

1 SENATE BILL 584

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

3 INTRODUCED BY

4 Steven P. Neville and John Arthur Smith

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE LOCAL OPTION FOOD GROSS
12 RECEIPTS TAX ACT; IMPOSING LOCAL OPTION FOOD GROSS RECEIPTS
13 TAXES; ALLOWING FOR THE REPEAL OF A LOCAL OPTION FOOD GROSS
14 RECEIPTS TAX UPON NOTIFICATION FROM A MUNICIPALITY OR COUNTY;
15 REDUCING THE GROSS RECEIPTS TAX RATE AND THE COMPENSATING TAX
16 RATE; REQUIRING MUNICIPALITIES AND COUNTIES TO REPEAL
17 ORDINANCES THAT IMPOSE HOLD HARMLESS GROSS RECEIPTS TAXES ABOVE
18 ONE-EIGHTH PERCENT; PROVIDING THAT BONDS SECURED BY HOLD
19 HARMLESS GROSS RECEIPTS TAXES AND DISTRIBUTIONS SHALL NOT BE
20 IMPAIRED; LIMITING THE HOLD HARMLESS DISTRIBUTIONS TO
21 MUNICIPALITIES AND COUNTIES.

22
23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

24 SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
25 through 6 of this act may be cited as the "Local Option Food

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1 Gross Receipts Tax Act".

2 SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
3 Local Option Food Gross Receipts Tax Act:

4 A. "engaging in business" means carrying on or
5 causing to be carried on the selling of food at a retail food
6 store with the purpose of direct or indirect benefit;

7 B. "food" means any food or food product for home
8 consumption that meets the definition of food in 7 USCA
9 2012(k)(1) for purposes of the federal supplemental nutrition
10 assistance program;

11 C. "food gross receipts" means the total amount of
12 money or the value of other consideration received from selling
13 food at a retail food store in New Mexico, or, if in an
14 exchange in which the money or other consideration received
15 does not represent the value of the food, "food gross receipts"
16 means the reasonable value of the food. "Food gross receipts"
17 excludes:

- 18 (1) cash discounts allowed and taken;
- 19 (2) food gross receipts tax payable on
20 transactions for the reporting period;
- 21 (3) gross receipts tax payable pursuant to the
22 Gross Receipts and Compensating Tax Act on transactions for the
23 reporting period;
- 24 (4) taxes imposed pursuant to the provisions
25 of any local option gross receipts tax, as that term is defined

1 in the Tax Administration Act, that is payable for the
2 reporting period;

3 (5) a time-price differential; and

4 (6) any gross receipts or sales taxes imposed
5 by an Indian nation, tribe or pueblo; provided that the tax is
6 approved, if approval is required by federal law or regulation,
7 by the United States secretary of the interior; and provided
8 further that the gross receipts or sales tax imposed by the
9 Indian nation, tribe or pueblo provides a reciprocal exclusion
10 from gross receipts, sales or gross receipts-based excise taxes
11 imposed by the state or its political subdivisions;

12 D. "governing body" means:

13 (1) in regard to municipalities, the city
14 council or city commission of a city, the board of trustees of
15 a town or village and the county council of an H class county;
16 and

17 (2) in regard to counties, the county
18 commission of a county and the county council of an H class
19 county; and

20 E. "retail food store" means an establishment that
21 sells food for home preparation and consumption and that meets
22 the definition of retail food store in 7 USCA 2012(p)(1) for
23 purposes of the federal supplemental nutrition assistance
24 program, whether or not the establishment participates in the
25 federal supplemental nutrition assistance program.

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1 SECTION 3. [NEW MATERIAL] LOCAL OPTION MUNICIPAL FOOD
2 GROSS RECEIPTS TAX.--

3 A. Unless a municipality provides notification
4 pursuant to Subsection C of this section, there is imposed an
5 excise tax at a rate determined pursuant to Subsection B of
6 this section on the food gross receipts of any person engaging
7 in business in the municipality for the privilege of engaging
8 in business in the municipality. The tax imposed by this
9 section may be cited as the "local option municipal food gross
10 receipts tax".

11 B. The rate of the local option municipal food
12 gross receipts tax shall be the total rate imposed by the
13 municipality pursuant to the Municipal Local Option Gross
14 Receipts Taxes Act, plus one and two hundred twenty-five
15 thousandths percent.

16 C. If a majority of the members of the governing
17 body of a municipality provides written notification to the
18 secretary of taxation and revenue that the municipality does
19 not want to impose a local option municipal food gross receipts
20 tax, the tax shall be repealed effective the next January 1 or
21 July 1, whichever occurs first after thirty days of receipt of
22 the notification.

23 SECTION 4. [NEW MATERIAL] LOCAL OPTION COUNTY FOOD GROSS
24 RECEIPTS TAX.--

25 A. Unless a county provides notification pursuant

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1 to Subsection C of this section, there is imposed an excise tax
2 at a rate determined pursuant to Subsection B of this section
3 on the food gross receipts of any person engaging in business
4 in the county for the privilege of engaging in business in the
5 county. The tax imposed by this section may be cited as the
6 "local option county food gross receipts tax".

7 B. The rate of the local option county food gross
8 receipts tax shall be:

9 (1) for a person engaging in business within
10 that portion of a county located inside the boundaries of any
11 municipality, the total rate imposed by the county pursuant to
12 the County Local Option Gross Receipts Taxes Act on a person
13 engaging in business within that portion of the county; and

14 (2) for a person engaging in business within
15 that portion of a county located outside the boundaries of any
16 municipality, the total rate imposed by the county pursuant to
17 the County Local Option Gross Receipts Taxes Act on a person
18 engaging in business within that portion of the county.

19 C. If a majority of the members of the governing
20 body of a county provides written notification to the secretary
21 of taxation and revenue that the county does not want to impose
22 a local option county food gross receipts tax, the tax shall be
23 repealed effective the next January 1 or July 1, whichever
24 occurs first after thirty days of receipt of the notification.

25 SECTION 5. [NEW MATERIAL] EXEMPTIONS.--Exempted from the

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1 taxes imposed pursuant to the Local Option Food Gross Receipts
2 Tax Act are receipts that are exempt from the gross receipts
3 tax or may be deducted from gross receipts pursuant to the
4 Gross Receipts and Compensating Tax Act, except the deduction
5 pursuant to Section 7-9-92 NMSA 1978.

6 SECTION 6. [NEW MATERIAL] DATE PAYMENT DUE.--The taxes
7 imposed by the Local Option Food Gross Receipts Tax Act are to
8 be paid on or before the twenty-fifth day of the month
9 following the month in which the taxable event occurs.

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

12 "7-1-2. APPLICABILITY.--The Tax Administration Act
13 applies to and governs:

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

- 17 (1) Income Tax Act;
18 (2) Withholding Tax Act;
19 (3) Venture Capital Investment Act;
20 (4) Gross Receipts and Compensating Tax Act
21 and any state gross receipts tax;
22 (5) Liquor Excise Tax Act;
23 (6) Local Liquor Excise Tax Act;
24 (7) any municipal local option gross receipts
25 tax;

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1 (8) any county local option gross receipts
2 tax;
3 (9) Local Option Food Gross Receipts Tax Act;
4 [~~(9)~~] (10) Special Fuels Supplier Tax Act;
5 [~~(10)~~] (11) Gasoline Tax Act;
6 [~~(11)~~] (12) petroleum products loading fee,
7 which fee shall be considered a tax for the purpose of the Tax
8 Administration Act;
9 [~~(12)~~] (13) Alternative Fuel Tax Act;
10 [~~(13)~~] (14) Cigarette Tax Act;
11 [~~(14)~~] (15) Estate Tax Act;
12 [~~(15)~~] (16) Railroad Car Company Tax Act;
13 [~~(16)~~] (17) Investment Credit Act, rural job
14 tax credit, Laboratory Partnership with Small Business Tax
15 Credit Act, Technology Jobs and Research and Development Tax
16 Credit Act, Film Production Tax Credit Act, Affordable Housing
17 Tax Credit Act and high-wage jobs tax credit;
18 [~~(17)~~] (18) Corporate Income and Franchise Tax
19 Act;
20 [~~(18)~~] (19) Uniform Division of Income for Tax
21 Purposes Act;
22 [~~(19)~~] (20) Multistate Tax Compact;
23 [~~(20)~~] (21) Tobacco Products Tax Act; and
24 [~~(21)~~] (22) the telecommunications relay
25 service surcharge imposed by Section 63-9F-11 NMSA 1978, which

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1 surcharge shall be considered a tax for the purposes of the Tax
2 Administration Act;

3 B. the administration and enforcement of the
4 following taxes, surtaxes, advanced payments or tax acts as
5 they now exist or may hereafter be amended:

- 6 (1) Resources Excise Tax Act;
- 7 (2) Severance Tax Act;
- 8 (3) any severance surtax;
- 9 (4) Oil and Gas Severance Tax Act;
- 10 (5) Oil and Gas Conservation Tax Act;
- 11 (6) Oil and Gas Emergency School Tax Act;
- 12 (7) Oil and Gas Ad Valorem Production Tax Act;
- 13 (8) Natural Gas Processors Tax Act;
- 14 (9) Oil and Gas Production Equipment Ad

15 Valorem Tax Act;

- 16 (10) Copper Production Ad Valorem Tax Act;

17 (11) any advance payment required to be made
18 by any act specified in this subsection, which advance payment
19 shall be considered a tax for the purposes of the Tax
20 Administration Act;

- 21 (12) Enhanced Oil Recovery Act;

22 (13) Natural Gas and Crude Oil Production
23 Incentive Act; and

- 24 (14) intergovernmental production tax credit
25 and intergovernmental production equipment tax credit;

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1 C. the administration and enforcement of the
2 following taxes, surcharges, fees or acts as they now exist or
3 may hereafter be amended:

4 (1) Weight Distance Tax Act;

5 (2) the workers' compensation fee authorized
6 by Section 52-5-19 NMSA 1978, which fee shall be considered a
7 tax for purposes of the Tax Administration Act;

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

9 (4) 911 emergency surcharge and the network
10 and database surcharge, which surcharges shall be considered
11 taxes for purposes of the Tax Administration Act;

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

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

18 (7) the gaming tax imposed pursuant to the
19 Gaming Control Act; and

20 D. the administration and enforcement of all other
21 laws, with respect to which the department is charged with
22 responsibilities pursuant to the Tax Administration Act, but
23 only to the extent that the other laws do not conflict with the
24 Tax Administration Act."

25 **SECTION 8.** Section 7-1-6.15 NMSA 1978 (being Laws 1983,
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1 Chapter 211, Section 20, as amended by Laws 2015, Chapter 89,
2 Section 1 and by Laws 2015, Chapter 100, Section 1) is amended
3 to read:

4 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS TO
5 MUNICIPALITIES OR COUNTIES.--

6 A. The provisions of this section apply to:

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

9 (2) any transfer to a municipality with
10 respect to any local option gross receipts tax imposed by that
11 municipality;

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

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

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

18 (6) any transfer to a county with respect to
19 any tax imposed in accordance with the Local Liquor Excise Tax
20 Act;

21 (7) any distribution to a county from the
22 county government road fund pursuant to Section 7-1-6.26 NMSA
23 1978;

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

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

3 (10) any transfer to a municipality or county
4 with respect to a tax imposed pursuant to the Local Option Food
5 Gross Receipts Tax Act.

6 B. Before making a distribution or transfer
7 specified in Subsection A of this section to a municipality or
8 county for the month, amounts comprising the net receipts shall
9 be segregated into two mutually exclusive categories. One
10 category shall be for amounts relating to the current month,
11 and the other category shall be for amounts relating to prior
12 periods. The total of each category for a municipality or
13 county shall be reported each month to that municipality or
14 county. If the total of the amounts relating to prior periods
15 is less than zero and its absolute value exceeds the greater of
16 one hundred dollars (\$100) or an amount equal to twenty percent
17 of the average distribution or transfer amount for that
18 municipality or county, then the following procedures shall be
19 carried out:

20 (1) all negative amounts relating to any
21 period prior to the three calendar years preceding the year of
22 the current month, net of any positive amounts in that same
23 time period for the same taxpayers to which the negative
24 amounts pertain, shall be excluded from the total relating to
25 prior periods. Except as provided in Paragraph (2) of this

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1 subsection, the net receipts to be distributed or transferred
2 to the municipality or county shall be adjusted to equal the
3 amount for the current month plus the revised total for prior
4 periods; and

5 (2) if the revised total for prior periods
6 determined pursuant to Paragraph (1) of this subsection is
7 negative and its absolute value exceeds the greater of one
8 hundred dollars (\$100) or an amount equal to twenty percent of
9 the average distribution or transfer amount for that
10 municipality or county, the revised total for prior periods
11 shall be excluded from the distribution or transfers and the
12 net receipts to be distributed or transferred to the
13 municipality or county shall be equal to the amount for the
14 current month.

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

19 D. Prior to or concurrently with the distribution
20 or transfer to the municipality or county of the adjusted net
21 receipts, the department shall notify the municipality or
22 county whose distribution or transfer has been adjusted
23 pursuant to Paragraph (2) of Subsection B of this section:

24 (1) that the department has made such an
25 adjustment, that the department has determined that a specified

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1 amount is recoverable from the municipality or county and that
2 the department intends to recover that amount from future
3 distributions or transfers to the municipality or county;

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

7 (3) that if the municipality or county takes
8 no action within the ninety-day period, the department will
9 recover the amount from the next six distributions or transfers
10 following the expiration of the ninety days; and

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

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

20 (1) the department may collect the recoverable
21 amount by:

22 (a) decreasing distributions or
23 transfers to the municipality or county in accordance with a
24 repayment agreement entered into with the municipality or
25 county; or

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1 (b) except as provided in Paragraphs (2)
2 and (3) of this subsection, if the municipality or county fails
3 to act within the ninety days, decreasing the amount of the
4 next six distributions or transfers to the municipality or
5 county following expiration of the ninety-day period in
6 increments as nearly equal as practicable and sufficient to
7 recover the amount;

8 (2) if, pursuant to Subsection B of this
9 section, the secretary determines that the recoverable amount
10 is more than fifty percent of the average distribution or
11 transfer of net receipts for that municipality or county, the
12 secretary:

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

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

19 (3) if, after application of a refund claim,
20 audit adjustment, correction of a mistake by the department or
21 other adjustment of a prior period, but prior to any recovery
22 of the department pursuant to this section, the total net
23 receipts of a municipality or county for the twelve-month
24 period beginning with the current month are reduced or are
25 projected to be reduced to less than fifty percent of the

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1 average distribution or transfer of net receipts, the secretary
2 may waive recovery of any portion of the recoverable amount,
3 subject to approval by the state board of finance.

4 F. No later than ninety days from the date notice
5 pursuant to Subsection D of this section is given, the
6 department shall provide the municipality or county adequate
7 opportunity to review an application for a claim for refund
8 that gave rise to the recoverable amount, exclusive of any
9 amended returns that may be attached to the application,
10 pursuant to Section 7-1-8.9 NMSA 1978.

11 G. On or before September 1 of each year beginning
12 in 2016, the secretary shall report to the state board of
13 finance and the legislative finance committee the total
14 recoverable amount waived pursuant to Subparagraph (b) of
15 Paragraph (2) and Paragraph (3) of Subsection E of this section
16 for each municipality and county in the prior fiscal year.

17 H. The secretary is authorized to decrease a
18 distribution or transfer to a municipality or county upon being
19 directed to do so by the secretary of finance and
20 administration pursuant to the State Aid Intercept Act or to
21 redirect a distribution or transfer to the New Mexico finance
22 authority pursuant to an ordinance or a resolution passed by
23 the county or municipality and a written agreement of the
24 municipality or county and the New Mexico finance authority.

25 Upon direction to decrease a distribution or transfer or notice

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

20 (1) prior to an adjustment of a distribution
21 or transfer of net receipts creating a recoverable amount owed
22 to the department takes precedence over any collection of any
23 recoverable amount pursuant to Paragraph (2) of Subsection B of
24 this section, which may be made only from the net amount of the
25 distribution or transfer remaining after application of the

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1 decrease or redirection pursuant to this subsection; and

2 (2) after an adjustment of a distribution or
3 transfer of net receipts creating a recoverable amount owed to
4 the department shall be subordinate to any collection of any
5 recoverable amount pursuant to Paragraph (2) of Subsection B of
6 this section.

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

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1 J. As used in this section:

2 (1) "amounts relating to the current month"
3 means any amounts included in the net receipts of the current
4 month that represent payment of tax due for the current month,
5 correction of amounts processed in the current month that
6 relate to the current month or that otherwise relate to
7 obligations due for the current month;

8 (2) "amounts relating to prior periods" means
9 any amounts processed during the current month that adjust
10 amounts processed in a period or periods prior to the current
11 month regardless of whether the adjustment is a correction of a
12 department error or due to the filing of amended returns,
13 payment of department-issued assessments, filing or approval of
14 claims for refund, audit adjustments or other cause;

15 (3) "average distribution or transfer amount"
16 means the following amounts; provided that a distribution or
17 transfer that is negative shall not be used in calculating the
18 amounts:

19 (a) the annual average of the total
20 amount distributed or transferred to a municipality or county
21 in each of the three twelve-month periods preceding the current
22 month;

23 (b) if a distribution or transfer to a
24 municipality or county has been made for less than three years,
25 the total amount distributed or transferred in the year

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1 preceding the current month; or

2 (c) if a municipality or county has not
3 received distributions or transfers of net receipts for twelve
4 or more months, the monthly average of net receipts distributed
5 or transferred to the municipality or county preceding the
6 current month multiplied by twelve;

7 (4) "current month" means the month for which
8 the distribution or transfer is being prepared; and

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

17 SECTION 9. Section 7-1-6.46 NMSA 1978 (being Laws 2004,
18 Chapter 116, Section 1, as amended) is amended to read:

19 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR
20 [~~FOOD DEDUCTION AND~~] HEALTH CARE PRACTITIONER SERVICES
21 DEDUCTION.--

22 A. For a municipality that [~~has not elected to~~
23 ~~impose~~] does not have in effect a municipal hold harmless gross
24 receipts tax through an ordinance and that has a population of
25 less than ten thousand according to the most recent federal

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

5 ~~(1) the total deductions claimed pursuant to~~
6 ~~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 for the~~
10 ~~month plus one and two hundred twenty-five thousandths percent;~~
11 ~~and~~

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

18 B. For a municipality not described in Subsection A
19 of this section, a distribution pursuant to Section 7-1-6.1
20 NMSA 1978 shall be made to ~~[the]~~ a municipality in an amount,
21 subject to any increase or decrease made pursuant to Section
22 7-1-6.15 NMSA 1978, equal to ~~[the sum of:~~

23 ~~(1) the total deductions claimed pursuant to~~
24 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
25 ~~business locations attributable to the municipality multiplied~~

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1 by the sum of the combined rate of all municipal local option
2 gross receipts taxes in effect in the municipality on January
3 1, 2007 plus one and two hundred twenty-five thousandths
4 percent in the following percentages:

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

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

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

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

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

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

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

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

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

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

25 (k) on or after July 1, 2024 and prior

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1 ~~to July 1, 2025, thirty-five percent;~~

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

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

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

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

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

17 ~~[(a) prior to July 1, 2015, one hundred~~
18 ~~percent;~~

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

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

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

25 ~~(e) on or after July 1, 2018 and prior~~

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1 to July 1, 2019, ~~seventy-six percent~~;

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

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

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

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

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

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

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

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

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

20 ~~(o)~~ (j) on or after July 1, 2028 and
21 prior to July 1, 2029, seven percent; and

22 (k) on or after July 1, 2029, zero
23 percent.

24 C. The distribution pursuant to ~~[Subsections A and~~
25 ~~B of]~~ this section is in lieu of revenue that would have been

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1 received by the municipality but for the deductions provided by
2 [~~Sections 7-9-92 and~~] Section 7-9-93 NMSA 1978. The
3 distribution shall be considered gross receipts tax revenue and
4 shall be used by the municipality in the same manner as gross
5 receipts tax revenue, including payment of gross receipts tax
6 revenue bonds. [~~A distribution pursuant to this section to a~~
7 ~~municipality not described in Subsection A of this section or~~
8 ~~to a municipality that has imposed a gross receipts tax through~~
9 ~~an ordinance that does not provide a deduction contained in the~~
10 ~~Gross Receipts and Compensating Tax Act shall not be made on or~~
11 ~~after July 1, 2029.~~]

12 D. If the [~~reductions~~] changes made by this [2013]
13 2019 act to the distributions made pursuant to [~~Subsections A~~
14 ~~and B of~~] this section impair the ability of a municipality to
15 meet its principal or interest payment obligations for revenue
16 bonds that are outstanding prior to July 1, [2013] 2019 and
17 that are secured by the pledge of all or part of the
18 municipality's revenue from the distribution made pursuant to
19 this section, the municipality shall substitute the revenue
20 with other legally available revenue of the municipality that
21 has not been pledged to any other debt. If the municipality
22 does not have other legally available revenue available to pay
23 all or part of the municipality's obligations, then the amount
24 distributed pursuant to this section to that municipality shall
25 be increased by an amount sufficient to meet the required

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1 payment; provided that the total amount distributed to that
2 municipality pursuant to this section does not exceed the
3 amount that would have been due that municipality pursuant to
4 this section as it was in effect on June 30, ~~[2013]~~ 2019.

5 E. For the purposes of this section, "business
6 locations attributable to the municipality" means business
7 locations:

8 (1) within the municipality;

9 (2) on land owned by the state, commonly known
10 as the "state fairgrounds", within the exterior boundaries of
11 the municipality;

12 (3) outside the boundaries of the municipality
13 on land owned by the municipality; and

14 (4) on an Indian reservation or pueblo grant
15 in an area that is contiguous to the municipality and in which
16 the municipality performs services pursuant to a contract
17 between the municipality and the Indian tribe or Indian pueblo
18 if:

19 (a) the contract describes an area in
20 which the municipality is required to perform services and
21 requires the municipality to perform services that are
22 substantially the same as the services the municipality
23 performs for itself; and

24 (b) the governing body of the
25 municipality has submitted a copy of the contract to the

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1 secretary.

2 F. A distribution pursuant to this section may be
3 adjusted for a distribution made to a tax increment development
4 district with respect to a portion of a gross receipts tax
5 increment dedicated by a municipality pursuant to the Tax
6 Increment for Development Act."

7 SECTION 10. Section 7-1-6.47 NMSA 1978 (being Laws 2004,
8 Chapter 116, Section 2, as amended) is amended to read:

9 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR ~~[FOOD~~
10 ~~DEDUCTION AND]~~ HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

11 A. For a county that ~~[has not elected to impose]~~
12 does not have in effect a county hold harmless gross receipts
13 tax through an ordinance and that has a population of less than
14 forty-eight thousand according to the most recent federal
15 decennial census, a distribution pursuant to Section 7-1-6.1
16 NMSA 1978 shall be made to a county in an amount, subject to
17 any increase or decrease made pursuant to Section 7-1-6.15 NMSA
18 1978, equal to: ~~[the sum of:~~

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

25 ~~(2) the total deductions claimed pursuant to~~

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1 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
2 ~~business locations in the county but not within a municipality~~
3 ~~multiplied by the combined rate of all county local option~~
4 ~~gross receipts taxes in effect for the month that are imposed~~
5 ~~in the county area not within a municipality;~~

6 ~~(3)]~~ (1) the total deductions claimed pursuant
7 to Section 7-9-93 NMSA 1978 for the month by taxpayers from
8 business locations within a municipality in the county
9 multiplied by the combined rate of all county local option
10 gross receipts taxes in effect for the month that are imposed
11 throughout the county; and

12 [~~(4)]~~ (2) the total deductions claimed
13 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
14 from business locations in the county but not within a
15 municipality multiplied by the combined rate of all county
16 local option gross receipts taxes in effect for the month that
17 are imposed in the county area not within a municipality.

18 B. For a county not described in Subsection A of
19 this section, a distribution pursuant to Section 7-1-6.1 NMSA
20 1978 shall be made to the county in an amount, subject to any
21 increase or decrease made pursuant to Section 7-1-6.15 NMSA
22 1978, equal to: [~~the sum of:~~

23 ~~(1) the total deductions claimed pursuant to~~
24 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
25 ~~business locations within a municipality in the county~~

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1 ~~multiplied by the combined rate of all county local option~~
2 ~~gross receipts taxes in effect on January 1, 2007 that are~~
3 ~~imposed throughout the county in the following percentages:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 ~~(2) the total deductions claimed pursuant to~~
10 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
11 ~~business locations in the county but not within a municipality~~
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 in the county area not within a municipality in the~~
15 ~~following percentages:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 ~~(3)]~~ (1) the total deductions claimed pursuant
22 to Section 7-9-93 NMSA 1978 for the month by taxpayers from
23 business locations within a municipality in the county
24 multiplied by the combined rate of all county local option
25 gross receipts taxes in effect on January 1, 2007 that are

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1 imposed throughout the county 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)]~~ (a) on or after July 1, 2019 and
13 prior to July 1, 2020, seventy percent;

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

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

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

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

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

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

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

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

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

7 (k) on or after July 1, 2029, zero
8 percent; and

9 ~~[(4)]~~ (2) the total deductions claimed
10 pursuant to Section 7-9-93 NMSA 1978 for the month by taxpayers
11 from business locations in the county but not within a
12 municipality multiplied by the combined rate of all county
13 local option gross receipts taxes in effect on January 1, 2007
14 that are imposed in the county area not within a municipality
15 in the following percentages:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (k) on or after July 1, 2029, zero
22 percent.

23 C. The distribution pursuant to ~~[Subsections A and~~
24 ~~B of]~~ this section is in lieu of revenue that would have been
25 received by the county but for the deductions provided by

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1 ~~[Sections 7-9-92 and]~~ Section 7-9-93 NMSA 1978. The
2 distribution shall be considered gross receipts tax revenue and
3 shall be used by the county in the same manner as gross
4 receipts tax revenue, including payment of gross receipts tax
5 revenue bonds. ~~[A distribution pursuant to this section to a~~
6 ~~county not described in Subsection A of this section or to a~~
7 ~~county that has imposed a gross receipts tax through an~~
8 ~~ordinance that does not provide a deduction contained in the~~
9 ~~Gross Receipts and Compensating Tax Act shall not be made on or~~
10 ~~after July 1, 2029.]~~

11 D. If the ~~[reductions]~~ changes made by this ~~[2013]~~
12 2019 act to the distributions made pursuant to ~~[Subsections A~~
13 ~~and B of]~~ this section impair the ability of a county to meet
14 its principal or interest payment obligations for revenue bonds
15 that are outstanding prior to July 1, ~~[2013]~~ 2019 and that are
16 secured by the pledge of all or part of the county's revenue
17 from the distribution made pursuant to this section, the county
18 shall substitute the revenue with other legally available
19 revenue of the county that has not been pledged to any other
20 debt. If the county does not have other legally available
21 revenue available to pay all or part of the county's
22 obligations, then the amount distributed pursuant to this
23 section to that county shall be increased by an amount
24 sufficient to meet the required payment; provided that the
25 total amount distributed to that county pursuant to this

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1 section does not exceed the amount that would have been due
2 that county pursuant to this section as it was in effect on
3 June 30, [~~2013~~] 2019.

4 E. A distribution pursuant to this section may be
5 adjusted for a distribution made to a tax increment development
6 district with respect to a portion of a gross receipts tax
7 increment dedicated by a county pursuant to the Tax Increment
8 for Development Act."

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

11 "[NEW MATERIAL] TRANSFER--LOCAL OPTION FOOD GROSS RECEIPTS
12 TAX.--

13 A. A transfer pursuant to Section 7-1-6.1 NMSA 1978
14 shall be made to each municipality for which the department is
15 collecting a local option municipal food gross receipts tax
16 imposed by that municipality in an amount, subject to any
17 increase or decrease made pursuant to Section 7-1-6.15 NMSA
18 1978, equal to the net receipts attributable to the local
19 option municipal food gross receipts tax imposed by that
20 municipality, less a three percent administrative fee made by
21 the department.

22 B. A transfer pursuant to Section 7-1-6.1 NMSA 1978
23 shall be made to each county for which the department is
24 collecting a local option county food gross receipts tax
25 imposed by that county in an amount, subject to any increase or

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1 decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to
2 the net receipts attributable to the local option county food
3 gross receipts tax imposed by that county, less a three percent
4 administrative fee made by the department."

5 SECTION 12. Section 7-9-4 NMSA 1978 (being Laws 1966,
6 Chapter 47, Section 4, as amended) is amended to read:

7 "7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS
8 "GROSS RECEIPTS TAX".--

9 A. For the privilege of engaging in business, an
10 excise tax equal to five [~~and one-eighth~~] percent of gross
11 receipts is imposed on any person engaging in business in New
12 Mexico.

13 B. The tax imposed by this section shall be
14 referred to as the "gross receipts tax".

15 SECTION 13. Section 7-9-7 NMSA 1978 (being Laws 1966,
16 Chapter 47, Section 7, as amended) is amended to read:

17 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS
18 "COMPENSATING TAX".--

19 A. For the privilege of using tangible property in
20 New Mexico, there is imposed on the person using the property
21 an excise tax equal to five [~~and one-eighth~~] percent of the
22 value of tangible property that was:

23 (1) manufactured by the person using the
24 property in the state;

25 (2) acquired inside or outside of this state

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1 as the result of a transaction with a person located outside
2 this state that would have been subject to the gross receipts
3 tax had the tangible personal property been acquired from a
4 person with nexus with New Mexico; or

5 (3) acquired as the result of a transaction
6 that was not initially subject to the compensating tax imposed
7 by Paragraph (2) of this subsection or the gross receipts tax
8 but which transaction, because of the buyer's subsequent use of
9 the property, should have been subject to the compensating tax
10 imposed by Paragraph (2) of this subsection or the gross
11 receipts tax.

12 B. For the purpose of Subsection A of this section,
13 value of tangible property shall be the adjusted basis of the
14 property for federal income tax purposes determined as of the
15 time of acquisition or introduction into this state or of
16 conversion to use, whichever is later. If no adjusted basis
17 for federal income tax purposes is established for the
18 property, a reasonable value of the property shall be used.

19 C. For the privilege of using services rendered in
20 New Mexico, there is imposed on the person using such services
21 an excise tax equal to five percent of the value of the
22 services at the time they were rendered. The services, to be
23 taxable under this subsection, must have been rendered as the
24 result of a transaction that was not initially subject to the
25 gross receipts tax but which transaction, because of the

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1 buyer's subsequent use of the services, should have been
2 subject to the gross receipts tax.

3 D. The tax imposed by this section shall be
4 referred to as the "compensating tax".

5 SECTION 14. Section 7-19D-18 NMSA 1978 (being Laws 2013,
6 Chapter 160, Section 11) is amended to read:

7 "7-19D-18. MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX.--

8 A. Except as provided in Subsection B of this
9 section, the majority of the members of the governing body of
10 any municipality may impose by ordinance an excise tax not to
11 exceed a rate of three-eighths percent of the gross receipts of
12 any person engaging in business in the municipality for the
13 privilege of engaging in business in the municipality. A tax
14 imposed pursuant to this section shall be imposed by the
15 enactment of one or more ordinances, each imposing any number
16 of gross receipts tax rate increments [~~but the total gross~~
17 ~~receipts tax rate imposed by all ordinances pursuant to this~~
18 ~~section shall not exceed an aggregate rate of three-eighths~~
19 ~~percent of the gross receipts of a person engaging in business.~~
20 ~~Municipalities may impose increments of one-eighth of one~~
21 ~~percent] of one-sixteenth percent.~~

22 [~~B.~~] The tax imposed [~~pursuant to Subsection A of~~]
23 by this section may be referred to as the "municipal hold
24 harmless gross receipts tax". The imposition of a municipal
25 hold harmless gross receipts tax is not subject to referendum.

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1 B. Except as provided in Subsections D and E of
2 this section, if a municipality has or will have in effect a
3 municipal hold harmless gross receipts tax rate of:

4 (1) three-eighths percent on July 1, 2021, the
5 municipality shall repeal a one-eighth percent increment by
6 ordinance to be effective July 1, 2021; and

7 (2) one-fourth percent on July 1, 2022, the
8 municipality shall repeal a one-eighth percent increment by
9 ordinance to be effective July 1, 2022.

10 C. The governing body of a municipality may, at the
11 time of enacting an ordinance imposing the tax authorized [~~in~~
12 ~~Subsection A of~~] by this section, dedicate the revenue for [~~a~~
13 ~~specific purpose or area of municipal government services,~~
14 ~~including but not limited to police protection, fire~~
15 ~~protection, public transportation or street repair and~~
16 ~~maintenance~~] any municipality purpose. If the governing body
17 proposes to dedicate such revenue, the ordinance and any
18 revenue so dedicated shall be used by the municipality for that
19 purpose unless a subsequent ordinance is adopted to change the
20 purpose to which the revenue is dedicated or to place the
21 revenue in the general fund of the municipality.

22 D. Any law that imposes or authorizes the
23 imposition of a municipal hold harmless gross receipts tax or
24 that affects the municipal hold harmless gross receipts tax, or
25 any law supplemental thereto or otherwise appertaining thereto,

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1 shall not be repealed or amended or otherwise directly or
2 indirectly modified in such a manner as to impair adversely any
3 outstanding revenue bonds that may be secured by a pledge of
4 such municipal hold harmless gross receipts tax unless such
5 outstanding revenue bonds have been discharged in full or
6 provision has been fully made therefor.

7 E. If a municipality has principal or interest
8 payment obligations for revenue bonds that are outstanding
9 prior to July 1, 2021 and that are secured by the pledge of all
10 or part of the municipality's revenue from a municipal hold
11 harmless gross receipts tax, the ordinance imposing the
12 municipal hold harmless gross receipts tax shall not be
13 repealed until the outstanding revenue bonds have been
14 discharged in full or provision has been fully made therefor."

15 SECTION 15. Section 7-20E-28 NMSA 1978 (being Laws 2013,
16 Chapter 160, Section 12) is amended to read:

17 "7-20E-28. COUNTY HOLD HARMLESS GROSS RECEIPTS TAX.--

18 A. Except as provided in Subsection B of this
19 section, the majority of the members of the governing body of
20 any county may impose by ordinance an excise tax not to exceed
21 a rate of three-eighths percent of the gross receipts of any
22 person engaging in business in the county for the privilege of
23 engaging in business in the county. A tax imposed pursuant to
24 this section shall be imposed by the enactment of one or more
25 ordinances, each imposing any number of gross receipts tax rate

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1 increments [~~but the total gross receipts tax rate imposed by~~
2 ~~all ordinances pursuant to this section shall not exceed an~~
3 ~~aggregate rate of three-eighths percent of the gross receipts~~
4 ~~of a person engaging in business. Counties may impose~~
5 ~~increments of one-eighth of one percent] of one-sixteenth
6 percent.~~

7 [B.] The tax imposed [~~pursuant to Subsection A of~~
8 by this section may be referred to as the "county hold harmless
9 gross receipts tax". The imposition of a county hold harmless
10 gross receipts tax is not subject to referendum.

11 B. Except as provided in Subsections D and E of
12 this section, if a county has or will have in effect a county
13 hold harmless gross receipts tax rate of:

14 (1) three-eighths percent on July 1, 2021, the
15 county shall repeal a one-eighth percent increment by ordinance
16 to be effective July 1, 2021; and

17 (2) one-fourth percent on July 1, 2022, the
18 county shall repeal a one-eighth percent increment by ordinance
19 to be effective July 1, 2022.

20 C. The governing body of a county may, at the time
21 of enacting an ordinance imposing the tax authorized [~~in~~
22 ~~Subsection A of~~] by this section, dedicate the revenue for [~~a~~
23 ~~specific purpose or area of county government services,~~
24 ~~including but not limited to police protection, fire~~
25 ~~protection, public transportation or street repair and~~

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1 ~~maintenance]~~ any county purpose. If the governing body
2 proposes to dedicate such revenue, the ordinance and any
3 revenue so dedicated shall be used by the county for that
4 purpose unless a subsequent ordinance is adopted to change the
5 purpose to which the revenue is dedicated or to place the
6 revenue in the general fund of the county.

7 D. Any law that imposes or authorizes the
8 imposition of a county hold harmless gross receipts tax or that
9 affects the county hold harmless gross receipts tax, or any law
10 supplemental thereto or otherwise appertaining thereto, shall
11 not be repealed or amended or otherwise directly or indirectly
12 modified in such a manner as to impair adversely any
13 outstanding revenue bonds that may be secured by a pledge of
14 such county hold harmless gross receipts tax unless such
15 outstanding revenue bonds have been discharged in full or
16 provision has been fully made therefor.

17 E. If a county has principal or interest payment
18 obligations for revenue bonds that are outstanding prior to
19 July 1, 2021 and that are secured by the pledge of all or part
20 of the county's revenue from a county hold harmless gross
21 receipts tax, the ordinance imposing the county hold harmless
22 gross receipts tax shall not be repealed until the outstanding
23 revenue bonds have been discharged in full or provision has
24 been fully made therefor."

25 SECTION 16. EFFECTIVE DATE.--The effective date of the

.213799.3

underscored material = new
[bracketed material] = delete

1 provisions of this act is July 1, 2019.

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