

1 HOUSE BILL 602

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

4 David M. Gallegos and Cathrynn N. Brown and  
5 James R. J. Strickler and Rod Montoya  
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10 AN ACT

11 RELATING TO TAXATION; DISTRIBUTING TWO PERCENT OF OIL AND GAS  
12 EMERGENCY SCHOOL TAX REVENUES TO OIL- AND GAS-PRODUCING  
13 COUNTIES AND MUNICIPALITIES.  
14

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

16 SECTION 1. Section 7-1-6.20 NMSA 1978 (being Laws 1985,  
17 Chapter 65, Section 6, as amended) is amended to read:

18 "7-1-6.20. IDENTIFICATION OF MONEY IN EXTRACTION TAXES  
19 SUSPENSE FUND--DISTRIBUTION.--

20 A. Except as provided in Subsection B of this  
21 section, after the necessary disbursements have been made from  
22 the extraction taxes suspense fund, the money remaining in the  
23 suspense fund as of the last day of the month shall be  
24 identified by tax source and distributed or transferred in  
25 accordance with the provisions of Sections 7-1-6.21 through

.212069.1

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1 7-1-6.23 NMSA 1978 and Section [~~3 of this 2017 act~~] 7-1-6.61  
2 NMSA 1978. After the necessary distributions and transfers,  
3 any balance, except for remittances unidentified as to source  
4 or disposition, shall be transferred to the general fund.

5 B. Payments on assessments issued by the department  
6 pursuant to the Oil and Gas Conservation Tax Act, the Oil and  
7 Gas Emergency School Tax Act, the Oil and Gas Ad Valorem  
8 Production Tax Act and the Oil and Gas Severance Tax Act shall  
9 be held in the extraction taxes suspense fund until the  
10 secretary determines that there is no substantial risk of  
11 protest or other litigation, whereupon after the necessary  
12 disbursements have been made from the extraction taxes suspense  
13 fund, the money remaining in the suspense fund as of the last  
14 day of the month attributed to these payments shall be  
15 identified by tax source and distributed or transferred in  
16 accordance with the provisions of Sections 7-1-6.21 through  
17 7-1-6.23 and 7-1-6.61 NMSA 1978 and Section [~~3 of this 2017~~  
18 ~~act~~] 2 of this 2019 act. After the necessary distributions and  
19 transfers, any balance, except for remittance unidentified as  
20 to source or disposition, shall be transferred to the general  
21 fund."

22 SECTION 2. A new section of the Tax Administration Act is  
23 enacted to read:

24 "[NEW MATERIAL] DISTRIBUTION--OIL AND GAS EMERGENCY SCHOOL  
25 TAX--CERTAIN MUNICIPALITIES AND COUNTIES.--

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underscored material = new  
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1           A. A distribution pursuant to Section 7-1-6.20 NMSA  
2 1978 shall be made to a county equal to one percent of the net  
3 receipts attributable to that county from the oil and gas  
4 emergency school tax. Revenue from the distribution shall be  
5 used for the construction, reconstruction, improvement,  
6 maintenance or repair of streets, roads or bridges.

7           B. A distribution pursuant to Section 7-1-6.20 NMSA  
8 1978 of one percent of the net receipts attributable to the oil  
9 and gas emergency school tax in a county shall be distributed  
10 to eligible municipalities in that county, on a pro rata basis  
11 of the total municipal roadway miles in that county, certified  
12 by the secretary of transportation pursuant to Subsection C of  
13 this section. Revenue from the distribution shall be used for  
14 the construction, reconstruction, improvement, maintenance or  
15 repair of streets, roads or bridges.

16           C. On or before April 1 each year, the secretary of  
17 transportation shall determine and certify to the taxation and  
18 revenue department and to each eligible municipality the total  
19 municipal roadway miles for which a distribution pursuant to  
20 Subsection B of this section is based.

21           D. As used in this section, "eligible municipality"  
22 means a municipality in a county for which receipts are  
23 attributable to the oil and gas emergency school tax."

24           **SECTION 3. EFFECTIVE DATE.**--The effective date of the  
25 provisions of this act is July 1, 2019.

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