

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

February 3, 2025

Bill: HB-218

Sponsor: Representative Derrick J. Lente

Short Title: Tax Changes

Description: HB218 is a Tax & Rev agency bill that proposes extensive clean up to the taxation statutes as follows:

- **Sections 1, 102, 106, 108 – 112:** remove January 1 local option Gross Receipts Tax (GRT) rate changes except for some local options in case of emergency or unforeseen occurrence impacting reserve levels.
- **Sections 1 through 25 and 48 through 49:** Minor clean up to the Metropolitan Redevelopment Act (Section 1); the Tax Increment Development District (TIDD) Act to make changes to account for destination sourcing and data collection (Sections 2 through 9); updating current language such as changing food stamps to Supplemental Nutrition Assistance Program (SNAP) and Human Services Department (HSD) to Health Care Authority (HCA) (Section 10); consolidating several voluntary PIT refund contributions and revenue distributions into fewer sections (Sections 17 and 48) updating provisions regarding adjustments of tax distributions (Sections 11 through 15 and Sections 18 and 19); deleting obsolete language and other small changes regarding distributions and to reflect destination sourcing of GRT (Sections 16 and 20 through 25).
- **Section 26:** Taxpayers that owe over \$25,000 will be required to pay electronically, and may no longer pay by cash or check, subject to waiver approved by Tax & Rev.
- **Section 27:** Increases the maximum a taxpayer may owe to be eligible to file and pay less frequently than monthly from \$200 to \$500; deletes obsolete provisions of Section 7-1-15 NMSA.
- **Sections 28, 30 and 31:** Removes the requirement of attorney general approval of closing agreements between Tax & Rev and taxpayers settling tax disputes, as well as refunds and abatements over \$20,000. Adds the denial of a refund or credit as the subject of a closing agreement to match current practice. Allow Tax & Rev to abate protests solely for penalty and interest less than \$50.
- **Section 29:** Allows an amended return that shows overpayment of tax to constitute a refund claim for any tax program allowed by Tax & Rev, which saves taxpayers the step of separately submitting a refund request. Removes language regarding the ability of taxpayers to dispute the denial of a credit that conflicts with Section 7-1-29.2 NMSA 1978.
- **Section 32 through 34 and 150:** Allows Tax & Rev to file tax liens electronically with the Secretary of State in addition to county clerk filing, and other minor clean up related to tax liens. Liens may be filed without a notary signature.
- **Sections 36:** Removes the April 30 extended Personal Income Tax (PIT) deadline for taxpayers who electronically file and pay so that all PIT returns will be due April 15.
- **Section 38 through 47 and 55 through 59:** Standardizes tax credit language for numerous credits and streamlines language relating to reporting on tax expenditures in tax expenditure budget.
- **Section 50:** Increases the threshold from \$5,000 to \$10,000 for conditional repeal of any voluntary PIT contribution.
- **Section 54:** Removes the March 30 extended Corporate Income Tax (CIT) deadline for taxpayers who electronically file and electronically pay so that all CIT returns will be due March 15.
- **Sections from 51 through 94, 96 through 97, and 98 through 156:** Minor cleanup of various tax credit statutes to remove obsolete language and improve efficiency of administration by removing

now-unnecessary provisions relating to the reporting of tax expenditures, and other minor changes.

- **Section 63:** Requires that all employers must electronically file their annual withholding statements electronically, not just employers with 25 or more employees, subject to waiver by Tax & Rev.
- **Section 64:** Changes the date by which quarterly withholding statements must be filed from the last day of the month following the close of the calendar quarter to the 25th day of that month, and applies the electronic filing requirement to all employers, not just those with more than 50 employees.
- **Section 68:** clarifies that a taxpayer does not receive the safe harbor of a non-taxable transaction certificate (NTTC) if the NTTC is obtained in bad faith to reflect a recent NM Supreme Court decision.
- **Section 85:** Requires that if a taxpayer claims the electricity exchange deduction, such taxpayer consents to Tax & Rev reporting the amount of the deduction in annual tax expenditure report if there are fewer than three (3) taxpayers taking that deduction.
- **Section 91:** Reflects the current state GRT rate for purposes of the Investment Credit.
- **Section 95:** Removes the tiered contingent rate of petroleum products loading (PPL) fee currently based on the balance of Environment Department’s (NMED) corrective action fund. The fee will remain a flat \$150 eliminating the need for an annual certification by NMED.
- **Sections 114, 115, 121, 122, 125, 126, 133, and 134:** Clarifies taxation of skim oil, slop and sediment to ensure these oil products are taxed once and only once.
- **Sections 120, 124, 132 and 141:** Streamlines advanced payments for oil and gas-related taxes to reflect the current process in which Tax & Rev (not taxpayer) calculates the required payments, and payments are collected annually rather than monthly.
- **Section 149:** Clarifies that the insurance premium tax is not due on supplemental health care plans issued by nonprofit insurers to match current practice.
- **Section 154:** Provides for the workers compensation fee to be due on the 25th rather than the last day of the month in order to align with the withholding tax due date in 7-3-7 NMSA 1978.
- **Sections 157 through 159:** Repeals 81 obsolete sections in the tax code.

Effective Date: The effective date of the provisions of Sections 1 through 16, 18 through 35, 37, 61, 66 through 119, 121 through 123, 125 through 131, 133 through 140, 142 through 150, 155, 157 and 158 is July 1, 2025. Sections 17, 36, 38 through 60, 62 through 65, 120, 124, 132, 141, 151 through 154, 156 not specified; 90 days following adjournment (June 20, 2025).

Taxation and Revenue Department Analyst: Lucinda Sydow, Pedro Clavijo and Sara Grubbs

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	Slightly Positive	Slightly Positive	Slightly Positive	Slightly Positive	R	Section 68: General Fund
--	Slightly Positive	Slightly Positive	Slightly Positive	Slightly Positive	R	Section 68: Local Governments
--	\$176	\$184	\$190	\$201	R	Section 91: General Fund
--	\$3,300	\$3,800	\$4,500	\$5,100	R	Sections 114:115: Severance Tax Bonding Fund
--	\$150	\$174	\$230	\$264	R	Sections 121:122: General Fund
--	\$18	\$21	\$57	\$65	R	Sections 121:122:

						Reclamation Fund
--	\$2,800	\$3,200	\$3,800	\$4,300	R	Sections 125:126: Early Childhood Education and Care Fund/Tax Stabilization Reserve
--	\$900	\$1,000	\$1,200	\$1,400	R	Sections 133:134: Counties and School Districts
--	\$0	\$0	\$0	\$0	R	Section 149: All associated funds, including the General Fund
--	\$25	--	--	--	NR	Section 157 – Repeal of 7-2H-1 - 2H-4 NMSA 1978: General Fund
--	\$351	\$358	\$420	\$465	R	Total General Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: The overarching goal of this bill is to bring clarity, accuracy and brevity to the tax code. The majority of the proposed amendments do not represent any material changes and will not result in a revenue impact. The sections listed in the estimated revenue impact table above and described below represent the only sections where Tax & Rev believes there are revenue impacts, or where the amendments require clarification as to why they cause no fiscal impact.

[Section 68]: To the extent that taxpayers have been obtaining non-taxable transaction certificates (NTTC) in bad faith to qualify for GRT deductions, this proposed amendment may increase and preserve State and local GRT revenue.

[Section 91]: The State GRT and compensating tax rates were recently reduced from 5.125% to 4.875%. But for purposes of calculating the Investment Credit, Section 7-9A-5(B) still reflects a 5.125% rate. This bill will ensure the Investment Credit will always be calculated on the then-current state GRT rate. Tax & Rev used data recorded in the 2024 Tax Expenditure Report to estimate the revenue gain for the General Fund from modifying 7-9A-5 NMSA 1978 subsection B to have the compensating tax rate equal to the gross receipts tax rate for purposes of calculating the amount of an Investment Tax Credit. As this credit is available for manufacturers along with other deductions that reduce manufacturer GRT and Compensating (CMP) tax liabilities, Tax & Rev assumed that the majority of taxpayers claiming the credit have equipment not subject to GRT or CMP and the calculation under 7-9A-5(B) applies. This is supported by the majority of the credit being applied against withholding tax liability. The analysis used data for the fiscal year 2024 on the investment credit claimed against withholding and applied the GRT revenue growth from the December 2024 Consensus Revenue Estimating Group (CREG) forecast.

[Section 95]: The petroleum products loading fee has been at \$150 per load under the current statute. There is no fiscal impact to the removal of the tiered rates.

[Sections 114-115, 121-122, 125-126, 133-134]: Tax & Rev evaluated the current trend for taxable slop or skim oil that is being reported by taxpayers. Tax & Rev assumes this reported slop and skim oil represents 50% of current taxable slop or skim oil and additional defined “sediment” oil, and assumes that the remaining 50% is not currently being reported. Tax & Rev forecasted the current reported volumes with a simple linear trend model and a model comparing historical growth to total state oil production growth. The two models were averaged and applied to the December 2024 CREG forecast, assuming an additional 50% of new reported volume. Like oil volumes, the assumed oil price for these oil products

was scaled to the CREG’s December 2024 oil price forecast based on the historical price differential. Tax & Rev applied the average FY23 and FY24 deduction percentage for these specific oil products to arrive at the estimated taxable value per fiscal year. The distribution to the various funds is based on the CREG’s December 2024 forecast for oil and natural gas revenue and statutory distributions.

[Section 149]: The current application of non-taxable premiums follows the proposed amendment to treat all supplemental health care plans equally. There is no fiscal impact to the law change.

[Section 157]: With the repeal of the obsolete Native American veterans’ income tax settlement fund, approximately \$25 thousand remaining in the fund untouched since FY2015 will revert to the General Fund.

Policy Issues: The overarching goal of this bill is to bring clarity, accuracy and brevity to the tax code. The proposed amendments do not represent material changes but bring efficiency and clarity for taxpayers and for Tax & Rev. More descriptions and purposes behind the proposed amendments by section are described in the tables below.

SB218 Summary - Color Key
Remove January 1 local GRT and compensating tax rate changes, except in the case of an emergency
TIDD changes for destination sourcing of GRT - 12 months data collection to set baseline, move definition of developer
Allow TRD to reveal confidential taxpayer info necessary to produce the annual Tax Expenditure Budget
Remove attorney general approval of certain TRD actions
Allow electronic filing of liens and filing with SOS, not only county clerks in person, no notary required
Clean up tax credit language
Inflation adjustments in Tax Code
Clean up to reflect destination sourcing
Clarify taxation of skim oil, slop and sediment
Other
Minor clean up

Bill Section	Section Amended	Summary of Amendments
1	3-60A-21	Metropolitan Development Act: Remove January 1 local GRT and comp tax rate changes, retain July 1 tax rate change date. Give State Board of Finance rulemaking authority
2	5-15-3	TIDD changes for destination sourcing of GRT, 12 months data collection to set baseline, move definition of developer to Section 5-15-3
3	5-15-9	TIDD changes for destination sourcing of GRT, 12 months data collection to set baseline, remove January 1 distribution effective date
4	5-15-15	TIDD changes for destination sourcing of GRT, 12 months data collection to set baseline, remove January 1 distribution effective date of local tax rate changes
5	5-15-21	TIDD changes for destination sourcing
6	5-15-25.1	TIDD changes for data collection to set baseline, move definition of developer to Section 5-15-3
7	5-15-25.2	TIDD changes for data collection to set baseline, move definition of developer to Section 5-15-3

8	5-15-25.3	TIDD changes for data collection to set baseline
9	5-15-27	TIDD changes for data collection to set baseline
10	7-1-4.4	Minor clean up - change food stamps to SNAP, change HSD to HCA
11	7-1-6.2	Minor clean up - reflecting adjustment of small cities assistance fund distributions
12	7-1-6.4	Minor clean up - delete obsolete language related to municipal bonds issued prior to July 1, 1991
13	7-1-6.5	Minor clean up - reflecting adjustment of small counties assistance fund distributions
14	7-1-6.9	Minor clean up reflecting current language in 7-1-6.15 - local gas tax distributions are already subject to adjustment
15	7-1-6.15	Give Tax & Rev ability to adjust local distributions of oil and gas production and equipment ad valorem taxes when taxpayers amend returns or audits occur.
16	7-1-6.16	Minor clean up - remove obsolete 1989 language
17	7-1-6.18	Minor clean up - move about 16 distributions of voluntary PIT refund contributions into one single section to reduce repetitive sections
18	7-1-6.26	Minor clean up reflecting current language in 7-1-6.15 - county government road fund distributions are already subject to adjustment
19	7-1-6.27	Minor clean up reflecting current language in 7-1-6.15 - municipal road distributions are already subject to adjustment. Change SHDT to DOT
20	7-1-6.30	Minor clean up - delete obsolete language that applied from 2017 to 2019
21	7-1-6.46	Minor clean up - reflect destination sourcing of GRT receipts and remove hold harmless phase out schedule for completed fiscal years
22	7-1-6.47	Minor clean up - reflect destination sourcing of GRT receipts and remove hold harmless phase out schedule for completed fiscal years
23	7-1-6.58	Minor clean up - remove "during fiscal year 2008 and subsequent fiscal years"
24	7-1-6.68	Minor clean up - reflect destination sourcing of cannabis excise tax
25	7-1-8.9	Minor clean up - reflect destination sourcing in GRT reports locals may request from TRD. Limit taxpayer ID numbers Tax & Rev will provide to locals to last 4 digits
26	7-1-13.1	Taxpayers that owe over \$25,000 will be required to pay electronically, no longer cash or check.
27	7-1-15	Increase the maximum a taxpayer may owe and still file and pay less than monthly from \$200 to \$500 to adjust for inflation since 1991. This will allow more small taxpayers to file/pay quarterly or semi-annually
28	7-1-20	Remove attorney general approval of closing agreements between TRD and taxpayers settling tax disputes. Make clear closing agreement can settle a denial of a refund or credit, not just an assessment to match current practice
29	7-1-26	Allows an amended return that shows overpayment of tax to constitute a refund claim for any tax program allowed by TRD. Saves taxpayers the step of separately submitting a refund request. Removes "credit" language as it conflicts with 7-1-29.2 as amended in 2023
30	7-1-28	Remove attorney general approval of refunds over \$20,000. Increase amount of abatements available for public inspection from \$10,000 to \$20,000 to adjust for inflation since 2006. Allow Tax & Rev Secretary to abate protests solely for penalty and interest less than \$50 - often a taxpayer pays the tax due and protests only the small penalty and interest

31	7-1-29	Remove attorney general approval of abatements over \$20,000. Increase amount of refunds and credits available for public inspection from \$10,000 to \$20,000 to adjust for inflation since 2006
32	7-1-37	Minor clean up related to TRD liens - liens can be both "extinguished" and "released"
33	7-1-38	Allow Tax & Rev liens to be filed with the Secretary of State, in addition to current practice of filing liens with county clerks. Allow liens to be recorded electronically
34	7-1-39	Minor changes to reflect proposed changes to 7-1-38 (electronic Tax & Rev lien filing, filing with Secretary of State)
35	7-1-79	Minor clean up - gender neutral language, change director to secretary
36	7-2-12	Remove April 30 extended PIT deadline for taxpayers who electronically file and e-pay - returns will be due April 15
37	7-2-12.1	Minor clean up - remove obsolete language - no claims since FY12
38	7-2-18.16	Clean up and standardize tax credit language - special needs adopted child
39	7-2-18.17	Clean up and standardize tax credit language - angel investment credit
40	7-2-18.22	Clean up and standardize tax credit language - rural health care practitioner credit
41	7-2-18.24	Clean up and standardize tax credit language - geothermal ground-coupled heat pump credit
42	7-2-18.26	Clean up and standardize tax credit language - agricultural biomass credit
43	7-2-18.29	Clean up and standardize tax credit language - 2015 sustainable building credit-remove inordinate complexity around cap being carried forward vs refunded based on credit amount - make it all carried forward up to 7 years
44	7-2-18.31	Clean up and standardize tax credit language - new solar market credit
45	7-2-18.32	Clean up and standardize tax credit language - 2021 sustainable building credit-remove inordinate complexity around cap being carried forward vs refunded based on credit amount - make it all carried forward up to 7 years. Allow those with leasehold on tribal land to qualify for the credit
46	7-2-18.35	Clean up and standardize tax credit language - home fire recovery credit
47	7-2-18.38	Clean up and standardize tax credit language - geothermal electricity generation credit
48	7-2-24	Minor clean up - consolidate about 16 voluntary PIT refund contributions into one single section to reduce repetitive sections
49	7-2-28.1	Minor clean up - voluntary PIT contributions - update reference to 7-2-24
50	7-2-31.1	Increase threshold from \$5,000 to \$10,000 for conditional repeal of any voluntary PIT contribution to reflect inflation since 1999
51	7-2-39	Minor clean up and removal of obsolete language
52	7-2-40	Minor clean up and removal of obsolete language
53	7-2-41	Minor clean up and removal of obsolete language
54	7-2A-9	Remove March 30 extended CIT deadline for taxpayers who electronically file and electronically pay - returns will be due March 15
55	7-2A-24	Clean up tax credit language - geothermal ground-coupled heat pump credit
56	7-2A-24.1	Clean up tax credit language - geothermal electricity generation credit
57	7-2A-26	Clean up tax credit language - agricultural biomass credit
58	7-2A-28	Clean up tax credit language - 2015 sustainable building credit- remove complexity around cap being carried forward vs refunded based on credit amount - make it all carried forward up to 7 years

59	7-2A-28.1	Clean up tax credit language - 2021 sustainable building credit- remove complexity around cap being carried forward vs refunded based on credit amount - make it all carried forward up to 7 years. Allow those with leasehold on tribal land to qualify for the credit. Remove "low-income taxpayer" since that can't apply to a Corporation (CIT credit)
60	7-2A-31	Minor clean up and removal of obsolete language
61	7-2C-12	Minor clean up - delete obsolete language related to NMFA bonds that were fully discharged long ago
62	7-2E-1.1	Clean up tax credit language - rural job tax credit
63	7-3-7	All annual withholding statements to be filed electronically, not just for employers with 25 or more employees
64	7-3-13	All employers to file a quarterly withholding tax return regardless of number of employees, remove specific penalty because regular TAA penalty will apply. Returns due on 25th, not last day of the month
65	7-3A-9	Remove reporting language in light of tax expenditure budget
66	7-9-9	Minor clean up for destination sourcing
67	7-9-18.1	Minor clean up - food stamps now SNAP. HSD is now HCA
68	7-9-43	Clean up reflecting NM Supreme Court decision on CCA prison operator tax protest. Makes clear a taxpayer does not receive safe harbor of a non-taxable transaction certificate entitling them to a GRT deduction if they obtain the NTTC in bad faith.
69	7-9-46	Minor clean up and removal of obsolete language
70	7-9-56.3	Border zone trade deduction. Minor cleanup
71	7-9-62	Minor clean up and removal of obsolete language
72	7-9-62.1	Minor clean up and removal of obsolete language
73	7-9-73.2	Require prescription drug, oxygen and medical cannabis GRT deduction to be separately reported. Minor clean up and removal of obsolete language
74	7-9-73.3	Clean up tax deduction language - durable medical equipment
75	7-9-77.1	Minor clean up and removal of obsolete language
76	7-9-77.2	Minor clean up and removal of obsolete language
77	7-9-83	Minor clean up - remove obsolete language that applied from 2003 to 2017
78	7-9-84	Minor clean up - remove obsolete language that applied from 2003 to 2017
79	7-9-90	Minor clean up and removal of obsolete language
80	7-9-91	Minor clean up - fix incorrect statutory reference
81	7-9-93	Minor clean up and removal of obsolete language
82	7-9-94	Minor clean up and removal of obsolete language
83	7-9-95	Move back to school GRT holiday one week earlier reflecting earlier school start dates
84	7-9-103.1	Require GRT - converting electricity- deduction to be separately reported
85	7-9-103.2	Electricity exchange GRT deduction. Require that if a taxpayer claims the deduction they consent to Tax & Rev reporting the amount of the deduction in annual tax expenditure report. Since fewer than 3 taxpayers claim the deduction, under current law Tax & Rev cannot report the amount of revenue foregone due.
86	7-9-110.3	Clean up tax deduction language
87	7-9-112.1	Minor clean up and removal of obsolete language
88	7-9-115	Minor clean up and removal of obsolete language
89	7-9-116	Minor clean up and removal of obsolete language
90	7-9-119	Minor clean up and removal of obsolete language

91	7-9A-5	Minor clean up - reflect new GRT rate in Investment Credit
92	7-9C-7	Minor clean up - remove obsolete language that applied from 1998 to 2000
93	7-9G-1	Remove obsolete language that applied prior to 2015. Remove 180 day application determination by TRD as that's covered in Tax Administration Act
94	7-13-3.5	Minor clean up - change State Corporation Commission to PRC. Remove obsolete language that applied until 1994
95	7-13A-3	Remove tiered and complicated contingent rate of petroleum products loading fee currently based on balance of NMED's corrective action fund. Fee will remain a flat \$150 as it has for decades, eliminating the need for an annual certification
96	7-13A-5	Minor clean up and removal of obsolete language
97	7-16A-9.4	Clean up tax deduction language - special fuels
98	7-16A-13.1	Minor clean up - remove obsolete language that applied prior to 2005
99	7-16A-15	Minor clean up - change State Corporation Commission to PRC. Remove obsolete language that applied until 1994
100	7-16B-4	Minor clean up - remove tax rates that applied from 1996 to 2014
101	7-19-11	Minor clean up - remove reference to the "division" - only the "department"
102	7-19-12	Remove January 1 local GRT and comp tax rate changes except in case of emergency, retain July 1 tax rate change date
103	7-19-13	Minor clean up - change "division" to "department" referencing TRD
104	7-19-14	Minor clean up - remove language that applied prior to July 1, 2021
105	7-19-16	Minor clean up - change "division" to "department" referencing TRD
106	7-19D-3	Remove January 1 local GRT and comp tax rate changes except in case of emergency, retain July 1 tax rate change date
107	7-19D-5	Minor clean up - remove language that applied prior to July 1, 2021
108	7-19D-17	Remove January 1 local GRT and comp tax rate changes, retain July 1 tax rate change date
109	7-20E-3	Remove January 1 local GRT and comp tax rate changes except in case of emergency, retain July 1 tax rate change date
110	7-20E-13	Remove January 1 local GRT and comp tax rate changes, retain July 1 tax rate change date
111	7-20E-18	Remove January 1 local GRT and comp tax rate changes, retain July 1 tax rate change date
112	7-20E-26	Remove January 1 local GRT and comp tax rate changes except in case of emergency, retain July 1 tax rate change date
113	7-26-2	Minor clean up - remove reference to "director" - only "secretary" referencing TRD
114	7-29-2	Clarify taxation of skim oil, slop and sediment. Minor clean up - remove references to "commission" and "division" - only the "department"
115	7-29-4	Clarify taxation of skim oil, slop and sediment. Minor clean up - remove references to "commission" and "division" - only the "department"
116	7-29-5	Minor clean up - remove references to "commission" - only the "department"
117	7-29-6	Minor clean up - remove references to "commission" - only the "department", gender neutral language
118	7-29-7	Minor clean up - remove references to "division" - only the "department"
119	7-29-8	Minor clean up - remove references to "division" - only the "department", gender neutral language
120	7-29-23	Streamline advanced payments for oil and gas severance tax - reflect current process in which department (not taxpayer) calculates and payments are collected annually not monthly
121	7-30-2	Clarify taxation of skim oil, slop and sediment

122	7-30-4	Clarify taxation of skim oil, slop and sediment
123	7-30-9	Minor clean up
124	7-30-27	Streamline advanced payments for oil and gas conservation tax - reflect current process in which department (not taxpayer) calculates and payments are collected annually not monthly
125	7-31-2	Clarify taxation of skim oil, slop and sediment. Minor clean up - delete "division" and "commission" - just department
126	7-31-4	Clarify taxation of skim oil, slop and sediment
127	7-31-6	Minor clean up - replace "commission" with "department"
128	7-31-8	Minor clean up - replace "commission" with "department"
129	7-31-9	Minor clean up - replace "commission" with "department", gender neutral language
130	7-31-10	Minor clean up - replace "division" with "department"
131	7-31-11	Minor clean up - replace "division" with "department"
132	7-31-26	Streamline advanced payments for oil and gas emergency school tax - reflect current process in which department (not taxpayer) calculates and payments are collected annually not monthly
133	7-32-2	Clarify taxation of skim oil, slop and sediment. Minor clean up - remove references to "commission" and "division" - only the "department"
134	7-32-4	Clarify taxation of skim oil, slop and sediment. Minor clean up - replace "division" with "department", gender neutral language
135	7-32-6	Minor clean up - replace "commission" with "department"
136	7-32-8	Minor clean up - replace "commission" with "department"
137	7-32-9	Minor clean up - replace "commission" with "department", gender neutral language
138	7-32-10	Minor clean up - replace "division" with "department"
139	7-32-11	Minor clean up - replace "commission" with "department", gender neutral language
140	7-32-13	Minor clean up. Streamline county assessor and treasurer receipt of annual ad valorem tax information
141	7-32-28	Streamline advanced payments for oil and gas ad valorem production tax - reflect current process in which department (not taxpayer) calculates and payments are collected annually not monthly
142	7-33-4	Minor clean up - remove obsolete language applicable prior to 1999
143	7-34-2	Minor clean up - replace "commission with "department"
144	7-34-3	Minor clean up - replace "commission with "department"
145	7-34-4	Minor clean up - replace "division" with "department"
146	7-34-5	Minor clean up - remove obsolete language applicable prior to 1969
147	7-34-6	Minor clean up - replace "commission" with "department". Adjust deadline for TRD to send annual tax statement to operators from October 15 to November 1
148	7-34-7	Minor clean up - replace "commission" with "department"
149	7-40-5	Clarify insurance premium tax not due on supplemental health care plans issued by nonprofit insurers to match current practice
150	14-8-4	Allow TRD lien notices to be filed and recorded without notary signature
151	24A-8-2	Minor clean up - health care delivery and access act - correct name of health care authority
152	24A-8-3	Minor clean up - health care delivery and access act - TRD to receive necessary notifications from HCA

153	24A-8-6	Minor clean up - health care delivery and access act
154	52-5-19	Workers comp fee to be due 25th rather than last day of the month to align with withholding tax due date in 7-3-7. Minor clean up - delete obsolete language from prior to 2004. Gender neutral language
155	67-3-8.1	Minor clean up - Signatories to tribal gas tax revenue sharing agreements are DOT Secretary and tribe, TRD secretary receives a copy but is not a signatory
156		Minor clean up - health care delivery and access act - delayed repeal of tax administration and distribution sections - they are replaced in this bill
157	REPEAL	Sections 7-1-6.6, 7-1-6.24, 7-1-6.34, 7-1-6.35, 7-1-6.48, 7-1-6.49, 7-1-6.50, 7-1-6.59, 7-1-6.60, 7-1-15.2, 7-2-7.2, 7-2-7.3, 7-2-18.7, 7-2-18.11, 7-2-18.14, 7-2-18.19, 7-2-18.23, 7-2-18.30, 7-2-23, 7-2-24.1, 7-2-24.2, 7-2-28, 7-2-29, 7-2-30, 7-2-30.1, 7-2-30.2, 7-2-30.3, 7-2-30.4, 7-2-30.5, 7-2-30.6, 7-2-30.7, 7-2-30.8, 7-2-30.9, 7-2-30.11, 7-2-31, 7-2A-14, 7-2A-17.1, 7-2A-21, 7-2A-29, 7-2A-30, 7-2D-1 through 7-2D-14, 7-2F-1, 7-2F-2.1, 7-2F-6 through 7-2F-11, 7-2H-1 through 7-2H-4, 7-9-10, 7-9-74, 7-9-79.2, 7-9-118, 7-9A-2.1, 7-9F-12, 7-9J-1 through 7-9J-8, and 7-13-10 NMSA 1978 are repealed
158	ADDITIONAL REPEAL	Minor clean up - obsolete PIT rate tables repealed
159	DELAYED REPEAL	Section 7-1-6.66 is repealed effective January 1, 2028 - distribution section related to the 2021 4-month restaurant and bar GRT holiday
160	EFFECTIVE DATES	

Taxation & Revenue Department 2025 Tax Code Clean Up: Sections Proposed for Repeal

Section to Repeal	Details	Rationale for Repeal
7-1-6.6	Distribution of voluntary income tax contributions to game protection fund	Consolidate all voluntary refund distributions into 7-1-6.18
7-1-6.24	Distribution of voluntary income tax contributions to substance abuse education fund	
7-1-6.34	Distribution of voluntary income tax contributions to conservation planting revolving fund	
7-1-6.35	Distribution of voluntary income tax contributions to state political parties	
7-1-6.48	Distribution of voluntary income tax contributions to amyotrophic lateral sclerosis research	
7-1-6.49	Distribution of voluntary income tax contributions to state parks division	
7-1-6.50	Distribution of voluntary income tax contributions to national guard member and family assistance	
7-1-6.59	Distribution of voluntary income tax contributions to Vietnam veterans memorial operations, maintenance, improvement	No longer applicable after 2019 de-earmarking legislation
7-1-6.60	Distribution to counties that imposed a county business retention GRT	

7-1-6.66	Hold harmless distribution for 4-month food and beverage establishment GRT deduction from March 1, 2021 to June 30, 2021	Delayed repeal on January 1, 2028 after statute of limitations to amend returns to claim the deduction and after audit adjustments may be made
7-1-15.2	Department may enter agreements with direct markets to collect compensating tax	No longer applicable, especially after 2019's HB6
7-2-7.2	Personal income tax rate tables for 2005	No longer applicable
7-2-7.3	2005 tax year rebate is exempt from PIT	No longer applicable
7-2-18.7	Tax year 2000 veteran property tax rebate	No longer applicable
7-2-18.11	Job mentorship PIT credit	Credit has been claimed only a handful of times. Last claims totaled \$8,000 in FY2021, \$14,000 in FY2018
7-2-18.14	Previous solar market tax credit	No longer applicable - applied to solar installations before December 31, 2016
7-2-18.19	Previous sustainable building tax credit	No longer applicable - applied to taxable years ending on or before December 31, 2016
7-2-18.23	2007 tax year refundable credit	No longer applicable
7-2-18.30	Foster youth employment PIT credit	Credit has never been claimed since created in 2018
7-2-23	Finding related to voluntary refund contribution for wildlife	Consolidate all voluntary refund contributions to 7-2-24
7-2-24.1	Voluntary refund contribution to tree plantings	
7-2-24.2	Voluntary refund contribution to healthy soil program	
7-2-28	Voluntary refund contribution to veterans' cemetery fund	
7-2-29	Finding related to voluntary refund contribution for substance abuse education	
7-2-30	Voluntary refund contribution to substance abuse education fund	
7-2-30.1	Voluntary refund contribution to amyotrophic lateral sclerosis	
7-2-30.2	Voluntary refund contribution to state parks	
7-2-30.3	Voluntary refund contribution to national guard members and family assistance	
7-2-30.4	Voluntary refund contribution to Vietnam veterans memorial	
7-2-30.5	Voluntary refund contribution to veterans' enterprise fund	
7-2-30.6	Voluntary refund contribution to lottery tuition fund	
7-2-30.7	Voluntary refund contribution to equine shelter rescue fund	
7-2-30.8	Voluntary refund contribution to senior services	
7-2-30.9	Voluntary refund contribution to animal care and facility fund	
7-2-30.11	Voluntary refund contribution to NM housing trust fund	
7-2-31	Voluntary refund contribution to state political party	
7-2A-14	Corporate-supported child care CIT credit	No claims since FY2012. 3 taxpayers claimed from FY08-FY11

7-2A-17.1	Job mentorship CIT credit	PIT and CIT credit claimed only a handful of times. Last claims totaled \$8,000 in FY2021, \$14,000 in FY2018
7-2A-21	Previous sustainable building tax credit	No longer applicable - applied to taxable years ending on or before December 31, 2016
7-2A-29	Foster youth employment CIT credit	Credit has never been claimed since created in 2018
7-2A-30	Deduction to offset material financial effects of changes in deferred tax amounts	Set to take effect in 2026. No longer applicable - the tax issue it was meant to address is not happening
7-2D-1 to 7-2D-14	Previous venture capital investment credit definitions	The credit was previously repealed, this will repeal the remaining obsolete definitions for the credit
7-2F-1	Previous film production tax credit	No longer applicable - applied to productions that commenced principal photography prior to 2016
7-2F-2.1	Previous film production tax credit	
7-2F-6 to 7-2F-11	Previous film production tax credit	
7-2H-1 through 7-2H-4	Native American service member settlements	No longer applicable - no claims since 2015; allows \$25,000 to revert to general fund
7-9-10	Collection of compensating tax through agents	No longer applicable after 2019 HB6, destination sourcing and allowing TRD to enforce compensating tax
7-9-74	GRT deduction for tangible personal property sold to person using it to manufacture jewelry	Not necessary since 7-9-46 provides a deduction for selling tangible personal property to a person engaged in any manufacturing (including jewelry)
7-9-79.2	Biodiesel blending facility tax credit	Credit claimed once in 17 years in FY20
7-9-118	4-month restaurant GRT deduction	No longer applicable - applied to receipts from March 1, 2021 to June 30, 2021
7-9A-2.1	RSTP review of investment tax credit in 2005 interim	No longer applicable - applied to 2005 only
7-9F-12	Tax & Rev report to interim committees on Technology Jobs Tax Credit Act	Not necessary in light of tax expenditure budget
7-9J-1 through 7-9J-8	Alternative energy production manufacturers tax credit	Credit is infrequently claimed and potentially overlaps with investment tax credit
7-13-10	Bond impairment language related to Laws 1971	No longer necessary - applied to bonds issued more than 53 years ago

Technical Issues: None.

Other Issues: None.

Administrative & Compliance Impact: Tax and Rev will update forms, instructions and publications

and make information system changes. The implementation of these changes will be included in the annual tax year changes. Additionally, staff training will take place. While these changes reflect one-time costs as summarized below, in the long-term, Tax & Rev will experience savings and efficiencies.

[Sections 1, 102, 106, 108-112]: The sections reducing local option GRT rate changes will save budget, human and technical resources for Tax & Rev, and simplify forms, instructions, and distributions. Businesses registered to file the GRT will also have to be aware of rate changes less frequently, requiring less programming of private point of sale and bookkeeping systems and fewer errors in taxpayer reporting if a new rate is not implemented by the taxpayer.

Tax & Rev will save about \$25,000 per year in costs printing and distributing revised forms and publications, printing a second GRT Filer's kit per year, programming and testing rate changes into the tax system of record, adjusting and testing revenue distributions in Gentax. Reducing GRT rate change dates will also reduce risk of system error.

[Sections 2-9]: The modifications to the TIDD act will increase Tax & Rev's efficiency in determining baselines in new TIDDs, resulting in manual time, effort, and resource savings, ultimately reducing disputes or confusion among taxpayers.

[Section 26]: The requirement for more tax liability payments to be made electronically will increase the efficiency of revenue processing by Tax & Rev. Taxpayers will experience faster processing as a result of fewer paper returns having to be mailed, opened, keyed, and often being sent to error queues.

[Sections 27 and 29]: Allowing more very small taxpayers to file quarterly or semi-annually will result in time savings at Tax & Rev's Revenue Processing Division (RPD) as well as for taxpayers.

[Sections 32-34, 68, 150]: The proposed amendments will result in a savings of manual time and effort in Tax & Rev's Audit and Compliance Division (ACD) which can then be directed to responding to customers' needs and collecting delinquent revenue. The department will need to develop an electronic exchange for electronic filing of liens under the changes in Sections 33-34. The long-term impact of the electronic filing of liens from these sections combined with Section 150 not requiring the notarization of the liens will result in efficiencies for staff as well as postage savings to mail "wet" signatures to all 33 counties weekly. Finally, no longer having to file releases on the extinguished liens is an efficiency for the department.

[Sections 28, 30-31]: Removing unnecessary AG approvals of closing agreements, refunds and abatements will result in these items being approved more quickly, benefitting both Tax & Rev and taxpayers. The Gentax system will be updated to remove the AG approval role.

[Sections 36, 54]: Removing the extended April 30 and March 30 PIT and CIT filing deadlines for those who file and pay electronically will reduce errors on the part of taxpayers and national software providers resulting in a savings of manual time and effort in RPD and ITD. The past two years in a row, a large national tax preparation software provider programmed the extended PIT deadline incorrectly, resulting in thousands of their clients incurring a small amount of penalty and interest. In both cases, Tax & Rev was required to expend significant resources resolving the issue.

[Section 50]: The proposed amendment to conditionally repeal any voluntary PIT refund distributions that yield less than \$10,000 will result in savings to process PIT returns and distribute revenue more efficiently in Tax & Rev's Administration Services Division (ASD).

[Section 59]: The proposed amendment to streamline the 2021 sustainable building tax credit will

increase efficiency and effort for the Energy, Minerals and Natural Resources Department (EMNRD) and Tax & Rev in administrating the credit.

[Sections 63-64]: The proposed amendments to require more electronic filing will result in more efficient reconciliation of wage and withholding reporting for employees as they file their PIT return and streamline Tax & Rev’s compliance effort with the Internal Revenue Service and Department of Workforce Solutions.

[Section 68]: Clarifying that NTTCs obtained in bad faith do not provide the taxpayer with the safe harbor of the NTTC may reduce protests and litigation, saving Tax & Rev and taxpayer resources.

[Section 95]: The proposed amendment to remove the contingent rate of the petroleum products loading fee will produce time savings for both NMED and Tax & Rev in not having to perform annual certifications and rate confirmations for the Petroleum Products Loading Fee, which has not changed from \$150 for many years.

[Section 157]: The repeals in the bill will cause one-time changes to many of Tax & Rev’s forms and publications but will also result in a reduction in the number of documents and information that need to be maintained throughout Tax & Rev.

Overall, implementation of the entire bill’s changes for TD and GenTax, the tax system of record, will require approximately 1,000 hours or approximately 6 months and \$230,000 of contractual services costs. ASD will need to test current revenue reports and work concurrently with ITD. It is anticipated this work will take approximately 100 hours split between 2.0 FTE of a pay band 60, 70 and a pay band 80 at a cost of approximately \$9,900. Pay band 70 hours are estimated at time and a half due to extra hours worked as required for implementation.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2025	FY2026	FY2027	3 Year Total Cost		
\$9.9	--	--	\$9.9	NR	Tax & Rev – ASD - Operating
\$230	--	--	\$230	NR	Tax & Rev – ITD – Contractual Costs
--	(\$25.0)	(\$25.0)	(\$50.0)	R	Tax & Rev – Various - reduced local GRT rate changes

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).