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SENATE BILL

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

Ron Griggs

AN ACT

RELATING TO TAXATION; MAKING THE HOLD HARMLESS DISTRIBUTIONS TO LOCAL GOVERNMENTS TO OFFSET CERTAIN FOOD AND HEALTH CARE DEDUCTIONS PERMANENT AT FIFTY PERCENT OF THE DEDUCTIONS CLAIMED.

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

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

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

A. For a municipality that ~~[has not elected to impose]~~ did not have in effect on June 30, 2019 a municipal hold harmless gross receipts tax through an ordinance and that has a population of less than ten thousand according to the

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

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

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

20 B. For a municipality not described in Subsection A
21 of this section, a distribution pursuant to Section 7-1-6.1
22 NMSA 1978 shall be made to the municipality in an amount,
23 subject to any increase or decrease made pursuant to Section
24 7-1-6.15 NMSA 1978, equal to [~~the sum of:~~

25 ~~(1) 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 attributable to the municipality multiplied~~
3 ~~by the sum of the combined rate of all municipal local option~~
4 ~~gross receipts taxes in effect in the municipality on January~~
5 ~~1, 2007 plus one and two hundred twenty-five thousandths~~
6 ~~percent in the following percentages:~~

7 ~~(a) prior to July 1, 2015, one hundred~~
8 ~~percent;~~

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

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

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

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

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

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

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

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

25 ~~(j) on or after July 1, 2023 and prior~~

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1 ~~to July 1, 2024, forty-two percent;~~

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

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

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

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

10 ~~(o) on or after July 1, 2028 and prior~~
11 ~~to July 1, 2029, seven percent; 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 on January~~
17 ~~1, 2007 plus one and two hundred twenty-five thousandths~~
18 ~~percent in the following percentages:~~

19 ~~(a) prior to July 1, 2015, one hundred~~
20 ~~percent;~~

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

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

25 ~~(d) on or after July 1, 2017 and prior~~

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1 ~~to July 1, 2018, eighty-two percent;~~

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

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

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

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

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

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

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

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

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

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

22 ~~(o) on or after July 1, 2028 and prior~~
23 ~~to July 1, 2029, seven percent] fifty percent of the applicable~~
24 ~~maximum distribution for the municipality.~~

25 C. [The] A distribution pursuant to [Subsections A

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

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

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1 ~~E.]~~ D. For the purposes of this section:

2 (1) "business locations attributable to the
3 municipality" means business locations:

4 ~~[(1)]~~ (a) within the municipality;

5 ~~[(2)]~~ (b) on land owned by the state,
6 commonly known as the "state fairgrounds", within the exterior
7 boundaries of the municipality;

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

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

21 (2) "maximum distribution" means:

22 (a) for a municipality that did not have
23 in effect on June 30, 2019 a municipal hold harmless gross
24 receipts tax, the total deductions claimed pursuant to Sections
25 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from

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1 business locations attributable to the municipality multiplied
2 by the sum of the combined rate of all municipal local option
3 gross receipts taxes in effect in the municipality for the
4 month plus one and two hundred twenty-five thousandths percent;
5 and

6 (b) for a municipality not described in
7 Subparagraph (a) of this paragraph, the total deductions
8 claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for
9 the month by taxpayers from business locations attributable to
10 the municipality multiplied by the sum of the combined rate of
11 all municipal local option gross receipts taxes in effect in
12 the municipality on January 1, 2007 plus one and two hundred
13 twenty-five thousandths percent.

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

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

21 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD
22 DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

23 A. For a county that [~~has not elected to impose~~]
24 did not have in effect on June 30, 2019 a county hold harmless
25 gross receipts tax through an ordinance and that has a

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1 population of less than forty-eight thousand according to the
2 most recent federal decennial census, a distribution pursuant
3 to Section 7-1-6.1 NMSA 1978 shall be made to a county in an
4 amount, subject to any increase or decrease made pursuant to
5 Section 7-1-6.15 NMSA 1978, equal to the ~~[sum of:~~

6 ~~(1) the total deductions claimed pursuant to~~
7 ~~Section 7-9-92 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;~~

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

18 ~~(3) the total deductions claimed pursuant to~~
19 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~
20 ~~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 ~~(4) the total deductions claimed pursuant to~~
25 ~~Section 7-9-93 NMSA 1978 for the month by taxpayers from~~

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1 ~~business locations in the county but not within a municipality~~
2 ~~multiplied by the combined rate of all county local option~~
3 ~~gross receipts taxes in effect for the month that are imposed~~
4 ~~in the county area not within a municipality] applicable~~
5 maximum distribution for the county.

6 B. For a county not described in Subsection A of
7 this section, a distribution pursuant to Section 7-1-6.1 NMSA
8 1978 shall be made to the county in an amount, subject to any
9 increase or decrease made pursuant to Section 7-1-6.15 NMSA
10 1978, equal to ~~[the sum of:~~

11 ~~(1) the total deductions claimed pursuant to~~
12 ~~Section 7-9-92 NMSA 1978 for the month by taxpayers from~~
13 ~~business locations within a municipality in the county~~
14 ~~multiplied by the combined rate of all county local option~~
15 ~~gross receipts taxes in effect on January 1, 2007 that are~~
16 ~~imposed throughout the county 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) on or after July 1, 2019 and prior~~
3 ~~to July 1, 2020, seventy percent;~~

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

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

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

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

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

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

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

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

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

22 ~~(2) the total deductions claimed pursuant to~~
23 ~~Section 7-9-92 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 on January 1, 2007 that are~~
2 ~~imposed in the county area not within a municipality in the~~
3 ~~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 ~~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; and~~

20 ~~(4) the total deductions claimed pursuant to~~
21 ~~Section 7-9-93 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 ~~distribution made pursuant to this section, then the amount~~
2 ~~distributed pursuant to this section to that county shall be~~
3 ~~increased by an amount sufficient to meet the required payment;~~
4 ~~provided that the total amount distributed to that county~~
5 ~~pursuant to this section does not exceed the amount that would~~
6 ~~have been due that county pursuant to this section as it was in~~
7 ~~effect on June 30, 2013.~~

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

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

15 (1) for a county that did not have in effect
16 on June 30, 2019 a county hold harmless gross receipts tax and
17 that has a population of less than forty-eight thousand
18 according to the most recent federal decennial census, the sum
19 of:

20 (a) the total deductions claimed
21 pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month
22 by taxpayers from business locations within a municipality in
23 the county multiplied by the combined rate of all county local
24 option gross receipts taxes in effect for the month that are
25 imposed throughout the county; and

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