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HOUSE BILL 51

**56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

INTRODUCED BY

John Block and Tanya Mirabal Moya

AN ACT

RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX CREDIT AGAINST THE STATE GROSS RECEIPTS TAX FOR TAXPAYERS THAT RECEIVED NO MORE THAN ONE MILLION DOLLARS (\$1,000,000) IN GROSS RECEIPTS IN THE PREVIOUS CALENDAR YEAR; INCLUDING THE AMOUNT OF GROSS RECEIPTS FOR WHICH THE CREDIT MAY BE APPLIED IN A CALCULATION FOR A DISTRIBUTION TO MUNICIPALITIES.

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

SECTION 1. Section 7-1-6.4 NMSA 1978 (being Laws 1983, Chapter 211, Section 9, as amended) is amended to read:

"7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS TAX.--

A. Except as provided in Subsection B of this section, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each municipality in an amount, subject to any

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1 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
2 1978, equal to the product of the quotient of one and two  
3 hundred twenty-five thousandths percent divided by the tax rate  
4 imposed by Section 7-9-4 NMSA 1978 multiplied by the sum of the  
5 net receipts, except net receipts attributable to a nonprofit  
6 hospital licensed by the department of health, for the month  
7 attributable to the gross receipts tax from the following  
8 business locations plus the net receipts for the month that  
9 would have been attributable to the gross receipts tax from the  
10 following locations but for which a credit is applied pursuant  
11 to Section 2 of this 2024 act:

12 (1) within that municipality;

13 (2) on land owned by the state, commonly known  
14 as the "state fairgrounds", within the exterior boundaries of  
15 that municipality;

16 (3) outside the boundaries of any municipality  
17 on land owned by that municipality; and

18 (4) on an Indian reservation or pueblo grant  
19 in an area that is contiguous to that municipality and in which  
20 the municipality performs services pursuant to a contract  
21 between the municipality and the Indian tribe or Indian pueblo  
22 if:

23 (a) the contract describes an area in  
24 which the municipality is required to perform services and  
25 requires the municipality to perform services that are

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1 substantially the same as the services the municipality  
2 performs for itself; and

3 (b) the governing body of the  
4 municipality has submitted a copy of the contract to the  
5 secretary.

6 B. If the reduction made by Laws 1991, Chapter 9,  
7 Section 9 to the distribution under this section impairs the  
8 ability of a municipality to meet its principal or interest  
9 payment obligations for revenue bonds outstanding prior to July  
10 1, 1991 that are secured by the pledge of all or part of the  
11 municipality's revenue from the distribution made under this  
12 section, then the amount distributed pursuant to this section  
13 to that municipality shall be increased by an amount sufficient  
14 to meet any required payment, provided that the distribution  
15 amount does not exceed the amount that would have been due that  
16 municipality under this section as it was in effect on June 30,  
17 1992.

18 C. A distribution pursuant to this section may be  
19 adjusted for a distribution made to a tax increment development  
20 district with respect to a portion of a gross receipts tax  
21 increment dedicated by a municipality pursuant to the Tax  
22 Increment for Development Act.

23 D. As used in this section, "nonprofit hospital"  
24 means a hospital that has been granted exemption from federal  
25 income tax by the United States commissioner of internal

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1 revenue as an organization described in Section 501(c)(3) of  
2 the Internal Revenue Code."

3 SECTION 2. A new section of the Gross Receipts and  
4 Compensating Tax Act is enacted to read:

5 "[NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX CREDIT--  
6 TAXPAYERS WITH NO MORE THAN ONE MILLION DOLLARS (\$1,000,000) IN  
7 GROSS RECEIPTS IN THE PREVIOUS CALENDAR YEAR.--

8 A. Prior to July 1, 2029, a taxpayer may claim a  
9 tax credit in an amount equal to twenty-five percent of the  
10 taxpayer's tax liabilities in a taxable period against the  
11 state gross receipts tax due; provided that the taxpayer  
12 received no more than one million dollars (\$1,000,000) in gross  
13 receipts in the calendar year prior to the taxable period in  
14 which the credit is claimed. The amount of credit shall not  
15 exceed twenty thousand dollars (\$20,000) per taxpayer per  
16 calendar year.

17 B. To receive a credit provided by this section, a  
18 taxpayer shall apply to the department on forms and in the  
19 manner required by the department.

20 C. That portion of credit that exceeds a taxpayer's  
21 tax liability in the taxable period in which the credit is  
22 claimed may be carried forward to succeeding taxable periods.

23 D. A taxpayer that claims another credit against  
24 the gross receipts tax shall not be eligible to claim the  
25 credit provided by this section in the same taxable period.

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1           E. A taxpayer allowed a tax credit pursuant to this  
2 section shall report the amount of the credit to the department  
3 in a manner required by the department.

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

12           G. As used in this section, "tax liabilities" means  
13 state gross receipts tax liability and any local option gross  
14 receipts tax liabilities in a taxable period."

15           **SECTION 3. APPLICABILITY.**--The provisions of Section 2 of  
16 this act apply to tax liabilities from taxable periods  
17 beginning on or after July 1, 2024.

18           **SECTION 4. EFFECTIVE DATE.**--The effective date of the  
19 provisions of this act is July 1, 2024.