

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**January 22, 2025**

**Bill:** SB-76

**Sponsor:** Senator Harold Pope

**Short Title:** Change Back-to-School GRT Weekend

**Description:** This bill amends Section 7-9-95 NMSA 1978, moving the start of the back-to-school Gross Receipts Tax (GRT) holiday from the first Friday in August to the last Friday in July, and increasing the GRT holiday sale price limits by fifty percent on each item with a set price limit.

**Effective Date:** Not specified; 90 days following adjournment (June 20, 2025).

**Taxation and Revenue Department Analyst:** Pedro Clavijo

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	(\$720)	(\$740)	(\$760)	(\$790)	R	General Fund
--	(\$480)	(\$490)	(\$510)	(\$520)	R	Local Governments

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

**Methodology for Estimated Revenue Impact:** This bill shifts the back-to-school tax-free weekend one week earlier and increases the sales price limit by 50% for all eligible items to adjust them for inflation that has occurred since 2005. The Taxation and Revenue Department (Tax & Rev) used separately reported deductions by taxpayers in fiscal year 2024 to estimate the revenue loss. The fiscal impact used the GRT revenue growth from December’s 2024 Consensus Revenue Estimating Group (CREG) forecast and is based on the effective gross receipts tax rate.

**Policy Issues:** Moving the tax holiday one week earlier each year, from the first Friday in August to the last Friday in July, aligns closer with the academic calendars for school districts. This deduction primarily helps alleviate the tax burden for families with school-age children in purchasing school supplies. The deduction was enacted in 2005, and the price caps have not been increased for inflation since that time. By adjusting the dollar amounts for the specific school items for inflation, the deduction maintains its effectiveness for families. The intent is to reduce the cost of school necessities, but taxpayers who do not have school-age children may also benefit from the tax-free weekend.

**Technical Issues:** This bill does not have an effective date. It is always preferred that gross receipts tax (GRT) bills have an effective date of July 1 or January 1. This allows for the changes to match up with the release of the GRT Filer’s Kit by Tax & Rev. This also allows for the GRT changes to match the gross receipts tax changes. This allows for smoother implementation for both taxpayer and Tax & Rev.

**Other Issues:** None.

**Administrative & Compliance Impact:** Minimal. Tax & Rev will update forms, instructions, and publications and make information system changes.

**Related Bills:** Similar to SB-54 (2024 Regular Legislative Session.)