

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 547

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
AMENDING INCOME TAX BRACKETS PURSUANT TO THE INCOME TAX ACT;
PROVIDING FOR THE INDEXING OF MODIFIED GROSS INCOME FOR
PURPOSES OF DETERMINING THE AMOUNT OF THE LOW-INCOME
COMPREHENSIVE TAX REBATE; EXTENDING THE SUNSET DATE FOR AN
INCOME TAX EXEMPTION FOR ARMED FORCES RETIREMENT PAY; AMENDING
PROVISIONS OF THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT;
INCREASING AND INDEXING THE AMOUNT OF THE CHILD INCOME TAX
CREDIT FOR CERTAIN TAXPAYERS; LIMITING THE CAPITAL GAINS
DEDUCTION FROM NET INCOME; PROVIDING ADDITIONAL 2021 INCOME TAX
REBATES; CREATING THE ELECTRIC VEHICLE INCOME TAX CREDIT;
CREATING THE ELECTRIC VEHICLE CHARGING UNIT INCOME TAX CREDIT;
CREATING THE ENERGY STORAGE SYSTEM INCOME TAX CREDIT; CREATING
A FLAT CORPORATE INCOME TAX RATE; REQUIRING ALL BUSINESS INCOME
TO BE APPORTIONED BY THE SINGLE SALES FACTOR; PROVIDING A

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1 TEMPORARY EXCEPTION TO THE NEW APPORTIONMENT REQUIREMENTS;
2 REDUCING THE RATES OF THE GROSS RECEIPTS TAX AND THE
3 COMPENSATING TAX; CREATING GROSS RECEIPTS TAX DEDUCTIONS FOR
4 THE SALE OF CHILD CARE ASSISTANCE THROUGH A LICENSED CHILD CARE
5 ASSISTANCE PROGRAM AND PRE-KINDERGARTEN SERVICES BY FOR-PROFIT
6 PRE-KINDERGARTEN PROVIDERS; CREATING A GROSS RECEIPTS TAX
7 DEDUCTION FOR ENVIRONMENTAL MODIFICATION SERVICES MADE TO THE
8 HOMES OF MEDICAID RECIPIENTS; AMENDING THE INDUSTRIAL REVENUE
9 BOND ACT AND THE COUNTY INDUSTRIAL REVENUE BOND ACT TO INCLUDE
10 CERTAIN ELECTRIC ENERGY STORAGE FACILITIES AS ELIGIBLE
11 PROJECTS; REQUIRING MUNICIPALITIES AND COUNTIES THAT ACQUIRE
12 ENERGY STORAGE FACILITY PROJECTS TO PROVIDE PAYMENT-IN-LIEU-OF
13 TAXES PAYMENTS TO SCHOOL DISTRICTS; AMENDING DISTRIBUTIONS OF
14 THE MOTOR VEHICLE EXCISE TAX; INCREASING THE LIQUOR EXCISE TAX
15 RATE ON CERTAIN ALCOHOLIC BEVERAGES; DISTRIBUTING A PORTION OF
16 THE REVENUE FROM THE LIQUOR EXCISE TAX TO A NEW ALCOHOL HARMS
17 ALLEVIATION FUND; INCREASING THE TOBACCO PRODUCTS TAX ON
18 CIGARS.

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

21 SECTION 1. Section 3-32-1 NMSA 1978 (being Laws 1965,
22 Chapter 300, Section 14-31-1, as amended) is amended to read:

23 "3-32-1. INDUSTRIAL REVENUE BOND ACT--DEFINITIONS.--

24 Wherever used in the Industrial Revenue Bond Act unless a
25 different meaning clearly appears in the context, the following

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1 terms whether used in the singular or plural shall be given the
2 following respective interpretations:

3 A. "municipality" means a city, town or village in
4 New Mexico;

5 B. "project" means any land and building or other
6 improvements thereon, the acquisition by or for a New Mexico
7 corporation of the assets or stock of an existing business or
8 corporation located outside the state to be relocated within or
9 near the municipality in the state and all real and personal
10 properties deemed necessary in connection therewith, whether or
11 not now in existence, which shall be suitable for use by the
12 following or by any combination of two or more thereof:

13 (1) an industry for the manufacturing,
14 processing or assembling of agricultural or manufactured
15 products;

16 (2) a commercial enterprise in storing,
17 warehousing, distributing or selling products of agriculture,
18 mining or industry but does not include a facility designed for
19 the sale of goods or commodities at retail or distribution to
20 the public of electricity, gas, water or telephone or other
21 services commonly classified as public utilities;

22 (3) a business in which all or part of the
23 activities of the business involve the supplying of services to
24 the general public or to governmental agencies or to a specific
25 industry or customer but does not include an establishment

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1 primarily engaged in the sale of goods or commodities at
2 retail;

3 (4) a water distribution or irrigation system,
4 including without limitation, pumps, distribution lines,
5 transmission lines, towers, dams and similar facilities and
6 equipment, designed to provide water to a vineyard or winery;

7 (5) an electric generation or transmission
8 facility, other than one for which both location approval and a
9 certificate of convenience and necessity are required prior to
10 commencing construction or operation of the facility, pursuant
11 to the Public Utility Act; [~~and~~]

12 (6) an energy storage facility, which is a
13 facility that uses mechanical, chemical, thermal, kinetic or
14 other processes to store energy from a zero carbon emission
15 resource for release at a later time; and

16 [~~(6)~~] (7) a 501(c)(3) corporation;

17 C. "governing body" means the board or body in
18 which the legislative powers of the municipality are vested;

19 D. "property" means any land, improvements thereon,
20 buildings and any improvements thereto, machinery and equipment
21 of any and all kinds necessary to the project, operating
22 capital and any other personal properties deemed necessary in
23 connection with the project;

24 E. "mortgage" means a mortgage or a mortgage and
25 deed of trust or the pledge and hypothecation of any assets as

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1 collateral security;

2 F. "health care service" means the diagnosis or
3 treatment of sick or injured persons or medical research and
4 includes the ownership, operation, maintenance, leasing and
5 disposition of health care facilities such as hospitals,
6 clinics, laboratories, x-ray centers and pharmacies and, for
7 any small municipality only, office facilities for physicians;

8 G. "refinance a hospital or 501(c)(3) corporation
9 project" means the issuance of bonds by a municipality and the
10 use of all or substantially all of the proceeds to liquidate
11 any obligations previously incurred to finance or aid in
12 financing a project of a nonprofit corporation engaged in
13 health care services, including nursing homes, or of a
14 501(c)(3) corporation, which would constitute a project under
15 the Industrial Revenue Bond Act had it been originally
16 undertaken and financed by a municipality pursuant to the
17 Industrial Revenue Bond Act; and

18 H. "501(c)(3) corporation" means a corporation that
19 demonstrates to the taxation and revenue department that it has
20 been granted exemption from the federal income tax as an
21 organization described in Section 501(c)(3) of the Internal
22 Revenue Code of 1986, as amended or renumbered."

23 **SECTION 2.** Section 3-32-6 NMSA 1978 (being Laws 1965,
24 Chapter 300, Section 14-31-3, as amended) is amended to read:

25 "3-32-6. ADDITIONAL POWERS CONFERRED ON MUNICIPALITIES.--

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1 In addition to any other powers that it may now have, a
2 municipality shall have the following powers:

3 A. to acquire, whether by construction, purchase,
4 gift or lease, one or more projects that shall be located
5 within this state and may be located within or without the
6 municipality or partially within or partially without the
7 municipality, but which shall not be located more than fifteen
8 miles outside of the corporate limits of the municipality;
9 provided that:

10 (1) urban transit buses qualifying as a
11 project pursuant to Subsection B of Section 3-32-3 NMSA 1978
12 need not be continuously located within this state, but the
13 commercial enterprise using the urban transit buses for leasing
14 shall meet the location requirement of this subsection; and

15 (2) a municipality shall not acquire any
16 electricity generation, ~~[or]~~ transmission or energy storage
17 facility project unless the school districts within the
18 municipality in which the project is located receive annual in-
19 lieu tax payments; provided that the annual in-lieu tax
20 payments required by this paragraph shall be:

21 (a) payable to the school districts for
22 the period the municipality owns and leases the project;

23 (b) in an aggregate amount equal to the
24 amount received by the municipality multiplied by the
25 percentage determined by dividing the average of the operating,

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1 capital improvement and bond mills imposed by the school
2 districts in the municipality and state debt service mills as
3 of the date of issuance of the bonds by the average of the
4 mills imposed by all entities levying taxes on property in the
5 municipality as of such date;

6 (c) shared among the school districts
7 located within the municipality equally, if there is more than
8 one school district in such municipality; and

9 (d) not be less than the amount due to
10 the school districts in the tax year immediately preceding the
11 issuance of the bonds from the property included in a project,
12 had such project not been created;

13 B. to sell or lease or otherwise dispose of any or
14 all of its projects upon such terms and conditions as the
15 governing body may deem advisable and as shall not conflict
16 with the provisions of the Industrial Revenue Bond Act;

17 C. to issue revenue bonds for the purpose of
18 defraying the cost of acquiring by construction and purchase,
19 or either, any project and to secure the payment of such bonds,
20 all as provided in the Industrial Revenue Bond Act. No
21 municipality shall have the power to operate any project as a
22 business or in any manner except as lessor;

23 D. to refinance one or more hospital or 501(c)(3)
24 corporation projects and to acquire any such hospital or
25 501(c)(3) corporation project whether by construction,

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1 purchase, gift or lease, which hospital or 501(c)(3)
2 corporation project shall be located within this state and may
3 be located within or without the municipality or partially
4 within or partially without the municipality, but which shall
5 not be located more than fifteen miles outside of the corporate
6 limits of the municipality, and to issue revenue bonds to
7 refinance and acquire a hospital or 501(c)(3) corporation
8 project and to secure the payment of such bonds, all as
9 provided in the Industrial Revenue Bond Act. A municipality
10 shall not have the power to operate a hospital or 501(c)(3)
11 corporation project as a business or in any manner except as
12 lessor; and

13 E. to refinance one or more projects of any private
14 institution of higher education and to acquire any such
15 project, whether by construction, purchase, gift or lease;
16 provided that the project shall be located within this state
17 and may be located within or without the municipality or
18 partially within or partially without the municipality, but the
19 project shall not be located more than fifteen miles outside of
20 the corporate limits of the municipality, and to issue revenue
21 bonds to refinance and acquire any project of any private
22 institution of higher education and to secure the payment of
23 such bonds. A municipality shall not have the power to operate
24 a project of a private institution of higher education as a
25 business or in any manner except as lessor."

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1 SECTION 3. Section 4-59-2 NMSA 1978 (being Laws 1975,
2 Chapter 286, Section 2, as amended) is amended to read:

3 "4-59-2. DEFINITIONS.--As used in the County Industrial
4 Revenue Bond Act, unless the context clearly indicates
5 otherwise:

6 A. "commission" means the governing body of a
7 county;

8 B. "county" means a county organized or
9 incorporated in New Mexico;

10 C. "501(c)(3) corporation" means a corporation that
11 demonstrates to the taxation and revenue department that it has
12 been granted exemption from the federal income tax as an
13 organization described in Section 501(c)(3) of the Internal
14 Revenue Code of 1986, as amended or renumbered;

15 D. "health care service" means the diagnosis or
16 treatment of sick or injured persons or medical research and
17 includes the ownership, operation, maintenance, leasing and
18 disposition of health care facilities, such as hospitals,
19 clinics, laboratories, x-ray centers and pharmacies;

20 E. "mortgage" means a mortgage or a mortgage and
21 deed of trust or the pledge and hypothecation of any assets as
22 collateral security;

23 F. "project" means any land and building or other
24 improvements thereon, the acquisition by or for a New Mexico
25 corporation of the assets or stock of an existing business or

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1 corporation located outside the state to be relocated within a
2 county but, except as provided in Paragraph (1) of Subsection A
3 of Section 4-59-4 NMSA 1978, not within the boundaries of any
4 incorporated municipality in the state, and all real and
5 personal properties deemed necessary in connection therewith,
6 whether or not now in existence, that shall be suitable for use
7 by the following or by any combination of two or more thereof:

8 (1) an industry for the manufacturing,
9 processing or assembling of agricultural or manufactured
10 products;

11 (2) a commercial enterprise that has received
12 a permit from the energy, minerals and natural resources
13 department for a mine that has not been in operation prior to
14 the issuance of bonds for the project for which the enterprise
15 will be involved;

16 (3) a commercial enterprise that has received
17 any necessary state permit for a refinery, treatment plant or
18 processing plant of energy products that was not in operation
19 prior to the issuance of bonds for the project for which the
20 enterprise will be involved;

21 (4) a commercial enterprise in storing,
22 warehousing, distributing or selling products of agriculture,
23 mining or industry, but does not include a facility designed
24 for the sale or distribution to the public of electricity, gas,
25 telephone or other services commonly classified as public

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1 utilities, except for:

2 (a) water utilities; [~~and~~]

3 (b) [~~any~~] an electric generation or
4 transmission facility, other than one for which both location
5 approval and a certificate of convenience and necessity are
6 required prior to commencing construction or operation of the
7 facility, pursuant to the Public Utility Act; and

8 (c) an energy storage facility, which is
9 a facility that uses mechanical, chemical, thermal, kinetic or
10 other processes to store energy from a zero carbon emission
11 resource for release at a later time;

12 (5) a business in which all or part of the
13 activities of the business involve the supplying of services to
14 the general public or to governmental agencies or to a specific
15 industry or customer;

16 (6) a nonprofit corporation engaged in health
17 care services;

18 (7) a mass transit or other transportation
19 activity involving the movement of passengers, an industrial
20 park, an office headquarters and a research facility;

21 (8) a water distribution or irrigation system,
22 including without limitation, pumps, distribution lines,
23 transmission lines, towers, dams and similar facilities and
24 equipment; and

25 (9) a 501(c)(3) corporation; and

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1 G. "property" means any land, improvements thereon,
2 buildings and any improvements thereto, machinery and equipment
3 of any and all kinds necessary to the project, operating
4 capital and any other personal properties deemed necessary in
5 connection with the project."

6 SECTION 4. Section 4-59-4 NMSA 1978 (being Laws 1975,
7 Chapter 286, Section 4, as amended) is amended to read:

8 "4-59-4. ADDITIONAL POWERS CONFERRED ON COUNTIES.--In
9 addition to any other powers that it may now have, each county
10 shall have the following powers:

11 A. to acquire, whether by construction, purchase,
12 gift or lease, one or more projects, which shall be located
13 within this state and shall be located within the county
14 outside the boundaries of any incorporated municipality;
15 provided, however, that:

16 (1) a class A county with a population of more
17 than three hundred thousand may acquire projects located
18 anywhere in the county; and

19 (2) a county shall not acquire any electricity
20 generation, [~~or~~] transmission or energy storage facility
21 project unless the school districts within the county in which
22 the project is located receive annual in-lieu tax payments;
23 provided that the annual in-lieu tax payments required by this
24 paragraph shall be:

25 (a) payable to the school districts for

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1 the period the county owns and leases the project;

2 (b) in an aggregate amount equal to the
3 amount received by the county multiplied by the percentage
4 determined by dividing the average of the operating, capital
5 improvement and bond mills imposed by the school districts in
6 the county and state debt service mills as of the date of
7 issuance of the bonds by the average of the mills imposed by
8 all entities levying taxes on property in the county as of such
9 date;

10 (c) shared among the school districts
11 located within the county equally; and

12 (d) not be less than the amount due to
13 the school districts in the tax year immediately preceding the
14 issuance of the bonds from the property included in a project,
15 had such project not been created;

16 B. to sell or lease or otherwise dispose of any or
17 all of its projects upon such terms and conditions as the
18 commission may deem advisable and as shall not conflict with
19 the provisions of the County Industrial Revenue Bond Act; and

20 C. to issue revenue bonds for the purpose of
21 defraying the cost of acquiring, by construction and purchase
22 or either, any project and to secure the payment of such bonds,
23 all as provided in the County Industrial Revenue Bond Act. No
24 county shall have the power to operate any project as a
25 business or in any manner except as lessor thereof."

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1 SECTION 5. Section 7-1-6.40 NMSA 1978 (being Laws 1997,
2 Chapter 182, Section 1, as amended) is amended to read:

3 "7-1-6.40. DISTRIBUTION OF LIQUOR EXCISE TAX--LOCAL DWI
4 GRANT FUND--CERTAIN MUNICIPALITIES--DRUG COURT FUND--ALCOHOL
5 HARMS ALLEVIATION FUND.--

6 A. A distribution pursuant to Section 7-1-6.1 NMSA
7 1978 in an amount equal to [~~forty-five~~] thirty-seven and one-
8 fourth percent of the net receipts attributable to the liquor
9 excise tax shall be made to the local DWI grant fund.

10 B. A distribution pursuant to Section 7-1-6.1 NMSA
11 1978 of [~~twenty thousand seven hundred fifty dollars (\$20,750)~~
12 ~~monthly from~~] one-half percent of the net receipts attributable
13 to the liquor excise tax shall be made to a municipality that
14 is located in a class A county and that has a population
15 according to the most recent federal decennial census of more
16 than thirty thousand but less than sixty thousand and shall be
17 used by the municipality only for the provision of alcohol
18 treatment and rehabilitation services for street inebriates.

19 C. [~~Beginning July 1, 2019~~] A distribution pursuant
20 to Section 7-1-6.1 NMSA 1978 in an amount equal to [~~five~~] four
21 and one-fourth percent of the net receipts attributable to the
22 liquor excise tax shall be made to the drug court fund.

23 D. A distribution pursuant to Section 7-1-6.1 NMSA
24 1978 in an amount equal to fifty-eight percent of the net
25 receipts attributable to the liquor excise tax shall be made to

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1 the alcohol harms alleviation fund."

2 SECTION 6. Section 7-2-5.13 NMSA 1978 (being Laws 2022,
3 Chapter 47, Section 6) is amended to read:

4 "7-2-5.13. EXEMPTION--ARMED FORCES RETIREMENT PAY.--

5 A. An individual who is an armed forces retiree may
6 claim an exemption in the following amounts of military
7 retirement pay includable, except for this exemption, in net
8 income:

9 (1) for taxable year 2022, ten thousand
10 dollars (\$10,000);

11 (2) for taxable year 2023, twenty thousand
12 dollars (\$20,000); and

13 (3) for taxable years 2024 through [2026]
14 2031, thirty thousand dollars (\$30,000).

15 B. As used in this section, "armed forces retiree"
16 means a former member of the armed forces of the United States
17 who has qualified by years of service or disability to separate
18 from military service with lifetime benefits."

19 SECTION 7. Section 7-2-7 NMSA 1978 (being Laws 2005,
20 Chapter 104, Section 4, as amended) is amended to read:

21 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
22 Section 7-2-3 NMSA 1978 shall be at the following rates for any
23 taxable year beginning on or after January 1, [2021] 2024:

24 [~~A. For married individuals filing separate~~
25 ~~returns:~~

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If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of excess over \$4,000
Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess over \$8,000
Over \$12,000 but not over \$157,500	\$384 plus 4.9% of excess over \$12,000
Over \$157,500	\$7,513.50 plus 5.9% of excess over \$157,500.

~~B. For heads of household, surviving spouses and married individuals filing joint returns:~~

If the taxable income is:	The tax shall be:
Not over \$8,000	1.7% of taxable income
Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess over \$8,000
Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess over \$16,000
Over \$24,000 but not over \$315,000	\$768 plus 4.9% of excess over \$24,000
Over \$315,000	\$15,027 plus 5.9% of excess over \$315,000.

~~C. For single individuals and for estates and trusts:~~

If the taxable income is:	The tax shall be:
--------------------------------------	------------------------------

1	Not over \$5,500	1.7% of taxable income
2	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
3		excess over \$5,500
4	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
5		excess over \$11,000
6	Over \$16,000 but not over \$210,000	\$504.50 plus 4.9% of
7		excess over \$16,000
8	Over \$210,000	\$10,010.50 plus 5.9% of
9		excess over \$210,000.]

10 A. For married individuals filing joint returns,
 11 heads of household and surviving spouses:

12 For taxable income: The tax shall be:

13	<u>Not over \$8,000</u>	<u>1.5% of taxable income</u>
14	<u>Over \$8,000 but not over \$25,000</u>	<u>\$120 plus 3.2% of excess</u>
15		<u>over \$8,000</u>
16	<u>Over \$25,000 but not over \$50,000</u>	<u>\$664 plus 4.3% of excess</u>
17		<u>over \$25,000</u>
18	<u>Over \$50,000 but not over \$100,000</u>	<u>\$1,739 plus 4.7% of</u>
19		<u>excess over \$50,000</u>
20	<u>Over \$100,000 but not over \$200,000</u>	<u>\$4,089 plus 4.9% of</u>
21		<u>excess over \$100,000</u>
22	<u>Over \$200,000 but not over \$500,000</u>	<u>\$8,989 plus 6.5% of</u>
23		<u>excess over \$200,000</u>
24	<u>Over \$500,000</u>	<u>\$28,489 plus 6.9% of</u>
25		<u>excess over \$500,000.</u>

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B. For single individuals and for estates and trusts:

<u>For taxable income:</u>	<u>The tax shall be:</u>
<u>Not over \$5,500</u>	<u>1.5% of taxable income</u>
<u>Over \$5,500 but not over \$16,500</u>	<u>\$82.50 plus 3.2% of excess over \$5,500</u>
<u>Over \$16,500 but not over \$33,500</u>	<u>\$434.50 plus 4.3% of excess over \$16,500</u>
<u>Over \$33,500 but not over \$66,500</u>	<u>\$1,165.50 plus 4.7% of excess over \$33,500</u>
<u>Over \$66,500 but not over \$133,500</u>	<u>\$2,716.50 plus 4.9% of excess over \$66,500</u>
<u>Over \$133,500 but not over \$333,500</u>	<u>\$5,999.50 plus 6.5% of excess over \$133,500</u>
<u>Over \$333,500</u>	<u>\$18,999.50 plus 6.9% of excess over \$333,500.</u>

C. For married individuals filing separate returns:

<u>For taxable income:</u>	<u>The tax shall be:</u>
<u>Not over \$4,000</u>	<u>1.5% of taxable income</u>
<u>Over \$4,000 but not over \$12,500</u>	<u>\$60.00 plus 3.2% of excess over \$4,000</u>
<u>Over \$12,500 but not over \$25,000</u>	<u>\$332 plus 4.3% of excess over \$12,500</u>
<u>Over \$25,000 but not over \$50,000</u>	<u>\$869.50 plus 4.7% of excess over \$25,000</u>

1	<u>Over \$50,000 but not over \$100,000</u>	<u>\$2,044.50 plus 4.9% of</u>
2		<u>excess over \$50,000</u>
3	<u>Over \$100,000 but not over \$250,000</u>	<u>\$4,494.50 plus 6.5% of</u>
4		<u>excess over \$100,000</u>
5	<u>Over \$250,000</u>	<u>\$14,244.50 plus 6.9% of</u>
6		<u>excess over \$250,000.</u>

7 D. The tax on the sum of any lump-sum amounts
 8 included in net income is an amount equal to five multiplied by
 9 the difference between:

- 10 (1) the amount of tax due on the taxpayer's
- 11 taxable income; and
- 12 (2) the amount of tax that would be due on an
- 13 amount equal to the taxpayer's taxable income and twenty
- 14 percent of the taxpayer's lump-sum amounts included in net
- 15 income."

16 SECTION 8. Section 7-2-14 NMSA 1978 (being Laws 1972,
 17 Chapter 20, Section 2, as amended) is amended to read:

18 "7-2-14. LOW-INCOME COMPREHENSIVE TAX REBATE.--

19 A. Except as otherwise provided in Subsection B of
 20 this section, any resident who files an individual New Mexico
 21 income tax return and who is not a dependent of another
 22 individual may claim a tax rebate for a portion of state and
 23 local taxes to which the resident has been subject during the
 24 taxable year for which the return is filed. The tax rebate may
 25 be claimed even though the resident has no income taxable under

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1 the Income Tax Act. Married individuals who file separate
2 returns for a taxable year in which they could have filed a
3 joint return may each claim only one-half of the tax rebate
4 that would have been allowed on a joint return.

5 B. No claim for the tax rebate provided in this
6 section shall be filed by a resident who was an inmate of a
7 public institution for more than six months during the taxable
8 year for which the tax rebate could be claimed or who was not
9 physically present in New Mexico for at least six months during
10 the taxable year for which the tax rebate could be claimed.

11 C. For the purposes of this section, the total
12 number of exemptions for which a tax rebate may be claimed or
13 allowed is determined by adding the number of federal
14 exemptions allowable for federal income tax purposes for each
15 individual included in the return who is domiciled in New
16 Mexico plus two additional exemptions for each individual
17 domiciled in New Mexico included in the return who is sixty-
18 five years of age or older plus one additional exemption for
19 each individual domiciled in New Mexico included in the return
20 who, for federal income tax purposes, is blind plus one
21 exemption for each minor child or stepchild of the resident who
22 would be a dependent for federal income tax purposes if the
23 public assistance contributing to the support of the child or
24 stepchild was considered to have been contributed by the
25 resident.

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1 D. Except as provided in [~~Subsection F~~] Subsections
 2 F and G of this section, the tax rebate provided for in this
 3 section may be claimed in the amount shown in the following
 4 table:

5	Modified gross								And the total number
6	income is:								of exemptions is:
7		But Not						6 or	
8	Over	Over	1	2	3	4	5	More	
9	[\$ 0	\$ 1,000	\$ 195	\$ 260	\$ 325	\$ 390	\$ 455	\$ 520	
10	1,000	1,500	220	315	405	505	570	675	
11	1,500	2,500	220	315	405	505	570	705	
12	2,500	7,500	220	315	405	505	570	730	
13	7,500	8,000	205	310	390	495	575	730	
14	8,000	9,000	185	285	375	480	575	700	
15	9,000	10,000	170	250	340	425	510	665	
16	10,000	11,500	145	210	275	360	445	600	
17	11,500	13,000	130	185	235	295	365	480	
18	13,000	14,500	115	170	220	275	315	390	
19	14,500	16,500	105	155	185	235	285	335	
20	16,500	18,000	100	130	165	210	250	300	
21	18,000	19,500	90	115	145	180	220	260	
22	19,500	21,000	80	105	140	165	185	230	
23	21,000	23,000	80	105	140	165	185	230	
24	23,000	24,500	75	100	120	145	170	195	
25	24,500	26,000	65	90	115	140	155	180	

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1	26,000	27,500	55	80	105	130	140	170
2	27,500	29,500	50	75	100	115	130	155
3	29,500	31,000	40	55	80	100	115	130
4	31,000	32,500	35	50	65	80	100	105
5	32,500	34,000	25	40	50	65	80	90
6	34,000	36,000	15	35	40	55	65	75]
7	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 210</u>	<u>\$ 280</u>	<u>\$ 350</u>	<u>\$ 420</u>	<u>\$ 490</u>	<u>\$ 560</u>
8	<u>1,000</u>	<u>1,500</u>	<u>240</u>	<u>340</u>	<u>435</u>	<u>545</u>	<u>615</u>	<u>730</u>
9	<u>1,500</u>	<u>2,500</u>	<u>240</u>	<u>340</u>	<u>435</u>	<u>545</u>	<u>615</u>	<u>760</u>
10	<u>2,500</u>	<u>8,000</u>	<u>240</u>	<u>340</u>	<u>435</u>	<u>545</u>	<u>615</u>	<u>790</u>
11	<u>8,000</u>	<u>8,500</u>	<u>220</u>	<u>335</u>	<u>420</u>	<u>535</u>	<u>620</u>	<u>790</u>
12	<u>8,500</u>	<u>9,500</u>	<u>200</u>	<u>310</u>	<u>405</u>	<u>520</u>	<u>620</u>	<u>755</u>
13	<u>9,500</u>	<u>11,000</u>	<u>185</u>	<u>270</u>	<u>365</u>	<u>460</u>	<u>550</u>	<u>720</u>
14	<u>11,000</u>	<u>12,500</u>	<u>155</u>	<u>225</u>	<u>295</u>	<u>390</u>	<u>480</u>	<u>650</u>
15	<u>12,500</u>	<u>14,000</u>	<u>140</u>	<u>200</u>	<u>255</u>	<u>320</u>	<u>395</u>	<u>520</u>
16	<u>14,000</u>	<u>15,500</u>	<u>125</u>	<u>185</u>	<u>240</u>	<u>295</u>	<u>340</u>	<u>420</u>
17	<u>15,500</u>	<u>18,000</u>	<u>115</u>	<u>165</u>	<u>200</u>	<u>255</u>	<u>310</u>	<u>360</u>
18	<u>18,000</u>	<u>19,500</u>	<u>110</u>	<u>140</u>	<u>180</u>	<u>225</u>	<u>270</u>	<u>325</u>
19	<u>19,500</u>	<u>21,000</u>	<u>95</u>	<u>125</u>	<u>155</u>	<u>195</u>	<u>240</u>	<u>280</u>
20	<u>21,000</u>	<u>22,500</u>	<u>85</u>	<u>115</u>	<u>150</u>	<u>180</u>	<u>200</u>	<u>250</u>
21	<u>22,500</u>	<u>25,000</u>	<u>85</u>	<u>115</u>	<u>150</u>	<u>180</u>	<u>200</u>	<u>250</u>
22	<u>25,000</u>	<u>26,500</u>	<u>80</u>	<u>110</u>	<u>130</u>	<u>155</u>	<u>185</u>	<u>210</u>
23	<u>26,500</u>	<u>28,000</u>	<u>70</u>	<u>95</u>	<u>125</u>	<u>150</u>	<u>165</u>	<u>195</u>
24	<u>28,000</u>	<u>29,500</u>	<u>60</u>	<u>85</u>	<u>115</u>	<u>140</u>	<u>150</u>	<u>185</u>
25	<u>29,500</u>	<u>32,000</u>	<u>55</u>	<u>80</u>	<u>110</u>	<u>125</u>	<u>140</u>	<u>165</u>

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1	<u>32,000</u>	<u>33,500</u>	<u>45</u>	<u>60</u>	<u>85</u>	<u>110</u>	<u>125</u>	<u>140</u>
2	<u>33,500</u>	<u>35,000</u>	<u>40</u>	<u>55</u>	<u>70</u>	<u>85</u>	<u>110</u>	<u>115</u>
3	<u>35,000</u>	<u>36,500</u>	<u>25</u>	<u>45</u>	<u>55</u>	<u>70</u>	<u>85</u>	<u>95</u>
4	<u>36,500</u>	<u>39,000</u>	<u>15</u>	<u>40</u>	<u>45</u>	<u>60</u>	<u>70</u>	<u>80.</u>

5 E. If a taxpayer's modified gross income is zero,
6 the taxpayer may claim a credit in the amount shown in the
7 first row of the table appropriate for the taxpayer's number of
8 exemptions as adjusted by the provisions of Subsection F of
9 this section.

10 F. For the [~~2022~~] 2024 taxable year and each
11 subsequent taxable year, the amount of rebate shown in the
12 table in Subsection D of this section shall be adjusted to
13 account for inflation. The department shall make the
14 adjustment by multiplying each amount of rebate by a fraction,
15 the numerator of which is the consumer price index ending
16 during the prior taxable year and the denominator of which is
17 the consumer price index ending in tax year [~~2021~~] 2022. The
18 result of the multiplication shall be rounded down to the
19 nearest one dollar (\$1.00), except that if the result would be
20 an amount less than the corresponding amount for the preceding
21 taxable year, then no adjustment shall be made.

22 G. For the 2024 taxable year and each subsequent
23 taxable year, the amount of modified gross income shown in the
24 table in Subsection D of this section shall be adjusted to
25 account for inflation. The department shall make the

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underscoring material = new
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1 adjustment by multiplying each amount of modified gross income
2 by a fraction, the numerator of which is the consumer price
3 index ending during the prior taxable year and the denominator
4 of which is the consumer price index ending in tax year 2022.
5 The result of the multiplication shall be rounded down to the
6 nearest one hundred dollars (\$100), except that if the result
7 would be an amount less than the corresponding amount for the
8 preceding taxable year, then no adjustment shall be made.

9 ~~[G.]~~ H. The tax rebates provided for in this
10 section may be deducted from the taxpayer's New Mexico income
11 tax liability for the taxable year. If the tax rebates exceed
12 the taxpayer's income tax liability, the excess shall be
13 refunded to the taxpayer.

14 ~~[H.]~~ I. For purposes of this section:

15 (1) "consumer price index" means the consumer
16 price index for all urban consumers published by the United
17 States department of labor for the month ending September 30;
18 and

19 (2) "dependent" means "dependent" as defined
20 by Section 152 of the Internal Revenue Code of 1986, as that
21 section may be amended or renumbered, but also includes any
22 minor child or stepchild of the resident who would be a
23 dependent for federal income tax purposes if the public
24 assistance contributing to the support of the child or
25 stepchild was considered to have been contributed by the

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1 resident."

2 SECTION 9. Section 7-2-18.22 NMSA 1978 (being Laws 2007,
3 Chapter 361, Section 2) is amended to read:

4 "7-2-18.22. [~~TAX CREDIT~~] RURAL HEALTH CARE PRACTITIONER
5 TAX CREDIT.--

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

14 B. The rural health care practitioner tax credit
15 may be claimed and allowed in an amount that shall not exceed:

16 (1) five thousand dollars (\$5,000) for [~~all~~]
17 eligible health care practitioners who are physicians,
18 osteopathic physicians, dentists, clinical psychologists,
19 podiatrists and optometrists who qualify pursuant to the
20 provisions of this section [~~except the credit shall not~~
21 ~~exceed~~]; and

22 (2) three thousand dollars (\$3,000) for [~~all~~]
23 eligible health care practitioners who are pharmacists, dental
24 hygienists, physician assistants, [~~certified nurse-midwives~~]
25 certified registered nurse anesthetists, certified nurse

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1 practitioners, ~~and~~ clinical nurse specialists, registered
2 nurses, midwives, licensed clinical social workers, licensed
3 independent social workers, professional mental health
4 counselors, professional clinical mental health counselors,
5 marriage and family therapists, professional art therapists,
6 alcohol and drug abuse counselors and physical therapists who
7 qualify pursuant to the provisions of this section.

8 C. To qualify for the rural health care
9 practitioner tax credit, an eligible health care practitioner
10 shall have provided health care during ~~[a]~~ the taxable year for
11 which the credit is claimed for at least ~~[two thousand eighty]~~
12 one thousand five hundred eighty-four hours at a practice site
13 located in an approved rural health care underserved area. An
14 eligible rural health care practitioner who provided health
15 care services for at least ~~[one thousand forty]~~ seven hundred
16 ninety-two hours but less than ~~[two thousand eighty]~~ one
17 thousand five hundred eighty-four hours at a practice site
18 located in an approved rural health care underserved area
19 during ~~[a]~~ the taxable year for which the credit is claimed is
20 eligible for one-half of the credit amount.

21 D. Before an eligible health care practitioner may
22 claim the rural health care practitioner tax credit, the
23 practitioner shall submit an application to the department of
24 health that describes the practitioner's clinical practice and
25 contains additional information that the department of health

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1 may require. The department of health shall determine whether
2 an eligible health care practitioner qualifies for the rural
3 health care practitioner tax credit and shall issue a
4 certificate to each qualifying eligible health care
5 practitioner. The department of health shall provide the
6 taxation and revenue department appropriate information for all
7 eligible health care practitioners to whom certificates are
8 issued.

9 E. A taxpayer claiming the credit provided by this
10 section shall submit a copy of the certificate issued by the
11 department of health with the taxpayer's New Mexico income tax
12 return for the taxable year. If the amount of the credit
13 claimed exceeds a taxpayer's tax liability for the taxable year
14 in which the credit is being claimed, the excess may be carried
15 forward for three consecutive taxable years.

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

19 G. The department shall compile an annual report on
20 the tax credit provided by this section that shall include the
21 number of taxpayers approved by the department to receive the
22 credit, the aggregate amount of credits approved and any other
23 information necessary to evaluate the credit. The department
24 shall present the report to the revenue stabilization and tax
25 policy committee and the legislative finance committee with an

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1 analysis of the cost of the tax credit.

2 [F.] H. As used in this section:

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

4 [~~(a) a certified nurse-midwife licensed~~
5 ~~by the board of nursing as a registered nurse and licensed by~~
6 ~~the public health division of the department of health to~~
7 ~~practice nurse-midwifery as a certified nurse-midwife;~~

8 ~~(b)] (a) a dentist or dental hygienist~~
9 licensed pursuant to the Dental Health Care Act;

10 (b) a midwife licensed by the department
11 of health;

12 (c) an optometrist licensed pursuant to
13 the provisions of the Optometry Act;

14 (d) an osteopathic physician [~~licensed~~
15 ~~pursuant to the provisions of Chapter 61, Article 10 NMSA 1978]~~
16 or an osteopathic physician assistant licensed pursuant to the
17 provisions of the [~~Osteopathic Physicians' Assistants~~] Medical
18 Practice Act;

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

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

24 (g) a clinical psychologist licensed
25 pursuant to the provisions of the Professional Psychologist

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1 Act; ~~[and]~~

2 (h) a registered nurse ~~[in advanced~~
3 ~~practice who has been prepared through additional formal~~
4 ~~education as provided in Sections 61-3-23.2 through 61-3-23.4~~
5 ~~NMSA 1978 to function beyond the scope of practice of~~
6 ~~professional registered nursing, including certified nurse~~
7 ~~practitioners, certified registered nurse anesthetists and~~
8 ~~clinical nurse specialists]~~ licensed pursuant to the provisions
9 of the Nursing Practice Act;

10 (i) a pharmacist licensed pursuant to
11 the provisions of the Pharmacy Act;

12 (j) a licensed clinical social worker or
13 a licensed independent social worker licensed pursuant to the
14 provisions of the Social Work Practice Act;

15 (k) a professional mental health
16 counselor, a professional clinical mental health counselor, a
17 marriage and family therapist, an alcohol and drug abuse
18 counselor or a professional art therapist licensed pursuant to
19 the provisions of the Counseling and Therapy Practice Act; and

20 (l) a physical therapist licensed
21 pursuant to the provisions of the Physical Therapy Act;

22 (2) "health care underserved area" means a
23 geographic area or practice location in which it has been
24 determined by the department of health, through the use of
25 indices and other standards set by the department of health,

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1 that sufficient health care services are not being provided;

2 (3) "practice site" means a private practice,
3 public health clinic, hospital, public or private nonprofit
4 primary care clinic or other health care service location in a
5 health care underserved area; and

6 (4) "rural" means ~~[an area or location~~
7 ~~identified by the department of health as falling outside of an~~
8 ~~urban area]~~ a rural county or an unincorporated area of a
9 partially rural county, as designated by the health resources
10 and services administration of the United States department of
11 health and human services."

12 SECTION 10. Section 7-2-18.34 NMSA 1978 (being Laws
13 2022, Chapter 47, Section 5) is amended to read:

14 "7-2-18.34. CHILD INCOME TAX CREDIT.--

15 A. For taxable years ~~[beginning January 1, 2023~~
16 ~~and]~~ prior to January 1, 2032, a taxpayer who is a resident and
17 is not a dependent of another individual may apply for, and the
18 department may allow, a credit against the taxpayer's tax
19 liability imposed pursuant to the Income Tax Act for each
20 qualifying child of the taxpayer. The tax credit provided by
21 this section may be referred to as the "child income tax
22 credit".

23 B. Except as provided in Subsection D of this
24 section, the child income tax credit may be claimed as shown in
25 the following table:

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1	Adjusted gross income is		Amount of credit per
2	Over	But not over	qualifying child is
3	\$ 0	\$ 25,000	[\$175] <u>\$600</u>
4	25,000	50,000	[150] <u>400</u>
5	50,000	75,000	[125] <u>200</u>
6	75,000	100,000	100
7	100,000	200,000	75
8	200,000	350,000	50
9	350,000		25.

10 C. If a taxpayer's adjusted gross income is less
 11 than zero, the taxpayer may claim a tax credit in the amount
 12 shown in the first row of the table provided in Subsection B of
 13 this section.

14 D. For the 2024 taxable year and each subsequent
 15 taxable year, the amount of credit shown in the table in
 16 Subsection B of this section shall be adjusted to account for
 17 inflation. The department shall make the adjustment by
 18 multiplying each amount of credit by a fraction, the numerator
 19 of which is the consumer price index ending during the prior
 20 taxable year and the denominator of which is the consumer price
 21 index ending in tax year 2022. The result of the
 22 multiplication shall be rounded down to the nearest one dollar
 23 (\$1.00), except that if the result would be an amount less than
 24 the corresponding amount for the preceding taxable year, then
 25 no adjustment shall be made.

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1 ~~[D-]~~ E. To receive a child income tax credit, a
2 taxpayer shall apply to the department on forms and in the
3 manner prescribed by the department.

4 ~~[E-]~~ F. That portion of a child income tax credit
5 that exceeds a taxpayer's tax liability in the taxable year in
6 which the credit is claimed shall be refunded.

7 ~~[F-]~~ G. Married individuals filing separate returns
8 for a taxable year for which they could have filed a joint
9 return may each claim only one-half of the child income tax
10 credit that would have been claimed on a joint return.

11 ~~[G-]~~ H. A taxpayer allowed a tax credit pursuant to
12 this section shall report the amount of the credit to the
13 department in a manner required by the department.

14 ~~[H-]~~ I. The department shall compile an annual
15 report on the child income tax credit that shall include the
16 number of taxpayers approved by the department to receive the
17 credit, the aggregate amount of credits approved and any other
18 information necessary to evaluate the effectiveness of the
19 credit. The department shall compile and present the annual
20 report to the revenue stabilization and tax policy committee
21 and the legislative finance committee with an analysis of the
22 cost of the tax credit.

23 ~~[I-]~~ J. As used in this section:

24 (1) "consumer price index" means the consumer
25 price index for all urban consumers published by the United

1 States department of labor for the month ending September 30;
 2 and

3 (2) "qualifying child" means "qualifying
 4 child" as defined by Section 152(c) of the Internal Revenue
 5 Code, as that section may be amended or renumbered, but
 6 includes any minor child or stepchild of the taxpayer who would
 7 be a qualifying child for federal income tax purposes if the
 8 public assistance contributing to the support of the child or
 9 stepchild was considered to have been contributed by the
 10 taxpayer."

11 SECTION 11. Section 7-2-34 NMSA 1978 (being Laws 1999,
 12 Chapter 205, Section 1, as amended) is amended to read:

13 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

14 A. Except as provided in Subsection C of this
 15 section, a taxpayer may claim a deduction from net income in an
 16 amount equal to the greater of:

17 (1) the taxpayer's net capital gain income for
 18 the taxable year for which the deduction is being claimed, but
 19 not to exceed [~~one thousand dollars (\$1,000)~~] two thousand five
 20 hundred dollars (\$2,500); or

21 (2) forty percent of up to three hundred
 22 thousand dollars (\$300,000) of the taxpayer's net capital gain
 23 income from the sale of a business that is allocated or
 24 apportioned to New Mexico pursuant to Section 7-2-11 NMSA 1978
 25 for the taxable year for which the deduction is being claimed.

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1 B. Married individuals who file separate returns
2 for a taxable year in which they could have filed a joint
3 return may each claim only one-half of the deduction provided
4 by this section that would have been allowed on the joint
5 return.

6 C. A taxpayer may not claim the deduction provided
7 in Subsection A of this section if the taxpayer has claimed the
8 credit provided in Section 7-2D-8.1 NMSA 1978.

9 D. As used in this section, "net capital gain"
10 means "net capital gain" as defined in Section 1222 (11) of the
11 Internal Revenue Code."

12 SECTION 12. A new section of the Income Tax Act is
13 enacted to read:

14 "[NEW MATERIAL] ADDITIONAL 2021 INCOME TAX REBATES.--

15 A. A resident who files an individual New Mexico
16 income tax return for taxable year 2021 and who is not a
17 dependent of another individual is eligible for a tax rebate
18 pursuant to this section in the following amounts:

19 (1) six hundred dollars (\$600) for heads of
20 household, surviving spouses and married individuals filing
21 joint returns; and

22 (2) three hundred dollars (\$300) for single
23 individuals and married individuals filing separate returns.

24 B. The rebates shall be made as soon as practicable
25 after a return is received; provided that a rebate shall not be

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1 allowed for a return filed after May 31, 2024.

2 C. The rebates provided by this section may be
3 deducted from the taxpayer's New Mexico income tax liability
4 for taxable year 2021. If the amount of rebate exceeds the
5 taxpayer's income tax liability, the excess shall be refunded
6 to the taxpayer.

7 D. The department may require a taxpayer to claim a
8 rebate provided by this section on forms and in a manner
9 required by the department."

10 SECTION 13. A new section of the Income Tax Act is
11 enacted to read:

12 "[NEW MATERIAL] ELECTRIC VEHICLE INCOME TAX CREDIT.--

13 A. A taxpayer who is not a dependent of another
14 individual and who, beginning on the effective date of this
15 section and prior to January 1, 2028, purchases an electric
16 vehicle or enters into a new lease of at least three years for
17 an electric vehicle may claim a credit against the taxpayer's
18 tax liability imposed pursuant to the Income Tax Act in an
19 amount provided in Subsection B of this section. The tax
20 credit provided by this section may be referred to as the
21 "electric vehicle income tax credit".

22 B. The electric vehicle income tax credit shall be
23 in an amount equal to two thousand five hundred dollars
24 (\$2,500), except that the amount of credit shall be in an
25 amount equal to four thousand dollars (\$4,000) for a taxpayer

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1 with an annual household adjusted gross income equal to or less
2 than two hundred percent of the federal poverty level
3 guidelines published by the United States department of health
4 and human services.

5 C. A taxpayer shall apply for certification of
6 eligibility for the electric vehicle income tax credit from the
7 department on forms and in the manner prescribed by the
8 department. Except as provided in Subsection H of this
9 section, only one electric vehicle income tax credit shall be
10 allowed for each electric vehicle purchased or leased. The
11 application shall include proof of purchase or lease, the
12 electric vehicle's registration or application for registration
13 and any additional information that the department may require
14 to determine eligibility for the credit. The department shall
15 issue a dated certificate of eligibility to the taxpayer
16 providing the amount of the electric vehicle income tax credit
17 for which the taxpayer is eligible and the taxable year in
18 which the credit may be claimed for an electric vehicle that
19 was purchased or leased.

20 D. The aggregate amount of electric vehicle income
21 tax credit claims that may be authorized for payment in any
22 calendar year is ten million dollars (\$10,000,000). If a
23 taxpayer submits a claim for a tax credit but is unable to
24 receive the tax credit because the claims for the calendar year
25 exceed the limitation provided in this subsection, the

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1 taxpayer's claim shall be placed at the front of a queue of
2 credit claimants for the subsequent calendar year in the order
3 of the date on which the credit was authorized for payment.
4 Completed applications for the tax credit shall be considered
5 in the order received by the department.

6 E. Applications for certification of an electric
7 vehicle income tax credit shall be made no later than one
8 calendar year from the date in which the electric vehicle is
9 purchased or the lease is entered into.

10 F. A certificate of eligibility for an electric
11 vehicle income tax credit may be sold, exchanged or otherwise
12 transferred to another taxpayer for the full value of the
13 credit. The parties to such a transaction shall notify the
14 department of the sale, exchange or transfer within ten days of
15 the sale, exchange or transfer.

16 G. That portion of an approved electric vehicle
17 income tax credit claimed by a taxpayer that exceeds the
18 taxpayer's income tax liability in the taxable year in which an
19 electric vehicle income tax credit is claimed shall be refunded
20 to the taxpayer.

21 H. Married individuals filing separate returns for
22 a taxable year for which they could have filed a joint return
23 may each claim only one-half of the electric vehicle income tax
24 credit that would have been claimed on a joint return.

25 I. A taxpayer may be allocated the right to claim

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1 the electric vehicle income tax credit in proportion to the
2 taxpayer's ownership interest if the taxpayer owns an interest
3 in a business entity that is taxed for federal income tax
4 purposes as a partnership or limited liability company and that
5 business entity has met all of the requirements to be eligible
6 for the credit. The total credit claimed by all members of the
7 partnership or limited liability company shall not exceed the
8 allowable credit pursuant to this section.

9 J. A taxpayer shall submit to the department
10 information required by the department with respect to the
11 purchase or lease of an electric vehicle by the taxpayer during
12 the taxable year for which the electric vehicle income tax
13 credit is claimed.

14 K. The department shall compile an annual report on
15 the electric vehicle income tax credit that shall include the
16 number of taxpayers approved by the department to receive the
17 tax credit, the aggregate amount of tax credits approved and
18 any other information necessary to evaluate the tax credit.
19 The department shall compile and present the annual report to
20 the revenue stabilization and tax policy committee and the
21 legislative finance committee with an analysis of the cost of
22 the tax credit.

23 L. As used in this section:

24 (1) "electric vehicle" means a new motor
25 vehicle registered or purchased in New Mexico that derives all

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1 or part of the vehicle's power from electricity stored in a
2 battery that:

3 (a) has a capacity of not less than six
4 kilowatt-hours;

5 (b) is capable of powering the vehicle
6 for a range of at least thirty miles; and

7 (c) is capable of being recharged from
8 an external source of electricity; and

9 (2) "motor vehicle" means a vehicle with four
10 wheels that:

11 (a) is required under the Motor Vehicle
12 Code to be registered in this state;

13 (b) is made by a manufacturer;

14 (c) has a base manufacturer suggested
15 retail price, before options and destination charges, of fifty-
16 five thousand dollars (\$55,000) or less, before any taxes are
17 imposed;

18 (d) is manufactured primarily for use on
19 public streets, roads or highways;

20 (e) has not been modified from the
21 original manufacturer specifications;

22 (f) is rated at not less than two
23 thousand two hundred pounds unloaded base weight and not more
24 than nine thousand seven hundred fifty pounds unloaded base
25 weight; and

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1 (g) has a maximum speed capability of at
2 least sixty-five miles per hour."

3 SECTION 14. A new section of the Income Tax Act is
4 enacted to read:

5 "[NEW MATERIAL] ELECTRIC VEHICLE CHARGING UNIT INCOME TAX
6 CREDIT.--

7 A. A taxpayer who is not a dependent of another
8 individual and who, beginning on the effective date of this
9 section and prior to January 1, 2028, purchases and installs an
10 electric vehicle charging unit may claim a credit against the
11 taxpayer's tax liability imposed pursuant to the Income Tax
12 Act. The tax credit provided by this section may be referred
13 to as the "electric vehicle charging unit income tax credit".

14 B. The electric vehicle charging unit income tax
15 credit shall not exceed three hundred dollars (\$300) or the
16 cost to purchase and install an electric vehicle charging unit,
17 whichever is less.

18 C. A taxpayer shall apply for certification of
19 eligibility for the electric vehicle charging unit income tax
20 credit from the department on forms and in the manner
21 prescribed by the department. The aggregate amount of electric
22 vehicle charging unit income tax credits that may be certified
23 as eligible in any calendar year is one million dollars
24 (\$1,000,000). Completed applications shall be considered in
25 the order received. If a taxpayer submits a claim for a tax

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1 credit but is unable to receive the tax credit because the
2 claims for the calendar year exceed the limitation provided in
3 this subsection, the taxpayer's claim shall be placed at the
4 front of a queue of credit claimants for the subsequent
5 calendar year in the order of the date on which the credit was
6 authorized for payment.

7 D. An application for certification of eligibility
8 shall include a receipt for the purchase of the electric
9 vehicle charging unit, a copy of the data sheet that specifies
10 the connector type, plug type, voltage and current of the
11 electric vehicle charging unit and any additional information
12 that the department may require to determine eligibility for
13 the credit. The department shall issue a dated certificate of
14 eligibility to the taxpayer providing the amount of the
15 electric vehicle charging unit income tax credit for which the
16 taxpayer is eligible and the taxable year in which the credit
17 may be claimed.

18 E. Applications for certification of an electric
19 vehicle charging unit income tax credit shall be made no later
20 than one calendar year from the date in which the electric
21 vehicle charging unit for which the credit is claimed is
22 purchased and installed.

23 F. That portion of an electric vehicle charging
24 unit income tax credit that exceeds a taxpayer's income tax
25 liability in the taxable year in which an electric vehicle

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1 charging unit income tax credit is claimed shall be refunded to
2 the taxpayer.

3 G. Married individuals filing separate returns for
4 a taxable year for which they could have filed a joint return
5 may each claim only one-half of the electric vehicle charging
6 unit income tax credit that would have been claimed on a joint
7 return.

8 H. A taxpayer may be allocated the right to claim
9 the electric vehicle charging unit income tax credit in
10 proportion to the taxpayer's ownership interest if the taxpayer
11 owns an interest in a business entity that is taxed for federal
12 income tax purposes as a partnership or limited liability
13 company and that business entity has met all of the
14 requirements to be eligible for the credit. The total credit
15 claimed by all members of the partnership or limited liability
16 company shall not exceed the allowable credit pursuant to this
17 section.

18 I. A taxpayer allowed a tax credit pursuant to this
19 section shall report the amount of the tax credit to the
20 department in a manner required by the department.

21 J. The department shall compile an annual report on
22 the electric vehicle charging unit income tax credit that shall
23 include the number of taxpayers approved by the department to
24 receive the tax credit, the aggregate amount of tax credits
25 approved and any other information necessary to evaluate the

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1 effectiveness of the tax credit. The department shall present
2 the annual report to the revenue stabilization and tax policy
3 committee and the legislative finance committee with an
4 analysis of the effectiveness and cost of the tax credit and
5 whether the tax credit is performing the purpose for which it
6 was created.

7 K. As used in this section:

8 (1) "electric vehicle" means a motor vehicle
9 subject to the registration fee pursuant to Section 66-6-2 or
10 66-6-4 NMSA 1978 that derives all or part of the vehicle's
11 power from electricity stored in a battery that:

12 (a) has a capacity of not less than six
13 kilowatt-hours;

14 (b) is capable of powering the vehicle
15 for a range of at least thirty miles; and

16 (c) is capable of being recharged from
17 an external source of electricity; and

18 (2) "electric vehicle charging unit" means a
19 device that:

20 (a) is used to provide electricity to an
21 electric vehicle;

22 (b) is designed to create a connection
23 between an electricity source and the electric vehicle;

24 (c) uses the electric vehicle's control
25 system to ensure that electricity flows at an appropriate

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1 voltage and current level; and

2 (d) is installed on residential property
3 located in the state."

4 SECTION 15. A new section of the Income Tax Act is
5 enacted to read:

6 "[NEW MATERIAL] ENERGY STORAGE SYSTEM INCOME TAX
7 CREDIT.--

8 A. For taxable years prior to January 1, 2028, a
9 taxpayer who is not a dependent of another individual and who,
10 on or after March 1, 2023, purchases and installs an energy
11 storage system on the taxpayer's residence or commercial or
12 agricultural property in New Mexico may apply for, and the
13 department may allow, a credit against the taxpayer's tax
14 liability imposed pursuant to the Income Tax Act. The tax
15 credit provided by this section may be referred to as the
16 "energy storage system income tax credit".

17 B. The department may allow an energy storage
18 system income tax credit of forty percent of the purchase and
19 installation costs of an energy storage system certified
20 pursuant to Subsection C of this section, up to a maximum
21 amount of credit of five thousand dollars (\$5,000) for a system
22 installed on residential property and one hundred fifty
23 thousand dollars (\$150,000) for a system installed on
24 commercial or agricultural property; provided that no more than
25 one system per property shall be eligible for the credit.

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1 Costs related to equipment or installation costs for energy
2 generation shall not be eligible.

3 C. A taxpayer shall apply for certification of
4 eligibility for an energy storage system income tax credit from
5 the energy, minerals and natural resources department on forms
6 and in the manner prescribed by that department. The aggregate
7 amount of credits that may be certified as eligible in any
8 calendar year is four million dollars (\$4,000,000). Completed
9 applications shall be considered in the order received. If the
10 annual aggregate amount has been met before certification of a
11 taxpayer's application can be made, the application shall be
12 placed in a queue to be issued in a subsequent calendar year.
13 The application shall include proof of purchase and
14 installation of an energy storage system, that the system meets
15 technical specifications and requirements relating to safety,
16 code and standards compliance, lists of eligible components and
17 any additional information that the energy, minerals and
18 natural resources department may require to determine
19 eligibility for the credit. A dated certificate of eligibility
20 shall be issued to the taxpayer providing the amount of credit
21 for which the taxpayer is eligible and the taxable year in
22 which the credit may be claimed.

23 D. A taxpayer may claim an energy storage system
24 income tax credit for the taxable year in which the taxpayer
25 purchases and installs the system. To receive the tax credit,

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1 a taxpayer shall apply to the department on forms and in the
2 manner prescribed by the department within twelve months
3 following the calendar year in which the system was installed.
4 The application shall include a certification made pursuant to
5 Subsection C of this section.

6 E. For that portion of an energy storage system
7 income tax credit that exceeds a taxpayer's tax liability in
8 the taxable year in which the credit is claimed, the excess
9 shall be refunded to the taxpayer.

10 F. Married individuals filing separate returns for
11 a taxable year for which they could have filed a joint return
12 may each claim only one-half of the energy storage system
13 income tax credit that would have been claimed on a joint
14 return.

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

24 H. A taxpayer allowed a tax credit pursuant to this
25 section shall report the amount of the credit to the taxation

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underscoring material = new
~~[bracketed material] = delete~~

1 and revenue department in a manner required by that department.

2 I. The taxation and revenue department shall
3 compile an annual report on the energy storage system income
4 tax credit that shall include the number of taxpayers approved
5 by the department to receive the credit, the aggregate amount
6 of credits approved and any other information necessary to
7 evaluate the credit. The department shall present the report
8 to the revenue stabilization and tax policy committee and the
9 legislative finance committee with an analysis of the cost of
10 the tax credit.

11 J. As used in this section, "energy storage system"
12 means a stationary, commercially available, customer-sited
13 system, including a battery and a battery paired with on-site
14 generation, that is capable of retaining, storing and
15 delivering electrical energy by chemical, thermal, mechanical
16 or other means and:

17 (1) is installed as a stand-alone energy
18 storage system or is grid-tied; provided that if the system is
19 grid-tied, the system has the capability to provide grid
20 services and control and communication infrastructure exists
21 with the service provider;

22 (2) has been tested and certified by a
23 nationally recognized testing laboratory;

24 (3) has a rating of four kilowatts or greater
25 with a minimum of two hours of storage; and

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1 (4) is installed for use with a new or
2 existing photovoltaic system."

3 SECTION 16. Section 7-2A-5 NMSA 1978 (being Laws 1981,
4 Chapter 37, Section 38, as amended) is amended to read:

5 "7-2A-5. CORPORATE INCOME TAX [RATES] RATE.--The
6 corporate income tax imposed on corporations by Section 7-2A-3
7 NMSA 1978 shall be

8	[If the taxable income is:	The tax shall be:
9	Not over \$500,000	4.8% of taxable income
10	Over \$500,000	\$24,000 plus 5.9% of excess
11		over \$500,000]
12	<u>five and nine-tenths percent of taxable income."</u>	

13 SECTION 17. Section 7-4-10 NMSA 1978 (being Laws 1993,
14 Chapter 153, Section 1, as amended) is amended to read:

15 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--

16 A. Except as provided in [~~Subsections~~] Subsection B
17 [~~and C~~] of this section, all business income shall be
18 apportioned to this state by multiplying the income by [~~a~~
19 ~~fraction, the numerator of which is the property factor plus~~
20 ~~the payroll factor plus~~] the sales factor. [~~and the denominator~~
21 ~~of which is three.~~

22 B. ~~If eighty percent or more of the New Mexico~~
23 ~~numerators of the property and payroll factors for a filing~~
24 ~~group, or for a taxpayer that is not a member of a filing~~
25 ~~group, are employed in manufacturing or operating a computer~~

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1 ~~processing facility, the filing group or the taxpayer may elect~~
2 ~~to have business income apportioned to this state by~~
3 ~~multiplying the income by the sales factor for the taxable~~
4 ~~year.~~

5 ~~C. If a filing group, or a taxpayer that is not a~~
6 ~~member of a filing group, has a headquarters operation in New~~
7 ~~Mexico, the filing group or the taxpayer may elect to have~~
8 ~~business income apportioned to this state by multiplying the~~
9 ~~income by the sales factor for the taxable year.~~

10 ~~D. To elect the method of apportionment provided by~~
11 ~~Subsection B or C of this section, the taxpayer shall notify~~
12 ~~the department of the election, in writing, no later than the~~
13 ~~date on which the taxpayer files the return for the first~~
14 ~~taxable year to which the election will apply. The election~~
15 ~~shall apply as follows:~~

16 ~~(1) if the election is made for taxable years~~
17 ~~beginning prior to January 1, 2020, to the taxable year in~~
18 ~~which the election is made and to each taxable year thereafter~~
19 ~~for three years, or until the taxable year ending prior to~~
20 ~~January 1, 2020, whichever is earlier;~~

21 ~~(2) if the election is made for a taxable year~~
22 ~~beginning on or after January 1, 2020, to the taxable year in~~
23 ~~which the election is made and to each taxable year thereafter~~
24 ~~until the taxpayer notifies the department, in writing, that~~
25 ~~the election is terminated, except that the taxpayer shall not~~

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1 ~~terminate the election until the method of apportioning~~
2 ~~business income provided by Subsection B or C of this section~~
3 ~~has been used by the taxpayer for at least three consecutive~~
4 ~~taxable years, including a total of at least thirty-six~~
5 ~~calendar months; and~~

6 ~~(3) if the election is made by a qualifying~~
7 ~~filing group, the election shall apply to the members of the~~
8 ~~filing group properly included pursuant to Section 7-2A-8.3~~
9 ~~NMSA 1978.~~

10 ~~E. For purposes of this section:~~

11 ~~(1) "filing group" means "filing group" as~~
12 ~~that term is defined in the Corporate Income and Franchise Tax~~
13 ~~Act;~~

14 ~~(2) "headquarters operation" means:~~

15 ~~(a) the center of operations of a~~
16 ~~business: 1) where corporate staff employees are physically~~
17 ~~employed; 2) where the centralized functions are primarily~~
18 ~~performed, including administrative, planning, managerial,~~
19 ~~human resources, purchasing, information technology and~~
20 ~~accounting, but not including operating a call center; 3) the~~
21 ~~function and purpose of which is to manage and direct most~~
22 ~~aspects and functions of the business operations within a~~
23 ~~subdivided area of the United States; 4) from which final~~
24 ~~authority over regional or subregional offices, operating~~
25 ~~facilities and any other offices of the business are issued;~~

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1 ~~and 5) including national and regional headquarters if the~~
2 ~~national headquarters is subordinate only to the ownership of~~
3 ~~the business or its representatives and the regional~~
4 ~~headquarters is subordinate to the national headquarters; or~~

5 ~~(b) the center of operations of a~~
6 ~~business: 1) the function and purpose of which is to manage~~
7 ~~and direct most aspects of one or more centralized functions;~~
8 ~~and 2) from which final authority over one or more centralized~~
9 ~~functions is issued;~~

10 ~~(3) "manufacturing" means combining or~~
11 ~~processing components or materials to increase their value for~~
12 ~~sale in the ordinary course of business, but does not include:~~

13 ~~(a) construction;~~

14 ~~(b) farming;~~

15 ~~(c) power generation; provided that for~~
16 ~~taxable years beginning prior to January 1, 2024,~~

17 ~~"manufacturing" includes electricity generation at a facility~~
18 ~~that does not require location approval and a certificate of~~
19 ~~convenience and necessity prior to commencing construction or~~
20 ~~operation of the facility pursuant to the Public Utility Act;~~

21 ~~(d) processing natural resources,~~
22 ~~including hydrocarbons; or~~

23 ~~(e) processing or preparation of meals~~
24 ~~for immediate consumption; and~~

25 ~~(4) "operating a computer processing facility"~~

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1 means managing the necessary and ancillary activities for the
2 operation of a facility primarily used to process data or
3 information, but does not include managing the operation of
4 facilities that are predominantly used to support sales of
5 tangible property or the provision of banking, financial or
6 professional services.]

7 B. For a taxable year prior to January 1, 2027, all
8 business income of a taxpayer that is a railroad shall be
9 apportioned to this state by multiplying the income by a
10 fraction, the numerator of which is the property factor plus
11 the payroll factor plus the sales factor and the denominator of
12 which is three."

13 SECTION 18. Section 7-9-4 NMSA 1978 (being Laws 1966,
14 Chapter 47, Section 4, as amended) is amended to read:

15 "7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS
16 "GROSS RECEIPTS TAX".--

17 A. For the privilege of engaging in business, an
18 excise tax equal to the following percentages of gross receipts
19 is imposed on any person engaging in business in New Mexico:

20 (1) prior to July 1, [~~2023, five~~] 2024, four
21 and one-half percent; and

22 (2) beginning July 1, [~~2023, four and seven-~~
23 ~~eighths~~] 2024, four and three-eighths percent, except as
24 provided in Subsection C of this section.

25 B. The tax imposed by this section shall be

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1 referred to as the "gross receipts tax".

2 C. If, for any single fiscal year occurring after
3 fiscal year 2025 and prior to fiscal year 2030, gross receipts
4 tax revenues are less than ninety-five percent of the gross
5 receipts tax revenues for the previous fiscal year, as
6 determined by the secretary of finance and administration, the
7 rate of the gross receipts tax shall be [~~five and one-eighth~~
8 four and three-fourths percent beginning on the July 1
9 following the determination made by the secretary of finance
10 and administration.

11 D. On or before February 1 of each year, until the
12 rate of the gross receipts tax is adjusted to [~~five and one-~~
13 ~~eighth~~] four and three-fourths percent pursuant to Subsection C
14 of this section, the secretary of finance and administration
15 shall make a determination for the purposes of Subsection C of
16 this section. If the rate of tax is adjusted pursuant to that
17 subsection, the secretary shall certify to the secretary of
18 taxation and revenue that the rate of the gross receipts tax
19 shall be [~~five and one-eighth~~] four and three-fourths percent,
20 effective on the following July 1.

21 E. As used in this section, "gross receipts tax
22 revenues" means the net receipts attributable to the gross
23 receipts tax and distributed to the general fund."

24 SECTION 19. Section 7-9-7 NMSA 1978 (being Laws 1966,
25 Chapter 47, Section 7, as amended) is amended to read:

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1 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS
2 "COMPENSATING TAX".--

3 A. For the privilege of making taxable use of
4 tangible personal property in New Mexico, there is imposed on
5 the person using the property an excise tax equal to [~~five~~]
6 four and one-half percent prior to July 1, [~~2023~~] 2024 and four
7 and [~~seven-eighths~~] three-eighths percent beginning July 1,
8 [~~2023~~] 2025, except as provided in Subsection G of this
9 section, of the value of tangible property that was:

10 (1) manufactured by the person using the
11 property in the state; or

12 (2) acquired in a transaction for which the
13 seller's receipts were not subject to the gross receipts tax.

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

22 C. For the privilege of making taxable use of a
23 license or franchise in New Mexico, there is imposed on the
24 person using the license or franchise an excise tax equal to
25 the rate provided in Subsection A or G of this section, as

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1 applicable, against the value of the license or franchise in
2 its use in this state. The department by rule, ruling or
3 instruction shall fairly apportion, where appropriate, the
4 value of a license or franchise to its value in use in New
5 Mexico. The tax shall apply only to the value of a license or
6 franchise used in New Mexico where the license or franchise was
7 acquired in a transaction the receipts from which were not
8 subject to the gross receipts tax.

9 D. For the privilege of making taxable use of
10 services in New Mexico, there is imposed on the person using
11 the services an excise tax equal to the rate provided in
12 Subsection A or G of this section, as applicable, against the
13 value of the services at the time the services were performed
14 or the product of the service was acquired. For use of
15 services to be a taxable use pursuant to this subsection, the
16 services shall have been acquired in a transaction the receipts
17 from which were not subject to the gross receipts tax.

18 E. For purposes of this section, receipts are not
19 subject to the gross receipts tax if the person responsible for
20 the gross receipts tax on those receipts lacked nexus in New
21 Mexico or the receipts were exempt or allowed to be deducted
22 pursuant to the Gross Receipts and Compensating Tax Act.

23 F. The tax imposed by this section shall be
24 referred to as the "compensating tax".

25 G. If the gross receipts tax is increased to [~~five~~

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1 ~~and one-eighth]~~ four and three-fourths percent pursuant to
2 Subsection C of Section 7-9-4 NMSA 1978, the rate of the
3 compensating tax shall be [~~five and one-eighth]~~ four and three-
4 fourths percent.

5 H. As used in this section, "taxable use" means use
6 by a person who acquires tangible personal property, a license,
7 a franchise or a service, and the use of which would not have
8 qualified for an exemption or deduction pursuant to the Gross
9 Receipts and Compensating Tax Act."

10 SECTION 20. A new section of the Gross Receipts and
11 Compensating Tax Act is enacted to read:

12 "[NEW MATERIAL] DEDUCTIONS--GROSS RECEIPTS--CHILD CARE
13 ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE PROGRAM--
14 PRE-KINDERGARTEN SERVICES BY FOR-PROFIT PRE-KINDERGARTEN
15 PROVIDERS.--

16 A. Prior to July 1, 2033, receipts from the sale of
17 child care assistance services by a taxpayer pursuant to a
18 contract or grant with the early childhood education and care
19 department to provide such services through a licensed child
20 care assistance program may be deducted from gross receipts.

21 B. Prior to July 1, 2033, receipts of for-profit
22 pre-kindergarten providers for the sale of pre-kindergarten
23 services pursuant to the Pre-Kindergarten Act may be deducted
24 from gross receipts.

25 C. A taxpayer allowed a deduction pursuant to this
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underscored material = new
~~[bracketed material] = delete~~

1 section shall report the amount of the deduction separately in
2 a manner required by the department.

3 D. The department shall compile an annual report on
4 the deductions provided by this section that shall include the
5 number of taxpayers that claimed each deduction, the aggregate
6 amount of deductions claimed and any other information
7 necessary to evaluate the effectiveness of the deductions. The
8 department shall present the report to the revenue
9 stabilization and tax policy committee and the legislative
10 finance committee with an analysis of the cost of the
11 deductions.

12 E. As used in this section:

13 (1) "child care assistance" means "child care
14 assistance" or "early childhood care assistance", as those
15 terms are defined in the Early Childhood Care Accountability
16 Act; and

17 (2) "licensed child care assistance program"
18 means "licensed child care program", "licensed early childhood
19 care program" or "licensed exempt child care program", as those
20 terms are defined in the Early Childhood Care Accountability
21 Act."

22 SECTION 21. A new section of the Gross Receipts and
23 Compensating Tax Act is enacted to read:

24 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--
25 ENVIRONMENTAL MODIFICATIONS FOR MEDICAID RECIPIENTS.--

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1 A. Prior to July 1, 2033, receipts of an eligible
2 provider for environmental modification services reimbursed by
3 the medical assistance division may be deducted from gross
4 receipts.

5 B. A taxpayer allowed a deduction pursuant to this
6 section shall report the amount of the deduction separately in
7 a manner required by the department.

8 C. The department shall compile an annual report on
9 the deductions provided by this section that shall include the
10 number of taxpayers that claimed each deduction, the aggregate
11 amount of deductions claimed and any other information
12 necessary to evaluate the effectiveness of the deductions. The
13 department shall present the report to the revenue
14 stabilization and tax policy committee and the legislative
15 finance committee with an analysis of the cost of the
16 deductions.

17 D. As used in this section:

18 (1) "eligible provider" means a provider who
19 meets requirements of the medical assistance division to
20 provide environmental modifications pursuant to a waiver
21 granted by the federal department of health and human services
22 to provide home and community-based services to recipients;

23 (2) "environmental modifications" include the
24 purchasing and installing of equipment or making physical
25 adaptations to a recipient's residence that are necessary to

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1 ensure the health, welfare and safety of the recipient or
 2 enhance the recipient's access to the home environment and
 3 increase the recipient's ability to act independently;

4 (3) "medicaid" means the medical assistance
 5 program established pursuant to Title 19 of the federal Social
 6 Security Act and regulations issued pursuant to that act;

7 (4) "medical assistance division" means the
 8 medical assistance division of the human services department;
 9 and

10 (5) "recipient" means a person whom the
 11 department has determined to be eligible to receive medicaid-
 12 related services and who meets the financial and medical level
 13 of care criteria to receive medical assistance division
 14 services through one of the division's waiver programs granted
 15 by the federal department of health and human services."

16 SECTION 22. Section 7-12A-3 NMSA 1978 (being Laws 1986,
 17 Chapter 112, Section 4, as amended) is amended to read:

18 "7-12A-3. IMPOSITION AND RATES OF TAX--REDUCTION OF RATE
 19 FOR CERTAIN TOBACCO PRODUCTS--DENOMINATION AS "TOBACCO PRODUCTS
 20 TAX"--DATE PAYMENT OF TAX DUE.--

21 A. For the manufacture or acquisition of [~~tobacco~~]
 22 certain products in New Mexico [~~not including cigars, little~~
 23 ~~cigars, e-liquid, e-cigarettes or closed system cartridges]~~ to
 24 be distributed in the ordinary course of business and for the
 25 consumption of [~~tobacco~~] certain products in New Mexico, there

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1 is imposed an excise tax at the ~~[rate of twenty-five percent of~~
2 ~~the product value of the tobacco products~~

3 B. ~~For the manufacture or acquisition of]~~ following
4 rates:

5 (1) for cigars, ~~[in New Mexico to be~~
6 ~~distributed in the ordinary course of business and for the~~
7 ~~consumption of cigars in New Mexico, there is imposed an excise~~
8 ~~tax at a rate equal to]~~ twenty-five percent of the product
9 value of the cigar; ~~[not to exceed fifty cents (\$.50) per cigar~~

10 C. ~~For the manufacture or acquisition of]~~

11 (2) for little cigars, ~~[in New Mexico to be~~
12 ~~distributed in the ordinary course of business and for the~~
13 ~~consumption of little cigars in New Mexico, there is imposed an~~
14 ~~excise tax at]~~ a rate equal to the rate imposed on cigarettes
15 pursuant to Section 7-12-3 NMSA 1978 per package of little
16 cigars;

17 ~~[D. For the manufacture or acquisition of]~~

18 (3) for e-liquid, ~~[in New Mexico to be~~
19 ~~distributed in the ordinary course of business and for the~~
20 ~~consumption of e-liquid in New Mexico, there is imposed an~~
21 ~~excise tax at a rate equal to]~~ twelve and one-half percent of
22 the product value of the e-liquid;

23 ~~[E. For the manufacture or acquisition of]~~

24 (4) for closed system cartridges, ~~[in New~~
25 ~~Mexico to be distributed in the ordinary course of business,~~

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1 ~~there is imposed an excise tax at a rate of~~ fifty cents (\$.50)
 2 per closed system cartridge; and

3 (5) for all other tobacco products,
 4 twenty-five percent of the value of the tobacco product.

5 ~~[H.]~~ B. The taxes imposed by this section may be
 6 referred to as the "tobacco products tax".

7 ~~[F.]~~ C. The tobacco products tax shall be paid by
 8 the first purchaser on or before the twenty-fifth day of the
 9 month following the month in which the taxable event occurs."

10 **SECTION 23.** Section 7-14-10 NMSA 1978 (being Laws 1988,
 11 Chapter 73, Section 20, as amended) is amended to read:

12 "7-14-10. DISTRIBUTION OF PROCEEDS.--The receipts from
 13 the tax and any associated interest and penalties shall be
 14 deposited in the "motor vehicle suspense fund", hereby created
 15 in the state treasury. As of the end of each month, the net
 16 receipts attributable to the tax and associated penalties and
 17 interest shall be distributed as follows:

18 A. ~~[fifty-nine and thirty-nine hundredths]~~ prior to
 19 July 1, 2024:

20 (1) fifty-three and fourteen hundredths
 21 percent to the general fund;

22 ~~[B.]~~ (2) twenty-one and eighty-six hundredths
 23 percent to the state road fund; and

24 ~~[C. eighteen and seventy-five hundredths]~~
 25 (3) twenty-five percent to the transportation

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1 project fund; and

2 B. beginning July 1, 2024:

3 (1) seventy-five percent to the state road
4 fund; and

5 (2) twenty-five percent to the transportation
6 project fund."

7 SECTION 24. Section 7-17-5 NMSA 1978 (being Laws 1993,
8 Chapter 65, Section 8, as amended) is amended to read:

9 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

10 A. There is imposed on a wholesaler who sells
11 alcoholic beverages on which the tax imposed by this section
12 has not been paid an excise tax, to be referred to as the
13 "liquor excise tax", at the ~~[following]~~ rates provided in
14 Subsections B through F of this section on alcoholic beverages
15 sold.

16 ~~[(1) on spirituous liquors, except as provided~~
17 ~~in Paragraph (9) of this subsection, one dollar sixty cents~~
18 ~~(\$1.60) per liter;~~

19 ~~(2) on beer, except as provided in Paragraph~~
20 ~~(5) of this subsection, forty-one cents (\$.41) per gallon;~~

21 ~~(3) on wine, except as provided in Paragraphs~~
22 ~~(4) and (6) of this subsection, forty-five cents (\$.45) per~~
23 ~~liter;~~

24 ~~(4) on fortified wine, one dollar fifty cents~~
25 ~~(\$1.50) per liter;~~

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1 ~~(5) on beer manufactured or produced by a~~
2 ~~microbrewer and sold in this state, provided that proof is~~
3 ~~furnished to the department that the beer was manufactured or~~
4 ~~produced by a microbrewer, eight cents (\$.08) per gallon on the~~
5 ~~first thirty thousand barrels sold, twenty-eight cents (\$.28)~~
6 ~~per gallon for all barrels sold over thirty thousand barrels~~
7 ~~but less than sixty thousand barrels and forty-one cents (\$.41)~~
8 ~~per gallon for sixty thousand or more barrels sold;~~

9 ~~(6) on wine manufactured or produced by a~~
10 ~~small winegrower and sold in this state, provided that proof is~~
11 ~~furnished to the department that the wine was manufactured or~~
12 ~~produced by a small winegrower:~~

13 ~~(a) ten cents (\$.10) per liter on the~~
14 ~~first eighty thousand liters sold;~~

15 ~~(b) twenty cents (\$.20) per liter on~~
16 ~~each liter sold over eighty thousand liters but not over nine~~
17 ~~hundred fifty thousand liters; and~~

18 ~~(c) thirty cents (\$.30) per liter on~~
19 ~~each liter sold over nine hundred fifty thousand liters but not~~
20 ~~over one million five hundred thousand liters;~~

21 ~~(7) on cider, except as provided in Paragraph~~
22 ~~(8) of this subsection, forty-one cents (\$.41) per gallon;~~

23 ~~(8) on cider manufactured or produced by a~~
24 ~~small winegrower and sold in this state, provided that proof is~~
25 ~~furnished to the department that the cider was manufactured or~~

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1 ~~produced by a small winegrower, eight cents (\$.08) per gallon~~
2 ~~on the first thirty thousand barrels sold, twenty-eight cents~~
3 ~~(\$.28) per gallon for all barrels sold over thirty thousand~~
4 ~~barrels but less than sixty thousand barrels and forty-one~~
5 ~~cents (\$.41) per gallon for sixty thousand or more barrels~~
6 ~~sold; and~~

7 ~~(9) on spirituous liquors manufactured or~~
8 ~~produced by a craft distiller licensed pursuant to Section~~
9 ~~60-6A-6.1 NMSA 1978, provided that proof is provided to the~~
10 ~~department that the spirituous liquors were manufactured or~~
11 ~~produced by a craft distiller, for products up to ten percent~~
12 ~~alcohol by volume, eight cents (\$.08) per liter for the first~~
13 ~~two hundred fifty thousand liters sold and twenty-eight cents~~
14 ~~(\$.28) per liter for the next two hundred fifty thousand liters~~
15 ~~sold and for products over ten percent alcohol by volume,~~
16 ~~thirty-two cents (\$.32) per liter on the first one hundred~~
17 ~~seventy-five thousand liters sold and sixty-five cents (\$.65)~~
18 ~~per liter on the next two hundred thousand liters sold.]~~

19 B. The liquor excise tax imposed on spirituous
20 liquors is:

21 (1) if manufactured or produced by a craft
22 distiller licensed pursuant to Section 60-6A-6.1 NMSA 1978;
23 provided that proof is provided to the department that the
24 spirituous liquors were manufactured or produced by a craft
25 distiller:

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1 (a) for products up to ten percent
2 alcohol by volume: 1) eight cents (\$.08) per liter for the
3 first two hundred fifty thousand liters sold; and 2) twenty-
4 eight cents (\$.28) per liter for the next two hundred fifty
5 thousand liters sold; and

6 (b) for products over ten percent
7 alcohol by volume: 1) thirty-two cents (\$.32) per liter on the
8 first one hundred seventy-five thousand liters sold; and 2)
9 sixty-five cents (\$.65) per liter on the next two hundred
10 thousand liters sold; and

11 (2) for all other manufacturers and producers,
12 one dollar seventy-five cents (\$1.75) per liter sold.

13 C. The liquor excise tax imposed on beer is:

14 (1) if manufactured or produced by a
15 microbrewer and sold in this state; provided that proof is
16 furnished to the department that the beer was manufactured or
17 produced by a microbrewer:

18 (a) eight cents (\$.08) per gallon on the
19 first thirty thousand barrels sold;

20 (b) twenty-eight cents (\$.28) per gallon
21 for all barrels sold over thirty thousand barrels but less than
22 sixty thousand barrels sold; and

23 (c) forty-one cents (\$.41) per gallon
24 for sixty thousand or more barrels sold; and

25 (2) for all other manufacturers or producers,

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1 fifty-six cents (\$.56) per gallon sold.

2 D. The liquor excise tax imposed on cider is:

3 (1) if manufactured or produced by a small
4 winegrower and sold in this state; provided that proof is
5 furnished to the department that the cider was manufactured or
6 produced by a small winegrower:

7 (a) eight cents (\$.08) per gallon on the
8 first thirty thousand barrels sold;

9 (b) twenty-eight cents (\$.28) per gallon
10 for all barrels sold over thirty thousand barrels but less than
11 sixty thousand barrels sold; and

12 (c) forty-one cents (\$.41) per gallon
13 for sixty thousand or more barrels sold; and

14 (2) for all other manufacturers or producers,
15 fifty-six cents (\$.56) per gallon sold.

16 E. The liquor excise tax imposed on wine is:

17 (1) if manufactured or produced by a small
18 winegrower and sold in this state; provided that proof is
19 furnished to the department that the wine was manufactured or
20 produced by a small winegrower:

21 (a) ten cents (\$.10) per liter on the
22 first eighty thousand liters sold;

23 (b) twenty cents (\$.20) per liter on
24 each liter sold over eighty thousand liters but not over nine
25 hundred fifty thousand liters sold; and

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1 (c) thirty cents (\$.30) per liter on
 2 each liter sold over nine hundred fifty thousand liters but not
 3 over one million five hundred thousand liters sold; and

4 (2) for all other manufacturers and producers,
 5 sixty cents (\$.60) per liter sold.

6 F. The liquor excise tax imposed on fortified wine
 7 is one dollar sixty-five cents (\$1.65) per liter sold.

8 [~~B-~~] G. The volume of wine transferred from one
 9 winegrower to another winegrower for processing, bottling or
 10 storage and subsequent return to the transferor shall be
 11 excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable
 12 volume of wine of the transferee. Wine transferred from an
 13 initial winegrower to a second winegrower remains a tax
 14 liability of the transferor, provided that if the wine is
 15 transferred to the transferee for the transferee's use or for
 16 resale, the transferee then assumes the liability for the tax
 17 due pursuant to this section.

18 [~~G-~~] H. A transfer of wine from a winegrower to a
 19 wholesaler for distribution of the wine transfers the liability
 20 for payment of the liquor excise tax to the wholesaler upon the
 21 sale of the wine by the wholesaler."

22 SECTION 25. [NEW MATERIAL] ALCOHOL HARMS ALLEVIATION
 23 FUND.--

24 A. The "alcohol harms alleviation fund" is created
 25 as a reverting fund in the state treasury. The fund consists

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1 of appropriations, distributions, gifts, grants, donations and
2 bequests made to the fund and income from investment of the
3 fund. The department of finance and administration shall
4 administer the fund, and money in the fund is subject to
5 appropriation by the legislature to the human services
6 department, department of health, early childhood education and
7 care department, public education department and higher
8 education department for:

9 (1) alcohol harms prevention, treatment and
10 recovery services;

11 (2) behavioral health treatment for justice-
12 involved populations and others not covered by the state
13 medicaid program or other health insurance;

14 (3) addressing social determinants of health
15 related to alcohol misuse;

16 (4) support for victims of alcohol-related
17 crimes, including domestic violence and sexual assault; and

18 (5) prevention and reduction of alcohol harms
19 on lands of Indian nations, tribes and pueblos.

20 B. Money in the fund shall be expended by warrant
21 of the secretary of finance and administration pursuant to
22 vouchers signed by the secretary or the secretary's authorized
23 representative.

24 SECTION 26. APPLICABILITY.--

25 A. The provisions of Sections 8 through 10 and 13

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1 through 15 of this act apply to taxable years beginning on or
2 after January 1, 2023.

3 B. The provisions of Sections 11, 16 and 17 of this
4 act apply to taxable years beginning on or after January 1,
5 2024.

6 SECTION 27. EFFECTIVE DATE.--

7 A. The effective date of the provisions of Section
8 12 of this act is April 1, 2023.

9 B. The effective date of the provisions of Sections
10 1 through 4 and 18 through 23 of this act is July 1, 2023.

11 C. The effective date of the provisions of Sections
12 7, 11, 16 and 17 of this act is January 1, 2024.

13 D. The effective date of the provisions of Sections
14 5, 24 and 25 of this act is July 1, 2024.

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