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SENATE BILL 433

**44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999**

INTRODUCED BY

Leonard Tsosie

AN ACT

RELATING TO INTERGOVERNMENTAL TAX CREDIT; AMENDING A SECTION OF THE NMSA 1978; CLARIFYING THE DEFINITION OF INDIAN TRIBAL LAND.

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

Section 1. Section 7-29C-1 NMSA 1978 (being Laws 1995, Chapter 171, Section 1) is amended to read:

"7-29C-1. INTERGOVERNMENTAL TAX CREDITS. --

A. Any person who is liable for the payment of the oil and gas severance tax, the oil and gas conservation tax, the oil and gas emergency school tax or the oil and gas ad valorem production tax imposed on products severed from Indian tribal land or imposed on the privilege of severing products from Indian tribal land shall be entitled to a credit to be computed under this section and to be deducted from the

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1 payment of the indicated taxes with respect to products from  
2 qualifying wells. The credit provided by this subsection may  
3 be referred to as the "intergovernmental production tax  
4 credit".

5 B. Any person who is liable for the payment of the  
6 oil and gas production equipment ad valorem tax imposed on  
7 equipment located on Indian tribal land shall be entitled to a  
8 credit to be computed under this section and to be deducted  
9 from the payment of the indicated taxes with respect to  
10 equipment at qualifying wells. The credit provided by this  
11 subsection may be referred to as the "intergovernmental  
12 production equipment tax credit".

13 C. For the purposes of this section:

14 (1) "equipment" means wells and nonmobile  
15 equipment used at a well in connection with severance,  
16 treatment or storage of well products;

17 (2) "Indian tribal land" means all land that  
18 on March 1, 1995 was within the exterior boundaries of an  
19 Indian reservation or pueblo grant or held in trust by the  
20 United States for an Indian person, nation, tribe or pueblo;

21 (3) "product" means oil, natural gas or  
22 liquid hydrocarbon, individually or in combination, or carbon  
23 dioxide; and

24 (4) "qualifying well" means a well on Indian  
25 tribal land, the actual drilling of which commenced on or

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1 after July 1, 1995.

2 D. The intergovernmental production tax credit  
3 shall be determined separately for each calendar month and  
4 shall be equal to seventy-five percent of the lesser of:

5 (1) the aggregate amount of severance,  
6 privilege, ad valorem or similar tax in effect on March 1,  
7 1995 that is imposed by the Indian nation, tribe or pueblo  
8 upon the products severed from qualifying wells or upon the  
9 privilege of severing products from qualifying wells; or

10 (2) the aggregate amount of the oil and gas  
11 severance tax, the oil and gas conservation tax, the oil and  
12 gas emergency school tax and the oil and gas ad valorem  
13 production tax imposed by this state upon the products severed  
14 from qualifying wells or upon the privilege of severing  
15 products from qualifying wells.

16 E. The intergovernmental production equipment tax  
17 credit shall be determined annually for the equipment at  
18 qualifying wells and shall be equal to seventy-five percent of  
19 the lesser of:

20 (1) the amount of ad valorem or similar tax  
21 in effect on March 1, 1995 that is imposed by the Indian  
22 nation, tribe or pueblo upon the equipment for the calendar  
23 year; or

24 (2) the amount of the oil and gas production  
25 equipment ad valorem tax imposed by this state upon the

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1 equipment for the calendar year.

2 F. If, after March 1, 1995, an Indian nation,  
3 tribe or pueblo increases any severance, privilege, ad valorem  
4 or similar tax applicable to products or equipment to which  
5 the tax credits provided by this section apply, the amount of  
6 the intergovernmental production tax credit for any month to  
7 which the increase applies shall be reduced by the difference  
8 between the aggregate amount of tax due to the Indian nation,  
9 tribe or pueblo for the production month and the aggregate  
10 amount of tax that would have been imposed by the terms of the  
11 tax or taxes in effect on March 1, 1995, and the  
12 intergovernmental production equipment tax credit shall be  
13 reduced by the difference between the aggregate amount of tax  
14 due to the Indian nation, tribe or pueblo for the year and the  
15 aggregate amount of tax that would have been imposed for the  
16 year by the terms of the tax or taxes in effect on March 1,  
17 1995.

18 G. Notwithstanding any other provision of law to  
19 the contrary, the amount of credit taken and allowed shall be  
20 applied proportionately against the amount of oil and gas  
21 severance tax, oil and gas conservation tax, oil and gas  
22 emergency school tax, oil and gas ad valorem production tax  
23 and oil and gas production equipment ad valorem tax due with  
24 respect to the products, severance of products or equipment  
25 taxed.

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H. The taxation and revenue department shall administer and interpret the provisions of this section in accordance with the provisions of the Tax Administration Act.

I. The burden of showing entitlement to a credit authorized by this section is on the taxpayer claiming it, and he shall furnish to the appropriate tax collecting agency, in the manner determined by the taxation and revenue department, proof of payment of any tribal tax on which the credit is based. "

Section 2. EFFECTIVE DATE. --The effective date of the provisions of this act is July 1, 1999.

1 FORTY-FOURTH LEGISLATURE

2 FIRST SESSION, 1999

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5 February 11, 1999

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8 Mr. President:

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10 Your INDIAN & CULTURAL AFFAIRS COMMITTEE, to whom  
11 has been referred

12  
13 SENATE BILL 433

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15 has had it under consideration and reports same with  
16 recommendation that it DO PASS, and thence referred to the  
17 WAYS & MEANS COMMITTEE.

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19 Respectfully submitted,

John Pi nto, Chai rman

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Adopted \_\_\_\_\_ Not

Adopted \_\_\_\_\_

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Date \_\_\_\_\_

The roll call vote was 4 For 0 Against

Yes: 4

No: 0

Excused: McSorley, Vernon, Wilson

Absent: None

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1 FORTY-FOURTH LEGISLATURE

2 FIRST SESSION, 1999

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5  
6 March 12, 1999

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8 Mr. President:

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10 Your WAYS & MEANS COMMITTEE, to whom has been referred

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12 SENATE BILL 433

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15 recommendation that it DO PASS.

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18 Respectfully submitted,

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24 Carlos R. Cisneros, Chairman

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Adopted \_\_\_\_\_ Not

1 Adopted \_\_\_\_\_

2 (Chief Clerk)

(Chief Clerk)

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6 Date \_\_\_\_\_

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9 The roll call vote was 5 For 0 Against

10 Yes: 5

11 No: 0

12 Excused: Carraro, Kidd, Nava, Romero

13 Absent: None

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