

# ***Tax Matters***

*The Newsletter of the New Mexico Tax Research Institute*

Issue No. 2020-03

February 9, 2020

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## **IN THIS VALENTINE'S DAY "LEGISLATIVE SESSION" ISSUE OF *TAX MATTERS*:**



- **Into the Legislative Session**
- **Don't Forget the Principles**
- **Tax-pectations for the Session**
- **List of Tax Related Legislation**
- **Tax Quotable**

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## INTO THE LEGISLATIVE SESSION – IT BEGINS - JANUARY 2020



The 2020 Regular Session of the New Mexico Legislature convenes at noon on Tuesday, January 21, and ends at noon (or somewhere thereabouts) on February 20. The deadline for bill introduction is the 5<sup>th</sup> of February. Legislation not acted on by the Governor is pocket vetoed on March 11. The effective date of legislation that's not a general appropriation bill, a bill carrying an emergency clause, or other specified

effective date takes effect on May 20. Being a “short” or 30-day “budget” session, non-budgetary legislation and items not related to the budget are not fair game for open introduction and are limited by the call of the Governor. It is an interesting time. There is still talk of tax reform and Governor also wants to address crime issues, but the fiscal crisis is over for the moment—mostly thanks to very strong oil prices/production in the Permian. So, while there's plenty to fight about and money to fight over, it doesn't appear as tense as some and it's possible they'll quietly fund government and go home, without significant other damage or accomplishment.

New Mexico has an uncompensated volunteer legislature comprised of a 70 member House of Representatives and a 42 member Senate. Legislative sessions alternate between 30-day budget related sessions in even numbered years, and unconstrained 60-day sessions in odd-numbered years.

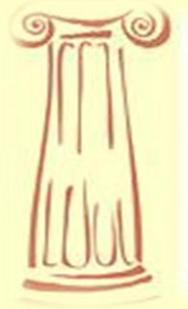
Click [here](#) to see the daily bill locator on the legislative website. We have our list of introduced tax related legislation in both chambers below.

The Legislative Council Service maintains copies of bills, compiles locators, and publishes lists of bill conflicts during the course of the session. Most information is available in a timely and electronic fashion from their rather robust website, which can be reached at <https://www.nmlegis.gov/>. The site has become increasingly functional and reliable over time. Information is reasonably up to date and legislation can be easily followed from home.

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## DON'T FORGET THE PRINCIPLES

It's important, particularly when dealing with tough economies, tough decisions, and the emotionally charged subject of taxes, to view the world in the context of principles. Taxes are good in that they raise the money we need to pay for the services we need. They can also be bad if they create inefficiencies, distortions, or inequities. It's a more rational approach to look at our entire tax system rather than getting lost in the weeds focusing only on a particular rate or some item we choose to tax or not tax. We must raise the revenue we need for government (putting aside the debate over how much) while doing the least harm to the economy and to those things we need most (e.g. job creation) while being fair and protecting the most vulnerable in our communities. Accordingly, we've taken the opportunity to reprint our principles of good tax policy here:



- State and local taxes should be adequate to provide an appropriate level of those goods and services best provided by the public sector, such as education, public safety, law enforcement, streets and highways, and the courts.
- State and local tax policy should do the least harm to the private economy. Therefore, tax bases should be as broad as possible so that tax rates can be as low as possible in order to raise the necessary revenues.
- State and local tax policy should be fair and equitable towards individuals and businesses similarly situated. Individuals with the same income level should be taxed the same. Businesses engaged in similar commercial activities should be subject to the same level of taxation.
- State and local tax policy should not be costly to administer and should be easily understood by taxpayers so as to minimize taxpayer compliance costs.
- The state and local tax burden should be evaluated on the basis of the impact of all taxes levied on a given taxpayer, not just a single tax or tax rate.
- Deviations from established tax policy in pursuit of economic development, social or other goals should be well-reasoned and pursued only when established tax policies are not significantly undermined and the results of such deviations can subsequently be measured and evaluated.

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## TAX-PECTATIONS FOR THE SESSION



The 30-day session has arrived. In addition to a new year, we have several new members of both houses, as well as a new Democratic leadership in the House. Being a “budget only” 30-day session, only tax/budget issues and the controversy they bring are fair game, but so are other controversial issues where the Governor chooses to allow them. It’s also the beginning of an election cycle, so you can expect some red meat. Marijuana legalization and red flag proposals will be among the most controversial this year.

As noted, most of the oxygen in the room this year will be consumed by matters of budget and taxes (as well as anything else the Governor wants to consider). The first week of a typical 30-day session moves faster than a 60-day session, but still slower than one would like. Even the short session finds time for pomp and circumstance. This year however, the fact the state has been in a healthy surplus position takes away some of the pain and angst. Rational worries now are about spending well, rather than whether we can spend at all. The December consensus revenue forecast had the legislature \$797 million to the good for 2021, despite FY20 being \$233 million (2.9%) below FY19 levels. But that’s only because FY19 included New Mexico’s share of a billion dollars in bonus payments on federal oil and gas leases that aren’t recurring. Ending reserve balances for 2019 were \$1.89 billion, or 28.9% of recurring appropriations. The December consensus revenue estimate can be found on the LFC website [here](#).

### *What Happened this Week*

Committee hearings began to move at greater speed. Bill introductions came to an end on Wednesday, February 5<sup>th</sup> with 404 bills in the House and 323 bills in the Senate (including “dummies” introduced at the end by key legislators and committee chairs). Political drama this week included Senate hearings on red flag (gun) legislation. Real drama occurred when the House produced a budget – seemingly overspending and leaving absolutely no room for tax measures (to include extenders). An unhappy Senate Finance Committee will determine what happens with the budget next – and accordingly what can happen with tax measures.



Although not really at a point to start hearing each other’s proposals, there are a handful of bills that have crossed over from the House to the Senate, and vice a versa. They include two House bills that implicate taxes, but that we haven’t had on the list below. One is Patty Lundstrom’s [HB 8](#) which provides for the creation of economic development districts in certain poorer areas.

It includes the authority to impose GRT up to .25% in county areas. The other is a proposal to amend the industrial development bond acts in Nathan Small's [HB 50](#). It's intended to provide for multi-county transmission lines to avail themselves of IRBs, and provides a small general fund "sweetener" (presumably replacing the lost GO bond funding capacity lost through the loss of tax base).

The HTRC ("House Tax") continues its policy of tabling bills with fiscal impacts until they know what the budget is. Then, on "good bill" day, they take the most favored, paid for measures off the table and send them to the floor. This year however, they came up with the notion that "extenders" – bills that extend sunseting measures – don't actually cost money. So, Saturday they passed out the extender for the GRT deduction for certain DME sellers in Rep. Javier Martinez' [HB 109](#). They also passed out a similar measure extending a biomass income tax credit found in [HB 146](#). The 2019 HB 6 cleanup bill found in Rep. Harper and Martinez' [HB 326](#) was passed out despite a \$4M fiscal impact associated with a modestly controversial provision where an election for single sales factor apportionment for corporate income tax was inadvertently limited, making it no longer available for renewable energy exporters.

Saturday, HTRC also heard two of the proposals for exempting some and all Social Security income from the personal income tax. The discussion and debate was actually good (yes, really) and the bills were ultimately tabled given the negative fiscal impacts.

The two investment credit proposals are sitting in their last committees of their respective houses: HTRC and SFC. There's talk of adopting a real manufacturing equipment deduction as well, but it has yet to be introduced or substituted.

### *Tax Reform?*

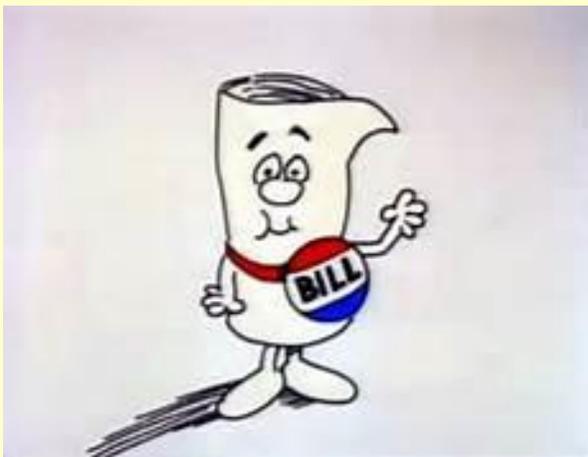
The cleanup legislation for the 2019 tax bill, HB 6, was dropped Friday in the form of a bill co-sponsored by RSTP Co-Chair Javier Martinez and former Chair Jason Harper. It's found in their [HB 326](#). It got one committee assignment – HTRC – and was passed out of that committee Saturday. It focuses mostly on provisions implementing gross receipts tax on Internet sales, which were included in HB 6, especially to add clarity to how sales will be sourced coming July 1, 2021. It also creates a credit mechanism to provide a remedy when the wrong party (buyer or seller) pays the tax. The bill further clarifies a few changes from last year's [HB 479](#) (the "de-earmarking" bill) which provided for more flexibility to municipalities and counties with respect to the use of their tax increments. It inserts a minimum tax increment size of one-hundredth percent (\$0.0001), with language permitting the gradual elimination of rates of smaller fractions, into the main local option gross receipts taxes. It also adjusts phrasing in the description of the permissible rate totals for county gross receipts taxes to make it clear that taxes imposed on a county-area basis are not included in totals for taxes imposed on a county-wide basis.

*[NMTRI note: We're pleased to see the tax cleanup bill co-sponsored by the tax leaders from both parties in the House moved along. It does have real negative fiscal impact - but probably less than noted and LFC is revising their number. The notion that extenders don't cost anything is of course, from a budgetary perspective, incorrect. The populist social security exemption proposals are not likely to come off the table – not so much because of questionable policy, but because of the high cost.]*

**Thanks For Reading**

Join us weekly through the session as we try to provide balanced policy analysis, commentary and discussions of the tax and budget proposals that implicate tax policy in New Mexico. Of course, tax proposals – particularly bad ones – tend to be regurgitated (so to speak) from year to year. So, merely recalling what's been introduced (but failed to pass) in recent years will give you some idea of what will be introduced again. For confirmation of that, all you need do is scroll down to the table of bills already introduced below.

Join us weekly through the session as we try to provide balance policy analysis, commentary and discussions of the tax and budget proposals that implicate tax policy in New Mexico.



**Bills with significant tax implications Pre-filed in the 20 Regular Legislative Session:**

Note – Income Tax bills are effective tax years beginning on or after January 1, 2018 unless otherwise noted. “TYBA” = Tax years beginning on or after. Bills with an emergency clause are effective upon signature if enough votes are obtained. Bills with no effective date Other notes: “CS” indicates committee substitute; “a” indicates amended.

| <b>Bill Number/ Sponsor:</b> | <b>Title: Link to bill language: Description</b>  | <b>Assignments- Location:</b>        |
|------------------------------|---|--------------------------------------|
| HB 29<br>Armstrong/<br>Dow   | <b>Social Security Income Tax Exemption <a href="#">HB 29</a></b><br>Exempts Social Security from income taxation but does not allow an overlapping deduction with that provided for the elderly in 7-2-5.2.                          | HLVMC/<br>HTRC-<br>HLVMC-DP-<br>HTRC |
| HB 77<br>Ely/ Tallman        | <b>Social Security Income Tax Exemption: <a href="#">HB 77</a></b><br>Exempts up to \$24K in Social Security receipts from income taxation but does not allow an overlapping deduction with that provided for the elderly in 7-2-5.2. | HLVMC/<br>HTRC-<br>HLVMC-DP-<br>HTRC |

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| HB 91<br>McQueen               | <b>Limit Property Tax Increases: <a href="#">HB 91</a></b><br>For tax years 2022 and later, changes the limit on valuation increases for owner-occupied residences to 3% per year, or 6.1% every two years, and increases the limit for non-owner occupied homes to 10% per year or 20.1% every two years.                               | HLLC/HTRC<br>-HLLC                             |
| HB 105<br>Brown/<br>Townsend   | <b>Lodgers Tax Exemption: <a href="#">HB 105</a></b><br>Expands the uses for which lodgers tax can be used and for ordinances passed after 7/1/2020, expands the lodgers tax to include all motel-like rentals in excess of 30 days and to rentals of apartments and homes with some income and other exceptions.                        | HLLC/HTRC<br>-HLLC                             |
| HB 109<br>J Martinez           | <b>Tax Deduction for Medical Equipment: <a href="#">HB 109</a></b><br>Extends the expiring (7/1) gross receipts tax deduction found in 7-9-73.3 until 7/1/2030.  | HHHC/HTRC<br>-HHHCDP-<br>HTRC-DP               |
| HB 117<br>Brown                | <b>Lodgers Tax Exemption: <a href="#">HB 117</a></b><br>Expands the uses for which lodgers tax can be used and for ordinances passed after 7/1/2020, expands the lodgers tax to include all motel-like rentals in excess of 30 days and to rentals of apartments and homes with some income and other exceptions.                        | HLLC/HTRC<br>-HLLC-DP-<br>HTRC-DNP-<br>CS/DP-T |
| HB 130<br>Armstrong/<br>Dow    | <b>Exempt Social Security Income from Income Tax: <a href="#">HB 130</a></b><br>Exempts Social Security from income taxation but does not allow an overlapping deduction with that provided for the elderly in 7-2-5.2.  | HLVMC/<br>HTRC-<br>HVLMC                       |
| HB 141<br>Anderson             | <b>Double Certain Income Tax Exceptions: <a href="#">HB 141</a></b><br>Doubles the personal income tax exemption scale for those age 65 and older or blind (found in 7-2-5.2) from \$1-8K to \$2-16K but does not increase the phased-in income limitations.   | HCPAC/<br>HTRC-<br>HCPAC-DP-<br>HTRC           |
| HB 145<br>J Martinez           | <b>Fire Suppression Tax Credit: <a href="#">HB 145</a></b><br>Creates a non-reverting fund and a modified CRS liability tax credit for qualified purchases of fire suppression equipment by a Main Street business in a Class B county in an amount up to \$50K. The credit must be pre-approved by the Economic Development Department. | HCEDC/<br>HTRC-<br>HCEDC-<br>DP/a-HTRC-<br>DP  |
| HB 146<br>J Martinez           | <b>Expand Biomass Income Tax Credit &amp; Reporting: <a href="#">HB 146</a></b><br>Extends the present law personal income tax credit found in 7-2-18.26 to 2030.  | HAWC/<br>HTRC-<br>HAWC-DP-<br>HTRC-DP          |
| HB 148<br>J Martinez           | <b>Increase Working Families Tax Credit: <a href="#">HB 148</a></b><br>Expands the personal income tax credit “piggyback” of the federal earned income tax credit to from 20-30% and extends it to some otherwise ineligible for the federal credit.   | HLVMC/<br>HTRC-<br>HVLMC-DP-<br>HTRC           |
| HB 149<br>J Martinez           | <b>Investment Credit Act Changes: <a href="#">HB 149</a></b><br>Extends the expiring credit to 2030, increases the dollar value of qualified equipment allowed per employee, and makes the credit equal to the gross receipts or compensating tax where it applies.  | HCEDC/<br>HTRC-<br>HCEDC-DP-<br>HTRC           |
| HB 158<br>Powdrell-<br>Culbert | <b>Transfer Angel Investment Credit Review: <a href="#">HB 158</a></b><br>Moves the approval and credit reporting requirements from the Economic Department to the Taxation and Revenue Department.  | HCEDC/<br>HTRC-                                |

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|   |  | HCEDC-DP-<br>HTRC-DP                   |
| HB 160<br>J Martinez  | <b>Cannabis Regulation Act: <a href="#">HB 160</a></b><br>Creates a tax and regulatory scheme for recreational cannabis. The state tax is 9% with municipal and local options up to 4% each. All revenues are earmarked.   | HCEDC/<br>HJC-HCEDC                    |
| HB 173<br>McQueen   | <b>Gas Taxes, New Funds &amp; Distributions: <a href="#">HB 173</a></b><br>Creates new funds and imposes a new evenly distributed “surtax” on gasoline and special fuels, increasing from 10 cents to 30 cents in 2025 and indexed thereafter.   | HTRC/<br>HAFC-<br>HTRC-DP-<br>HAFC     |
| HB 178<br>Romero  | <b>Make Angel Investment Credit Refundable: <a href="#">HB 178</a></b><br>Makes credit amounts in excess of existing personal income tax liabilities refundable (versus present law 5-year carryforward).  | HCEDC/<br>HAFC-<br>HCEDC               |
| HB 179<br>Romero  | <b>Low-Income Housing Gross Receipts: <a href="#">HB 179</a></b><br>Amends/expands the present law GRT deduction in 7-9-60 for sales of construction material or metalliferous ore to a nonprofit organized for providing “homeownership” opportunities to “low income” families to those providing “housing” opportunities to “low and moderate” income families.   | HHHC/<br>HTRC-<br>HHHC-DP-<br>HTRC     |
| HB 200<br>Cadena/ Dow   | <b>Early Childhood Worker Tax Credit: <a href="#">HB 200</a></b><br>Until 2025, creates a refundable personal income tax credit up to \$1500, \$3000, or \$5000, depending on education, for “early childhood workers” who work for “early childhood providers” or are self employed. The bill also creates a gross receipts tax deduction for receipts from the sales of early childhood services pursuant to a contract with the early childhood and education department. | HCPAC/<br>HTRC-<br>HCPAC-DP-<br>HTRC   |
| HB 201<br>Akhil   | <b>Energy Storage System Tax Credit Changes: <a href="#">HB 201</a></b><br>Creates a personal income tax credit equal to the lesser of 40% of cost or \$5K for the purchase and installation of energy storage systems served by rural electric cooperatives.  | HENRC/<br>HTRC-<br>HENRC-<br>DP/a-HTRC |
|   | <b>Electric Vehicle Income Tax Credit: <a href="#">HB 217</a></b><br>Creates a transferable personal income tax credit that varies based of \$5000 for singles making less than \$50K/year and married couples making less than on \$75K/year, and \$2500 for others for the purchase of an electric vehicle. Also creates a tax credit of up to \$300 for the purchase of electric vehicle charging units   | HENRC/<br>HTRC-<br>HENRC-DP-<br>HTRC   |
| HB 220<br>Ruiloba/<br>Crowder/<br>Harper/<br>Martinez/<br>Gonzlez | <b>Motor Vehicle Tax Distributions: <a href="#">HB 220</a></b><br>Essentially shifts a portion of the general fund distribution (from 72 to 42%) to the state road fund and makes other technical changes.   | HTPWC/<br>HTRC-<br>HTPWC-DP-<br>HTRC   |
| HB 228<br>Martinez/<br>Thomson/<br>Caballero                      | <b>Rural Health Care Tax Credit Eligibility: <a href="#">HB 228</a></b><br>Adds occupational and physical therapists to the ever-growing list of healthcare practitioners eligible for the rural healthcare practitioner tax credit (the \$5K category versus the \$3K credit for lesser practitioners).   | HHHC/HTRC<br>-HHHC-DP-<br>HTRC         |

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| HB 271<br>Ruiloba/<br>Nibert/<br>Spence Ezell                         | <b>Capital Improvements Gaming Tax Credit: <a href="#">HB 271</a></b><br>Creates a gaming tax credit of \$1.5M for capital improvement expenditures at Racinos with limitations. The effect of the proposal is to reduce the effective rate of the gaming tax from 26% to 20% for Ruidoso Downs, and to 24% for Sunray Park, the only two that would qualify.   | HCEDC/<br>HTRC-<br>HCEDC-DP-<br>HTRC      |
| HB 278<br>Armstrong/<br>Martinez/<br>Thomson                          | <b>Health Insurance Tax &amp; New Fund: <a href="#">HB 278</a></b><br>Increases the health insurance premiums tax from one to three and twenty-five hundredths percent and distributes the increase to a newly created Health Care Affordability Fund.  | HHHC/HTRC<br>-HHHC-DP-<br>HTRC            |
| HB 282<br>Trujillo  | <b>Health Care Goss Receipts Providers: <a href="#">HB 282</a></b><br>Changes the deduction for in 7-9-77.1 for certain healthcare “practitioners” to “providers”, creates a new definition for “excluded entity”, and attempts to make the questionable present law policy track actual present law.   | HHHC/HTRC<br>-HHHC-DP-<br>HTRC            |
| HB 283<br>Stapleton-<br>Williams/<br>Akhil                            | <b>Property Tax of Solar Energy Systems: <a href="#">HB 283</a></b><br>Creates a new/favorable special valuation method for solar energy systems (beginning at 4% of value and increasing over time);   | HENRC/<br>HTRC-<br>HENRC-<br>DP/a-HTRC    |
| HB 318<br>Strickler/<br>Montoya/<br>Scott/<br>Townsend/<br>Anderson   | <b>Oil &amp; Gas Tax Changes: <a href="#">HB 318</a></b><br>Creates a new definition of “anthropogenic carbon dioxide” and “posted price”; and creates a preferential tax rate (as long as the average posted price in the previous calendar year was under \$80) in the oil and gas severance tax for enhanced recovery projects so using.   | HENRC/<br>HTRC-<br>HENRC                  |
| HB 326<br>Harper/<br>Martinez   | <b>Tax Changes: <a href="#">HB 326</a></b><br>Attempts to make technical cleanup to last year’s House Bill 6.   | HTRC-DP                                   |
| HB 359<br>Gallegos/<br>Chatfield/<br>Black/<br>Strickler/<br>Sweetser | <b>Rural Teacher Tax Credit: <a href="#">HB 359</a></b><br>Creates a new personal income tax credit, not to exceed \$1500, for qualifying rural teachers. The credit can be carried forward up to three years.  | HEC/HTRC-<br>HEC                          |
| SB 2<br>Woods/<br>Tallman/<br>Akhil                                   | <b>Electric Vehicle Income Tax Credit: <a href="#">SB 2</a></b><br>Creates a transferable personal income tax credit that varies based of \$5000 for singles making less than \$50K/year and married couples making less than on \$75K/year, and \$2500 for others for the purchase of an electric vehicle. Also creates a tax credit of up to \$300 for the purchase of electric vehicle charging units. | SCORC/<br>SFC-SCORC-<br>DNP-CS/DP-<br>SFC |
| SB 17<br>Padilla/<br>Hochman-<br>Vigil/Trujillo                       | <b>Tax Deductions for Broadband Infrastructure: <a href="#">SB 17</a></b><br>Creates a gross receipts and compensating tax deduction for the sale or lease of “broadband telecommunications network facilities components.”   | SCORC/<br>SFC-SCORC-<br>DP-SFC            |
| SB 18<br>Padilla/<br>Trujillo   | <b>Renewable Energy Tax: <a href="#">SB 18</a></b><br>Creates an “early childhood program fund” and imposes a tax equal to 2.5% of the production value of commercial renewable energy  | SCONC/SCO<br>RC/ SFC-<br>SCONC            |

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|   | generation, exempting federal, state, local tribal and foreign governments.  |                                     |
| SB 20<br>Tallman                                  | <b>Fee for Electric and Hybrid Vehicles: <a href="#">SB 20</a></b><br>Imposes an additional annual registration fee of \$100 for electric vehicles.  | SPREF                               |
| SB 29<br>Stewart/<br>McQueen                      | <b>Solar Development Income Tax Credit: <a href="#">SB 29</a></b><br>Creates a personal income tax credit for the cost of installing solar thermal or photovoltaic systems in residential, commercial or agricultural applications. The program cost is capped at \$10M per year, and the credit has a maximum of \$6000 and can be carried forward for up to 5 years. | SCORC/<br>SFC-SCORC-<br>DP-SFC      |
| SB 39<br>Papen                                    | <b>Tax Deduction for Durable Med Equipment: <a href="#">SB 39</a></b><br>Extends the expiring (7/1) gross receipts tax deduction found in 7-9-73.3 until 7/1/2030.   | SCORC/<br>SFC-SCORC-<br>DP-SFC      |
| SB 63<br>Munoz                                    | <b>Tenancy Tax Act: <a href="#">SB 63</a></b><br>Creates a new locally administered tax on lodging, similar to the lodgers tax.  | SCORC/<br>SFC-SCORC                 |
| SB 68<br>Padilla/<br>White                        | <b>Social Security Income Tax Exemption: <a href="#">SB 68</a></b><br>Exempts up to \$25K in Social Security receipts from income taxation but does not allow an overlapping deduction with that provided for the elderly in 7-2-5.2.  | SCORC/<br>SFC-SCORC                 |
| SB 81<br>Gould/<br>Stefanics                      | <b>Exempting Social Security from Income Tax: <a href="#">SB 81</a></b><br>Exempts Social Security from income taxation but does not allow an overlapping deduction with that provided for the elderly in 7-2-5.2.   | SCORC/<br>SFC-SCORC                 |
| SB 82<br>White                                    | <b>Refundable Tax Credit: <a href="#">SB 82</a></b><br>Provides a refundable personal income tax, based on income and marital status, of up to \$200 per person/couple and up to \$50 per dependent.   | SCORC/<br>SFC-SCORC                 |
| SB 84<br>Papen                                    | <b>Extend Agricultural Biomass Income Tax Credit: <a href="#">SB 84</a></b><br>Extends the present law personal income tax credit found in 7-2-18.26 to 2020.  | SCORC/<br>SFC-<br>SCORCDP-<br>SFC   |
| SB 85<br>Ortiz y Pino                             | <b>Local Liquor Excise Tax Changes: <a href="#">SB 85</a></b><br>Expands the local liquor excise tax to be able to be voter imposed by all counties.   | SCORC/<br>SFC-SCORC                 |
| SB 87<br>Ortiz y Pino                             | <b>Increase the Working Families Tax Credit: <a href="#">SB 87</a></b><br>Expands the personal income tax credit “piggyback” of the federal earned income tax credit from 20%, and 30% for households with dependents under six years of age.  | SCORC/<br>SFC-SCORC                 |
| SB 115<br>Ortiz y<br>Pino/Martinez/<br>Candelaria | <b>Cannabis Regulation Act: <a href="#">SB 115</a></b><br>Creates a tax and regulatory scheme for recreational cannabis. The state tax is 9% with municipal and local options up to 4% each. All revenues are earmarked.   | SPAC/SJC/SF<br>C-SPAC-DP-<br>SJC    |
| SB 116<br>Shendo                                  | <b>Enable TRD to Share Data for Tax Programs: <a href="#">SB 116</a></b><br>Expands the scope of the inter-agency confidentiality provision in 7-1-8.8 to include the sharing of return information for the administration of  | SCORC/SPA<br>C-SCORC-<br>DP-SPAC-DP |

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|                        | the healthcare quality surcharge, as well as provisions regarding sharing with DPS, EMNRD, and DOT. (RSTP committee bill)   |                                      |
| SB 117<br>Shendo       | <b>Valuation Increases for Low-Income Disabled: <a href="#">SB 117</a></b><br>Clarifies the enabling language in 7-36-21.3, providing for limitations for those disabled or 65 and over in the year one turns 65.   | SPAC/<br>SCORC-<br>SPAC-DP-<br>SCORC |
| SB 119<br>Munoz        | <b>Lodgers Tax Exemption: <a href="#">SB 119</a></b><br>Expands the uses for which lodgers tax can be used and for ordinances passed after 7/1/2020, expands the lodgers tax include all motel-like rentals in excess of 39 days and to rentals of apartments and homes with some income and other exceptions.      | SCORC/<br>SFC-SCORC-<br>DP-SFC       |
| SB 138<br>Ortiz y Pino | <b>Health Care Preceptor Income Tax Credit: <a href="#">SB 138</a></b><br>Creates a personal income tax credit in the amount \$1000 for certain healthcare professionals acting as uncompensated preceptors   | SCORC/<br>SFC-SCORC                  |
| SB 169<br>Burt         | <b>Uniformed SVC Retiree Income Tax Deduction: <a href="#">SB 169</a></b><br>Creates a phased-in personal income tax deduction for military retirement income beginning at 44% and limited to \$16,333 in 2021, 66% and \$33,666 in 2022, and 100% limited to \$50,000 in 2023 and years thereafter.                | SCORC/SFC-<br>SCORC                  |
| SB 170<br>Campos       | <b>Social Security Income Tax Deduction: <a href="#">SB 170</a></b><br>Exempts up to \$30K in Social Security receipts from income taxation but does not allow an overlapping deduction with that provided for the elderly in 7-2-5.2.  | SCORC/SFC-<br>SCORC                  |
| SB 184<br>Sapien       | <b>Investment Credit Act Changes: <a href="#">SB 184</a></b><br>Extends the expiring credit to 2030, increases the dollar value of qualified equipment allowed per employee, and makes the credit equal to the gross receipts or compensating tax where it applies  | SCORC/SFC-<br>SCORC-DP-<br>SFC       |
| HB 217<br>Tallman      | <b>Tax Distributions to Municipalities: <a href="#">SB 217</a></b><br>Reduces the 1.225% municipal distribution to local governments from the state's share of the gross receipts tax, and creates a distribution to local governments equal to the greater of the  | SCORC/SFC-<br>SCORC                  |
| SB 227<br>Neville      | <b>Health Gross Receipt Deduction Eligibility: <a href="#">SB 227</a></b><br>Changes the deduction for in 7-9-77.1 for certain healthcare "practitioners" to "providers", creates a new definition for "excluded entity", and attempts to make the questionable present law policy track actual present law.        | SCORC/SFC-<br>SCORC-DP-<br>SFC       |
| SB 256<br>Sanchez      | <b>Income Tax "Manufacturing" Definition: <a href="#">SB 256</a></b><br>Restores language deleted in HB 6 of last year providing an exception for merchant/exported power generation from the exclusion of power generation in general from the single sales factor election for income tax apportionment purposes. | SCORC/SFC-<br>SCORC                  |
| SB 265<br>Sapien       | <b>Airport Peer-To-Peer Vehicle Sharing &amp; Taxes: <a href="#">SB 265</a></b><br>Provides for agreements for rental or peer-to-peer vehicle sharing to operate at municipal airports, amends 7-1-14 to require receipts from peer-to-peer ride sharing services be source to where the person enters              | SCORC/SFC-<br>SCORC                  |

|                             |  |                     |
|-----------------------------|--|---------------------|
|                             | the vehicle; and deletes references to the motor vehicle surcharge in the leased vehicle gross receipts tax act.   |                     |
| SB 274<br>Sanchez/<br>Smith | <b>Top Income Tax Bracket Changes: <a href="#">SB 274</a></b><br>Delays the imposition of the new 5.9% personal income tax brackets from last year's HB 6 by five years (from 2021 to 2026).   | SCORC/SFC-<br>SCORC |
| SB 279<br>Griggs            | <b>Food Gross Receipts Tax Act: <a href="#">SB 279</a></b><br>Creates a new "Food Gross Receipts Tax Act" which imposes a 2.5% tax on food but allows for certain GRT deductions, repeals the hold harmless distributions, and provides personal income tax exemptions for social security and military pension retirement income. | SCORC/SFC-<br>SCORC |

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## KNICK KNACKS

### *LATEST FROM THE STATE LAWMAKERS AROUND THE COUNTRY*

Massachusetts Gov. Baker's budget plan would accelerate sales tax remittance for the largest retailers to require monthly filer payments to be remitted by the end of each month in which the tax is collected. Currently, a retailer has up almost three weeks to remit tax after the end of the month. He also would require daily remittances from retailers on sales paid by credit cards.

A Nebraska senator has introduced legislation eliminating all state and local taxes, including local property taxes, and replace revenues with some version of a very broad-based consumption tax on all goods and services, calling the idea "thinking outside the box on steroids." Regular "prebate" payments to low-income citizens would make the approach less regressive. The plan would require a constitutional amendment. Reporters note that Americans for Fair Taxation has pushed similar bills in Alabama, Georgia and Minnesota.

A bill in the Vermont House would create a 2% surcharge on incomes greater than \$500,000. Revenues would reduce a liability in the state's retirement fund.

South Carolina Governor McMaster's budget plan would spend \$250 million by returning income tax payments to taxpayers, with amounts varying from \$50 for low-income taxpayers to "hundreds of thousands of dollars" for the highest earners. He also wants to reduce the top income tax rate from 7% to 6% (phased in).

New York Governor Cuomo's budget plan would reduce the corporate tax rate for small businesses from 6.5% to 4%. He also wants tougher penalties to improve cigarette tax enforcement. And he's requested a state law to require all state workers with six-figure incomes to publicly disclose their tax returns.

A bill in the Missouri senate would eliminate the corporate income tax (phased in).

Two legislators have joined Florida retailers to lobby against the Florida governor's decision to

oppose any economic nexus law for remote sales or marketplace facilitator collection requirements. Sen. Joe Gruters (R) and Rep. Chuck Clemons (R) explained, "Currently, foreign companies are capitalizing on Florida's outdated tax laws, and Florida retailers are competing with two hands tied behind their back."

A bill in Tennessee would exempt grocery purchases from sales tax during June and July.

New Jersey Gov. Murphy has pocket vetoed a bill that would have established a tax structure review commission. He also vetoed a bill that would have doubled both state taxes on vaping products and would have added a 20 percent tax on the retail sale of electronic smoking devices. He vetoed a bill that would have created tax credits for vineyards and wineries.

New Jersey has extended its film and television tax credit through FY 2028 and increased the annual cap from \$75 million to \$100 million. Another new law creates tax credits for businesses with apprenticeship programs.

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## **TAX QUOTABLES**

"Taxes, after all, are dues that we pay for the privileges of membership in an organized society."

*-Franklin D. Roosevelt*

"The same prudence which in private life would forbid our paying our own money for unexplained projects, forbids it in the dispensation of the public monies."

*~Thomas Jefferson*

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**COMMENTS:** Your suggestions and comments on this newsletter, the conferences (past or future), the Distinguished Lectures Series, our research or any aspect of NMTRI's operation and programs are welcome. Please send them to [richard.anklam@nmtri.org](mailto:richard.anklam@nmtri.org), call 505-269-6791 or mail them to P.O. Box 91657, Albuquerque, New Mexico 87199-1657. We genuinely solicit your input and thank you for your support.



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"The power to tax involves the power to destroy" - McCulloch v. Maryland, 17 U.S. 316 (1819), Chief Justice John Marshall.

"Taxes are what we pay for civilized society" Campaña General de Tabacos v. Collector, 275 U.S. 87, 100 (1927), Justice Oliver Wendell Holmes, dissenting.

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