

LFC Requester:

Ismael Torres

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: February 20, 2025

Check all that apply:

Bill Number: SB 448

Original Correction
Amendment Substitute

Sponsor: Sen. Anthony L. Thornton,
Sen. Jay C. Block, Sen. Nicole
Tobiassen

Agency Name and Code Number: 305 – New Mexico
Department of Justice

Person Writing

Analysis: Aaron Rodriguez

Short Title: Small Business Income Tax
Withholdings

Phone: 505-537-7676

Email: legisfir@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

None identified at this time.

Duplicates/Relates to Appropriation in the General Appropriation Act

N/A

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis:

Section 1: Section 1 of SB448 seeks to amend Section 7-3-3 NMSA 1978 (Tax Withheld at Source) to allow employers with fifty or fewer employees to elect to not withhold those employees’ wages for payment of income tax. The Section would require an employer who made that election to notify the department, and to notify each employee of the election and the employee’s resultant responsibility to make quarterly estimated payments.

Section 2: The provisions of SB448 would be applicable to taxable years beginning on or after January 1, 2026.

FISCAL IMPLICATIONS

N/A

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

Section 1 adds language that states that if the employer has fifty employee or fewer, the employer may elect not to withhold an amount from those employees’ wage. It also provides that an employer who makes this election shall notify the department, on a form and in a manner prescribed by the department and shall notify each employee of this election and the employee’s responsibility to make quarterly estimated payments pursuant to Section 7-2-12.2. However, this provision does not appear to clearly provide the time requirements for notifying the employee, and the period of time within which the employer may modify its decision, potentially resulting in a lack of clarity around those timelines.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None identified at this time.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A