9-96.1 NMSA
10 1978 (being Laws 1998, Chapter 96, Section 1 and Laws 2007,
11 Chapter 361, Section 7, as amended) are repealed.

12 SECTION 13. EFFECTIVE DATE.--The effective date of the
13 provisions of this act is July 1, 2017.