

# ***Tax Matters***

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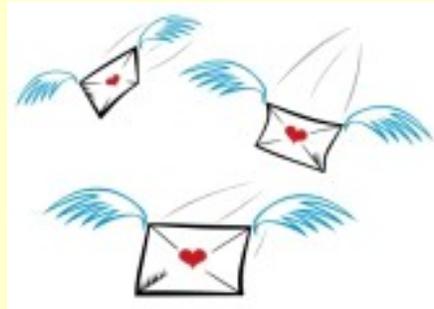
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## **IN THIS “GOOD BILL” LEGISLATIVE SESSION ISSUE OF *TAX MATTERS:***



- **Into the Legislative Session**
- **Tax-pectations for the Session**
- **List of Tax Related Legislation**
- **Don't Forget the Principles**
- **HOLD THE DATE – NMTRI Annual Tax Policy Conference May 2-3 at the Hotel Albuquerque**
- **Knick Knacks**
- **Tax Quotable**

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## INTO THE LEGISLATIVE SESSION – IT BEGAN - JANUARY 15, 2019



The 2019 Regular Session of the New Mexico Legislature convened at noon on Tuesday, January 15, and ends at noon (or somewhere thereabouts) on March 16. The deadline for bill introduction was February 14. Legislation not acted on by the governor is pocket vetoed on April 5. 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 June 14.

Being a “long” or 60-day “budget” session, non-budgetary legislation and items not related to the budget are fair game for introduction and are not limited by the call of the Governor. It is an interesting time. There is still talk of tax reform, and the Governor wants to address crime issues, but the fiscal crisis is over for the moment – mostly thanks to very strong oil prices and 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 sessions and it's possible they'll quietly fund government and go home, without significant other accomplishment (or damage).

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 own 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 the legislature's website <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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### **Tax-pectations for the Session**

The 60-day legislative session is underway. In addition to a new year, we have a new governor, Michelle Lujan Grisham, and lots of new House members – mostly Democrats following the blue wave that hit many parts of the country in November. The Senate was not up for election, however the Governor appointed Gabriel Ramos to replace Lt. Governor,

Howie Morales. Also, Sen. Cisco McSorley resigned recently to become the Director of Probation and Parole Division of the Department of Corrections. He was replaced by the Gubernatorial appointment of former CD1 congressional candidate Antoinette Sedillo Lopez.

Rep. Brian Egolf remains the top-dog in the House as Speaker, however changes in post-election composition of the House necessitated many changes in House committee chairs. Rep. Jim Trujillo remains House Taxation and Revenue Committee Chair, and Rep. Patricia Lundstrom remains chair of the House Appropriations and Finance Committee. Members voted Rep. Jim Townsend as Minority Leader, with Rep. Rod Martinez remaining as Minority Whip.

The Senate leadership remains as it was, with Sen. Mary Kay Papen as President Pro-Tem, Sen. Wirth as Majority Leader, and Sen. Ingle as Minority Leader. Committee chairs are also as they were, beginning with Sen. John Arthur Smith presiding over the Senate Finance Committee and Sen. Clemente Sanchez at the helm of the Senate Corporations and Transportation Committee.

Although oil prices declined recently and have bounced around as they tend to do, the general fund revenue forecast is still bullish and calls for over \$1.1 billion in “new money” available for appropriation in the upcoming year – a 17% increase over the current. Collections in the prior and current year will also be above forecast, resulting in plenty of money to provide for sufficient reserves and for additional one-time expenditures to restore fund balances, catch up on needs, etc. The December consensus revenue estimate can be found on the LFC website [here](#). You can read the mid-session update [here](#) on the LFC website... it left the revenue forecast from December – and what could be used for purposes of appropriation and budget – unchanged.

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## What Happened this Week



There’s only one more week to go—the session ends at noon on Saturday.

There are now 695 House bills and 675 Senate bills introduced, for a total of 1360 bills, and that doesn’t include memorials and resolutions. As tax bills go, we’re tracking 62 House and 53 Senate tax related bills, for a total of 115. The total is final as the bill introduction has passed, however the last 36 House bills and 39 Senate bills are what are often referred to as “dummy” bills. They carry a title of “for

the public peace, health, safety, & welfare” and contain little or no substance. They tend to be introduced by leadership and committee chairs on the introduction deadline and can serve as vehicles for legislation after the introduction deadline passes with an amendment or committee substitute.

Bills generally move in order, but additional or fewer committee assignments, sponsor or opposition requests, and political priority can impact the speed of movement. So, it’s always interesting to see what’s moving where and how fast. Most bills get two committee assignments, and the first committee is usually an easier sell than the second. In the tax world that often

means an initial hearing in House Commerce and Economic Development Committee (the committee formerly known as the House Business and Industry Committee) or the Senate Corporations and Transportation Committee. This first committee is often followed by the House Taxation and Revenue Committee and the murkier Senate Finance Committee. In the latter two committees, the focus is more on policy, budget limitations and fiscal impacts. The House Taxation and Revenue has an almost always followed rule of tabling all bills with any fiscal impact until the budget is determined. Also, with some exceptions, House and Senate bills tend to stack up in the other chamber while they're still hearing their own bills and waiting for the other chamber to hear bills they've sent over.

*After a quick start—things have slowed down.*

The Governor did not sign any new tax related legislation this past week. However, there are four new bills that have passed the House and Senate and are now on her desk. Those include Rep. Harper's [HB 479](#): *De-Earmarking Local Option Gross Receipts*, which would consolidate certain municipal and county local option gross receipts tax increments, but expands their use to general purpose and leave the portion subject to voter approval versus not - the same; and Rep. Akhil, Harper, Chandler and Sanchez' [HB 526](#): *Lab Small Business Tax Credit Changes*, which expands the definition of "contractor" to include 501(c)(3) organizations and increases the cap on the amount of credit that be award in rural and urban areas from \$10K to \$20K. It Also increases the aggregate credit a taxpayer may receive in a rural area from \$20K to \$40K a year. Lastly, Chairman Trujillo's [HB 162](#): *Insurance Premiums Tax Provisions*- which makes the Insurance premiums Tax – now administered by the Taxation and Revenue Department – subject to the Tax Administration Act (like all other state taxes except the property tax), has made it to the Governor's desk. There's also now one more Senate bill to pass both chambers. Senate Majority Leader Stuart Ingles' [SB 16](#): *Milk Testing Gross Receipts* attempts to clarify a present law GRT deduction such that testing OR transporting milk can be deducted from gross receipts.

Those bills join ones already signed including: Sen Cisneros' and Rep. Chandler's [SB 11](#): *Gross Receipt for Certain Nonprofit Organizations* – which effectively imposes GRT on any nonprofit laboratory prime contractor/operator (and would therefore apply to the new LANL contractor, Triad, if it were to become a 501(c)(3)). It was amended to make it less discriminatory, and less susceptible to challenge under the federal intergovernmental immunities doctrine, by extending the exemptions exclusion to include receipts of any state 501(c)(3) for managing state owned research laboratories. Also on the governor's desk is Candy Ezell Spence's *Enviro Services Gross Receipts Uses* ([HB 257](#)), which will broaden the use of the gross receipts tax increment for municipal environmental services to be applicable to disposal of demolition debris for use in storm water runoff control, and expands the base of those that can impose it to communities with property tax values in 2008 in excess of \$600M versus \$750M; and Sen Sapien's [SB 106](#), which, for purposes of the occupancy tax imposed by municipalities pursuant to the Lodgers Tax Act, eliminates the exclusion for vendors who have three or fewer units.

In addition to HB 6 (see below), some new bills are out of the House and into the Senate this week, including: [HB 163](#): *Tax Deduction for Nonresident Beneficiary* - which creates a deduction from trust income for the portion of income set aside for distributions to non-New Mexico beneficiaries; and we add the Chairman's and Rep. Herrera's [HB 411](#): *Local Gov't Tax Distribution Definitions*, which amends the definition of "average distribution or transfer

amount” to mean the average *monthly* amount distributed to a city or county in the prior 36 months., or the average *monthly* amount distributed in the prior twelve months if the muni or county hasn’t had distributions for 26 months or more. See the movement of other bills in the Good Bill section below.

*Good Bill Day in HTRC*

So-called “good bill day” happened in the HTRC last Wednesday. That’s the day that the committee takes the favorite tax expenditure proposals off the temporary table and moves them out of the committee, after determining how much money they have to “spend” in such a manner. In this case, they reckoned they had almost \$35 million dollars for this purpose. So, they passed out twelve bills Wednesday morning before getting around to other business such as tabling Rep. Harper’s tax package, a paired down less controversial version (e.g. no tax increases) of House Bill 6, on a strict party line vote. More bills will be passed out, but the favored twelve have a head-start on the any others, and two have already gotten out of the back-upped House floor and over to the Senate. Those twelve were House Bills 41, 161, 165, 176, 184, 185, 221, 345, 346, 419, 489, and 582. A table of those bills, along with links, follows:

<b>Bill Number &amp; Sponsors:</b>	<b>Title and Link to bill language &amp; Description</b>	<b>Assignments-Location:</b>
HB 41 M Garcia	<b>Rural Health Practitioner Tax Credit Changes: <a href="#">HB 41</a></b> Moves the \$3K credit beneficiaries into the category of \$5K beneficiaries (eliminating the \$3K category). Also adds pharmacists, social workers, and anyone licensed pursuant to the counseling and therapy practice act the list of qualified healthcare practitioners that are eligible for the credit.	HHHC/HTRC -HHHC- DP/a-HTRC- DP-Passed/H- SFC
HB 161 D Gallegos, j Trujillo	<b>Additions to Rural Healthcare Practitioners: <a href="#">HB 161</a></b> Adds occupational therapists, physical therapists, and physical therapist assistants to ever lengthening list of those eligible for a \$5K (or a \$3K) Creates a deduction from trust income for the portion of income set aside for distributions to non-New Mexico beneficiaries. Excluded from the deduction is income that would be subject to NM income tax if earned by a nonresident.	HJC/HTRC- HJC-DP- HTRC-DP/a
HB 165 Sweetser	<b>Modifying High Wage Jobs Tax Credit: <a href="#">HB 165</a></b> Makes significant changes to the requirements including eligibility requirements (JTIP eligibility only), increases the cap on a qualifying wage to \$150K, and reduces the credit percentage to 8.5%. Also, the qualifying job can be eligible for the credit for four years.	HCEDC/HTR C-HCEDC- DP-HTRC- DP-fl/a - Passed/H- SFC
HB 176 J. Trujillo	<b>Broadband Telecomm Facility Gross Receipts: <a href="#">HB 176</a></b> Creates a new gross receipts and compensating tax deduction for “broadband telecommunications network facilities components”, or equipment used by telecommunications companies to supply internet access and related services.	HCEDC/HTR C-HCEDC- DP-HTRC- DP-Passed/H- SFC

<p>HB 184 M. Garcia</p>	<p><b>Apprenticeship Program Income Tax Credits: <a href="#">HB 184</a></b> Until 2024, creates a personal and corporate income tax credit of up to the first \$1000 in wages paid to a “qualified apprentice” (up to \$2000 if the apprentice received a high school diploma or GED within four years prior to the service). The credit may not be taken for more than five years and may be carried forward three years and prorated for qualified apprentices working seven months or more.</p>	<p>HLVMC/HT RC-HLVMC- DP-HTRC- DP-Passed/H- SFC</p>
<p>HB 185 J Trujillo</p>	<p><b>Electric Motor Vehicle Excise Fees and Tax Credits: <a href="#">HB 185</a></b> Until 1/1/2027, creates refundable personal income tax credits for electric and hybrid vehicles, and charging devices. For cars, the credit is \$2500, and \$3500 for those single filers with taxable income less than \$50K and married/joint and HoH filers earning less than \$75,000. The credit for charging devices is not means tested at \$300. The car program has an annual expenditure cap of \$5M, while the charger credit program is capped at \$500K. The proposal also increases fees on electric and hybrid vehicles (\$25 and \$15, respectively).</p>	<p>HENRC/HTR C-HENRC- DP-HTRC- DP</p>
<p>HB 221 McQueen</p>	<p><b>Home Energy Efficiency Income Tax Credit: <a href="#">HB 221</a></b> Beginning 1/1/19 and until 2025, creates a refundable personal income tax credit, capped in the aggregate to \$1M/yr, until 2023 and \$2M for 2023 and 2025, for expenditures that increase energy efficiency by 20% or more: 30% not to exceed \$3K; and by 40% or more: not to exceed \$4K. The recipient cannot be related to the contractor doing the work and the assessed savings will be determined via guidelines issued by EMNRD.</p>	<p>HENRC/HTR C-HENRC- DP/a-HTRC- DP-Passed/H</p>
<p>HB 345 J Trujillo, Pratt, Martinez, Herrera</p>	<p><b>Health Practitioner Gross Receipts: <a href="#">HB 345</a></b> Phases in over 3 years an expansion of the healthcare practitioner deduction in 7-9-93 to include copayments and deductibles but eliminates deductions for payments to providers under traditional indemnity plans through definition of “fee-for service.”</p>	<p>HHHC/HTRC -HHHC-DP- HTRC-DP</p>
<p>HB 346 J Trujillo, Pratt, Martinez, Herrera</p>	<p><b>Expand Healthcare Practitioner Gross Receipts: <a href="#">HB 346</a></b> Broadens the deductions found in §§7-9-77.1 and 7-9-93. Changes the healthcare practitioner definition to “healthcare provider” and adds “qualifying healthcare entity” to the list of those whose services are deductible.</p>	<p>HHHC/HTRC -HHHC-DP- HTRC-DP</p>
<p>HB 419 Powdrell- Culbert/ Rehm</p>	<p><b>Transfer or Sale of Unused Angel Tax Credit: <a href="#">HB 419</a></b> Increases the annual cap of the tax credit program from \$2M to \$5M and add provision that the credit can be sold, exchanged, or otherwise transferred.</p>	<p>HCEDC/HTR C-HCEDC- DP-HTRC- DP-Passed/H- SFC</p>
<p>HB 489 Martinez</p>	<p><b>Liquor Permit, Tax and Definition Changes: <a href="#">HB 489</a></b> Provides for preferential liquor excise tax rates for cider sold by small wine growers and spiritous liquor sold by craft distillers licensed in NM. Also provides for sales by the drink by such producers at “public” and “private” celebrations. Also, increases the production limit for microbreweries by ten fold.</p>	<p>HCEDC/HTR C-HCEDC- DP/a-HTRC- DP-Passed/H- SCORC</p>

HB 582 Martinez	<b>Investment Tax Credit Changes: <a href="#">HB 582</a></b> Extends the effectively sunsetting credit to 2030, and increases the amount of qualified expenditure covered by employees from \$500K to \$750K. Also, allows the credit to offset applicable gross receipts tax rates.	HTRC- HTRC-DP- Passed/H
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*Is NM Going to Pot?*



For the first time ever, the House passed a proposal to legalize and tax the sale of marijuana. The Cannabis Regulation Act: [HB 356](#), which would create a regulatory and tax structure for the production and sale of recreational marijuana, is now in the Senate. It represents compromise legislation between Senate and Republican versions of marijuana legalization previously introduced by Senators’ Pirtle, Moores, and Brandt. [SB 577: Cannabis Regulation Act](#). While still providing for the decriminalization and possession of limited amounts (1 oz.) and ingestion of cannabis and creating a new Cannabis Tax Act and regulatory structure, it also retains the Republican notion of

providing for most sales through state owned stores. It provides for a 4% cannabis tax and allows municipalities and counties to impose up to 4% also. Sales also be subject to the governmental gross receipts tax in addition to the new cannabis tax. Meanwhile, Rep. Ortiz y Pino’s expansion of the GRT for medical devices deduction found in 7-9-73.2 to include medical cannabis is alive in the SFC, in his [SB 242: Medical Cannabis Gross Receipts & Deductions](#). Meanwhile, his [SB 308: Tax Deduction of Certain Business Expenses](#), which amends the definition of base income in the personal and corporate income tax acts to exclude ordinary and necessary business expenses otherwise allowed to be claimed as a federal tax deduction, but disallowed by IRC §280E, where those expenses were related to the lawful conduct of business in NM, was tabled in SCORC.

*[NMTRI note: there’s a greater chance that medical cannabis will leave the tax base than recreational cannabis will come into it. However, it’s eventually inevitable. There’s obviously a conflict between allowing any cannabis sales – medical or recreational – while continuing to conform to the punitive federal tax policies for illegal business in federal law (IRC Section 280E). It makes little sense to propose one while refusing to address the other].*

*Senate to Deal with House Tax Package and Other Issues*



House Bill 6 passed the House a week ago and is sitting in Senator Clemente Sanchez's Senate Corporation and Transportation Committee (SCORC). It left the HTRC with a few - mostly technical amendments - a week ago Wednesday. One amendment - taking the for-profit hospitals out of the local government take base - was undone with a floor amendment. The goal was to tax for-profits and nonprofits the same but at a reduced level. The result of the amended structure did that, but every municipalities and counties that had for-profit

hospitals in their tax base lost millions in tax revenue. Communities such as Albuquerque, Hobbs, Carlsbad, Roswell, Los Alamos, Las Cruces, and Las Vegas would've been materially impacted.

Otherwise, the House tax package increases personal income tax rates, repeals the 50% capital gain exclusion, increases cigarette and tobacco products taxes (including e-cigarettes, and oddly, "devices"), increases the motor vehicle excise tax and related registration fees, creates a new corporate income tax filing group regime', adopts market based sourcing of services and intangibles for purposes of business income tax apportionment, and with the gross receipts tax, responds to the *Wayfair* decision with economic nexus rules, changes to sourcing rules intended to add local taxes to remote sales while including services into the tax base, and mirroring that tax base with a local option compensating tax regime'. The proposal also creates a dependent deduction intended to offset tax increases to non-itemizing married and head-of-household filers negatively impacted by the federal tax changes in the TCJA and doubles the state version of the earned income tax credit (from 10 to 20% of the federal benefit). The proposal increases tax revenues into the state general fund by over \$320 million dollars.

### *What happens now?*

Now that the committee substitute for the House tax reform package in [HB 6](#), has passed the House and is in the Senate, we expected to see the Good Bill Day in the HTRC... and we did on Wednesday (see segment below). Now bills will start moving through both houses a bit more quickly, but the houses still have bills of their own to hear, and some bills somehow manage to get heard earlier than others, as deals are cut using others' priorities as leverage for their own.

So what will happen in the SCORC? Recall Senator Wirth's stand-alone combined reporting bill and market sourcing bill are also on the table in SCORC. When acting to table Rep. Harper's narrow reform measure in HTRC on Friday, co-sponsor of HB 6, Vice-Chair Javier Gonzales suggested that he expected HB 6 to come back from the Senate as, or almost, as passed out of the House. That's as likely to happen as real tax reform. The Senate and its committees have their own ideas - and politics. So, significant change to the House package is more likely than not. The question is what will the proposal look like when it come out? We'll likely find out in the Monday afternoon meeting of SCORC, or the one shortly after that at the latest - the clock is ticking. After backroom haggling, further change is possible in the Senate Finance Committee, and even the Senate floor. Whatever results, it will likely be tossed back to the House at a late hour, possibly forcing a conference committee to resolve differences.

Finally, on Saturday, the SCORC passed out the ninth version of the film credit expansion bill in the form of a substitute for Sen. Rodriguez's [SB 2](#). They have been wrangling, arguable successfully, with how to expand the program in combination with fiscal safeguards. The new proposal has a "rolling" cap, starting at \$95M in 2019 and going to \$125M after that, assuming the general fund revenue forecast increases by more than \$30M (< .5%), however up to \$20M of unused cap may be carried forward. Credits paid to a new class of taxpayer, "New Mexico film partners", like Netflix, are not subject to the cap. The proposal also authorizes early payment of up to \$100M of approved film credits.

*[NMTRI note: Good Bill Day is a scary time as its outcome is often as determined by political populism and favoritism as it is good policy – and that's pretty much what happened. While we continue to devolve our healthcare taxation policy, we propose to incentivize behavior that already exists. The only proposals that are arguably structural are the extension of the investment credit, which is our deficient band-aid for a manufacturing equipment deduction, and the broadband equipment deduction, which mirrors some states broader view of manufacturing equipment. The only real manufacturing equipment reform proposal is dead on the table in HTRC. When given a choice on how to better incentivize angel investment of start-ups, policy makers opted for the proposal the diverts state money to intermediary brokers rather than the companies or investors directly – economic development for someone it seems, but not the espoused taxpayers in need (at issue was making the credit transferrable versus refundable to arguably attract out of state capital – equal in potential to be unconstitutional, but the former chosen approach diverts some state subsidy to third parties rather than "intended" beneficiaries). Not all the proposals will pass, but most will. It's anyone's guess how the tax package will look at then end, but real reform is mostly off the table.*

*Marketplace legislation is the most likely to pass, and since Chairman Sanchez had his own tobacco and personal exemptions proposals, its somewhat likely those notions will survive. All else is up in the air. The painful contortions of the film credit proposal represent ongoing fiscal concerns and how to address them. Discussion in committee included the previous film studies and how they had differing results – although all were negative to the general fund – but in question was how much (returning 15-95% of GF). It looks like we're going to try to make it up in volume. The cap really isn't a cap, and the tax increases in HB 6 are likely necessary to keep education and Medicaid from absorbing the cost. The subsidy certainly does drive behavior however, and Santa Fe and Albuquerque certainly benefit.]*

## Thanks for Reading



Join us weekly through the session as we try to provide balanced policy analysis, commentary and discussion 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.

### Bills with significant tax implications in the 2019 Regular Legislative Session:

Note – Income Tax bills are effective tax years beginning on or after January 1, 2020 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.

Bill Number & Sponsors:	Title and Link to bill language & Description	Assignments-Location:
HB 6 J Trujillo, Stapleton Williams, Martinez, Herrera, Maestas	<b>Tax Changes <a href="#">HB 6</a></b> The House’s first stab at a tax reform bill. Includes provisions for mandatory combined corporate income tax filing, market base sourcing, remote sales gross receipts taxation with destination based reporting and local option compensating tax (effective in the future), local option compensating tax, hospital taxation, hold harmless changes and GRT repeals, fuel tax and motor vehicle registration increases, and GRT rate reduction.	HTRC- HTRC-DNP- CS-DP-fl/a- DP- SCORC/SFC- SCORC
HB 18 Cadena/Chan- dler	<b>Child Income Tax Credit: <a href="#">HB 18</a></b> Creates a refundable personal income tax credit for dependent children on a sliding scale depending upon income (from \$25-175/child).	HHHC/HTRC -HHHC- DP/a-HTRC
HB 23 Figueroa, Madrid, Allison, Martinez	<b>Increase Working Families Tax Credit: <a href="#">HB 23</a></b> Increases the benefit/percentage of the federal Earned Income Tax Credit that is the state working families tax credit from, 10-20%.	HHHC/HTRC -HHHC-DP- HTRC
HB 41 M Garcia	<b>Rural Health Practitioner Tax Credit Changes: <a href="#">HB 41</a></b> Moves the \$3K credit beneficiaries into the category of \$5K beneficiaries (eliminating the \$3K category). Also adds pharmacists,	HHHC/HTRC -HHHC- DP/a-HTRC-

	social workers, and anyone licensed pursuant to the counseling and therapy practice act the list of qualified healthcare practitioners that are eligible for the credit.	DP-Passed/H-SFC
HB 119 Baldonado/A rmstrong	<b>Feminine Hygiene Products Gross Receipts: <a href="#">HB 119</a></b> Creates a new gross receipts tax deduction for “feminine hygiene products”, along with separate reporting requirements and effectiveness evaluation requirements.	HHHC/HTRC -HHHC- DNP-CS/DP- HTRC
HB 155 Dow	<b>Local Economic Development Taxes: <a href="#">HB 155</a></b> Increases municipal and county infrastructure gross receipts tax rate maximums to 5/8%, increase the limit on the amount of local option infrastructure gross receipts tax (GRT) revenue that may be used towards professional services expenditures of an economic development, and requires new additional county option authority be subject to referendum.	HCEDC/HTR C-HCEDC- DP-HTRC
HB 161 D Gallegos, j Trujillo	<b>Additions to Rural Healthcare Practitioners: <a href="#">HB 161</a></b> Adds occupational therapists, physical therapists, and physical therapist assistants to ever lengthening list of those eligible for a \$5K (or a \$3K) Creates a deduction from trust income for the portion of income set aside for distributions to non-New Mexico beneficiaries. Excluded from the deduction is income that would be subject to NM income tax if earned by a nonresident.	HJC/HTRC- HJC-DP- HTRC-DP/a
HB 163 J Trujillo	<b>Tax Deduction for Nonresident Beneficiary: <a href="#">HB 163</a></b> Creates a deduction from trust income for the portion of income set aside for distributions to non-New Mexico beneficiaries. Excluded from the deduction is income that would be subject to NM income tax if earned by a nonresident.	HJC/HTRC- HJC-DP- HTRC-DP- Passed/H- SCORC/SFC- SCORC
HB 165 Sweetser	<b>Modifying High Wage Jobs Tax Credit: <a href="#">HB 165</a></b> Makes significant changes to the requirements including eligibility requirements (JTIP eligibility only), increases the cap on a qualifying wage to \$150K, and reduces the credit percentage to 8.5%. Also, the qualifying job can be eligible for the credit for four years.	HCEDC/HTR C-HCEDC- DP-HTRC- DP-fl/a - Passed/H- SFC
HB 176 J. Trujillo	<b>Broadband Telecomm Facility Gross Receipts: <a href="#">HB 176</a></b> Creates a new gross receipts and compensating tax deduction for “broadband telecommunications network facilities components”, or equipment used by telecommunications companies to supply internet access and related services.	HCEDC/HTR C-HCEDC- DP-HTRC- DP-Passed/H- SFC
HB 179 C Trujillo	<b>Feminine Hygiene Product Gross Receipts: <a href="#">HB 179</a></b> Creates a new gross receipts tax deduction for “feminine hygiene products”, along with separate reporting requirements.	HHHC/HTRC -HHHC- see HB 119
HB 184 M. Garcia	<b>Apprenticeship Program Income Tax Credits: <a href="#">HB 184</a></b> Until 2024, creates a personal and corporate income tax credit of up to the first \$1000 in wages paid to a “qualified apprentice” (up to \$2000 if the apprentice received a high school diploma or GED within four years	HLVMC/HT RC-HLVMC- DP-HTRC-

	prior to the service). The credit may not be taken for more than five years and may be carried forward three years and prorated for qualified apprentices working seven months or more.	DP-Passed/H-SFC
HB 185 J Trujillo	<b>Electric Motor Vehicle Excise Fees and Tax Credits: <a href="#">HB 185</a></b> Until 1/1/2027, creates refundable personal income tax credits for electric and hybrid vehicles, and charging devices. For cars, the credit is \$2500, and \$3500 for those single filers with taxable income less than \$50K and married/joint and HoH filers earning less than \$75,000. The credit for charging devices is not means tested at \$300. The car program has an annual expenditure cap of \$5M, while the charger credit program is capped at \$500K. The proposal also increases fees on electric and hybrid vehicles (\$25 and \$15, respectively).	HENRC/HTR C-HENRC- DP-HTRC- DP
HB 188 Brown	<b>Motor Vehicle Excise Tax to State Road Fund: <a href="#">HB 188</a></b> Shifts the MVX from the general fund to the road fund over three years (25% road/75% GF in 2020, 75% Road/25% GF in 2021, and 100% road fund.	HTPWC/HTR C-HTPWC- DP-HTRC
HB 201 Brown	<b>County Road Fund Tax Refund Donation: <a href="#">HB 201</a></b> Provides for a personal or corporate income taxpayer to contribute a portion of their tax refund to the road fund of the county of their choice. It also provides a nonrefundable personal or corporate income tax credit for a donation made to county road funds of up to \$1 million.	HTPWC/HTR C-HTPWC- DP-HTRC
HB 211 Gonzales/ Crowder	<b>County and Municipal Gas Tax Changes: <a href="#">HB 211</a></b> Renames the County and Municipal Gasoline Tax Act to the County and Municipal Fuels Tax Act, and expands its use and authorization to all municipalities and counties and increases the amount of the tax to up to 10 cents per gallon.	HLLC/HTRC -HLLC-DP- HTRC
HB 219 Small, Dow, Romero	<b>Make Angel Investment Tax Credit Refundable: <a href="#">HB 219</a></b> Prospectively changes the five-year carryforward provision in present law of unused credit balances to allowing unused balances to be refunded to the taxpayer.	HCEDC/HTR C-HTRC-DP- HTRC
HB 221 McQueen	<b>Home Energy Efficiency Income Tax Credit: <a href="#">HB 221</a></b> Beginning 1/1/19 and until 2025, creates a refundable personal income tax credit, capped in the aggregate to \$1M/yr, until 2023 and \$2M for 2023 and 2025, for expenditures that increase energy efficiency by 20% or more: 30% not to exceed \$3K; and by 40% or more: not to exceed \$4K. The recipient cannot be related to the contractor doing the work and the assessed savings will be determined via guidelines issued by EMNRD.	HENRC/HTR C-HENRC- DP/a-HTRC- DP-Passed/H
HB 247 Chandler	<b>Increase Corporate Income Tax Rates: <a href="#">HB 247</a></b> Effective tax years beginning on or after 2020, creates a new tax bracket for income over 500,000 and under \$1M at a rate of 6.4%, and raises the tax for incomes above \$1M from 5.9% to 6.9%, and then raises that rate to 7.6% in 2021.	HCEDC/HTR C-HCEDC
HB 257 Ezzell	<b>Enviro Services Gross Receipts Uses: <a href="#">HB 257</a></b>	HJC-HJC- DP-Passed/H-

	Broadens the applicable use of the gross receipts tax increment for municipal environmental services to be applicable to disposal of demolition debris and for use in storm water runoff control, and expands the base of those that can impose it to communities with property tax values in 2008 in excess of \$600M versus \$750M.	SCORC-DP- Passed S- SCORC- SCORC-DP- Passed/S- SGND
HB 261 Romero/ Thomson	<b>Increase Cigarette Taxes: <a href="#">HB 261</a></b> Slightly more than triples the cigarette and tobacco products taxes, and distributes the additional revenues to public schools rather than health related expenditures.	HHHC/HTRC -HHHC-DP- HTRC
HB 288 Johnson/ Lundstrom	<b>Rural Infrastructure Tax Credit: <a href="#">HB 288</a></b> Beginning 1/1/19 and prior to 1/1/2025, creates a tax credit against “modified combined tax liability”, and personal and corporate income tax in the amount of 30% of a “qualified investment” (at least \$1M infrastructure that include building and equipment) that has “quantifiable benefits”. Recipients must obtain a certificate of eligibility from the MFA, and overall credits cannot exceed \$10M/yr (carried forward in order received). Owner of partnerships and LLCs are eligible beneficiaries, but S-Corps and LLPs(?) are excluded. The credit may be carried forward 10 years.	HCEDC/HTR C-HCEDC
HB 335 Ely	<b>Create New Top Income Tax Bracket: <a href="#">HB 335</a></b> Creates a 5.9% bracket for individuals with taxable income above, \$210,000, married and HoH filers earning in excess of \$315,000, and married individuals filing separately earning more than \$157,500.	HTRC-HTRC
HB 345 J Trujillo, Pratt, Martinez, Herrera	<b>Health Practitioner Gross Receipts: <a href="#">HB 345</a></b> Phases in over 3 years an expansion of the healthcare practitioner deduction in 7-9-93 to include copayments and deductibles but eliminates deductions for payments to providers under traditional indemnity plans through definition of “fee-for service.”	HHHC/HTRC -HHHC-DP- HTRC-DP
HB 346 J Trujillo, Pratt, Martinez, Herrera	<b>Expand Healthcare Practitioner Gross Receipts: <a href="#">HB 346</a></b> Broadens the deductions found in §§7-9-77.1 and 7-9-93. Changes the healthcare practitioner definition to “healthcare provider” and adds “qualifying healthcare entity” to the list of those whose services are deductible.	HHHC/HTRC -HHHC-DP- HTRC-DP
HB 347 Strickler, Alcon, Garcia, Allison, Bandy	<b>Coal Sale &amp; Processing Receipts: <a href="#">HB 347</a></b> Creates a phased-in GRT deduction up to 75% (25% until 7/1/20; 50% until 7/1/25; and 75% until 7/1/32 for the sale or processing of coal subject to the severance tax. Also similarly phases in tax reductions for coal under the Severance Tax, the Processors Tax, and the Oil & Gas Conservation Tax.	HENRC/HTR C-HENRC
HB 353 Strickler, Scott, Nibert, Brown, Bandy	<b>Reduce Certain Oil and Gas Tax Rates: <a href="#">HB 353</a></b> Increases the price threshold for oil and natural (from \$1.15 to \$2.00 and \$15 to \$38 for natural gas and oil, respectively), where the severance and emergency school tax rates are reduced when prices fall below.	HENRC/HTR C-HENRC

HB 356 Martinez, Ely, Maestas, Armstrong, Rubio	<b>Cannabis Regulation Act: <a href="#">HB 356</a></b> Creates a regulatory and tax structure for the production and sale of recreational marijuana. With the respect to taxes, the Cannabis Tax Act is created, subject to the rules of the Tax Administration Act, and is administered by the Taxation and Revenue Department. It creates the Cannabis Excise Tax, which is imposed on the sale of cannabis products at a rate of 9% and is not imposed on wholesale sales between licensees. Counties and Municipalities can impose their own tax (similar to local GRT increments) in sixteenths up to 3% without voter approval. Their imposition is general purpose.	HHHC/HJC- HHHC-DP- HJC-DNP- CS-/DPw/drn- tnbld-w/drn- fl/a-fl/sub- Passed/H- SPAC/SFC- DP/a-SFC
HB 365 Garcia	<b>Personal Income Tax Modifications: <a href="#">HB 365</a></b> Creates nine new tax brackets ranging from 1.7% (for incomes not over \$5K single, \$8K married or HoH), to 7.9% (for incomes above \$175K single, \$250K married or HoH).	HCPAC/HTR C-HCPAC
HB 372 Armstrong	<b>GRT Deduction for Processed Meats for Home: <a href="#">HB 372</a></b> Creates a new gross receipts tax deduction for the sale of “processed meat products” for home consumption – defined as meat from cattle, sheep, goats, swine, bison, poultry and ostriches.	HAWC/HTR C-HAWC- DP-HTRC
HB 387 Baldonado	<b>Add Chiropractors to Rural Tax Credit: <a href="#">HB 387</a></b> Adds “chiropractic physician” to the premium list of beneficiaries eligible to the \$5K/yr personal income tax credit for working.	HHHC/HTRC -HHHC-DP- HTRC
HB 396 Harper, Scott, Maestas, Chandler, C Sanchez	<b>Change Name of Various Taxes: <a href="#">HB 396</a></b> Changes the name of the state, municipal, and county gross receipts taxes to the sales tax, and the compensating tax to the state use tax.	HSEIC/HTR C-HSEIC- DP-HTRC- DP/a- Passed/H- SCORC/SFC- SCORC-DP- SFC
HB 398 Lente	<b>Oil, Gas &amp; Vented Gas Royalties: <a href="#">HB 398</a></b> Requires oil royalties of 25% for all state trust land leases entered after 7/1/19 that produce in excess of 20K barrels of oil or 75K mcf of natural gas per month. Also requires 25% royalties on oil and natural gas “wasted” due to flaring, spill, theft, etc.	HCEDC/HEN RC/HTRC- HCEDC
HB 411 J Trujillo, Herrera	<b>Local Gov’t Tax Distribution Definitions: <a href="#">HB 411</a></b> Amends the definition of “average distribution or transfer amount” means the average <i>monthly</i> amount distributed to a city or county in the prior 36 months., or the average <i>monthly</i> amount distributed in the prior twelve months if the muni or county hasn’t had distributions for 26 months or more.	HLLC/HTRC -HLLC-DP- HTRCDP- Passed/H- SCORC/SFC- SCORC-DP- SFC
HB 419 Powdrell- Culbert/ Rehm	<b>Transfer or Sale of Unused Angel Tax Credit: <a href="#">HB 419</a></b> Increases the annual cap of the tax credit program from \$2M to \$5M and add provision that the credit can be sold, exchanged, or otherwise transferred.	HCEDC/HTR C-HCEDC- DP-HTRC-

		DP-Passed/H-SFC
HB 429 Rehm/Powdr ell-Culbert	<b>Property Tax Limit Increase for Some People: <a href="#">HB 429</a></b> Increases the income limit for those eligible for the property tax limitation (freeze) for disabled individuals over 65 from \$35K to \$50K of “modified” gross income in tax years 2020 and after.	HLLC/HTRC -HLLC-w/o rec-HTRC- DNP-CS/DP- Passed/H- SCORC
HB 465 J. Martinez	<b>Jet Fuel Excise Tax: <a href="#">HB 465</a></b> Changes the imposition of the tax on jet fuel from the GRT/Comp/GGRT to the alternative fuels tax act at a rate of 5 cents/gallon	HTPWC/HTR C-HTPWC
HB 477 Armstrong	<b>Social Security Income Tax Exemption: <a href="#">HB 477</a></b> Modifies the present law income tax exemption for low income over 65 and older individuals up to \$8K, to also exempt social security income of any individual of any age or income up to \$24K.	HLVMC/HT RC-HLVMC- DP/a-HTRC
HB 479 Harper	<b>De-Earmarking Local Option Gross Receipts: <a href="#">HB 479</a></b> Consolidates certain municipal and county local option gross receipts tax increments, but expands their use to general purpose and attempts to leave the portion subject to voter approval versus not the same.	HLLC/HTRC -HLLC-DP/a- HTRC-DP- Passed/H- SCORC/SFC- SCORC-DP- SFC-DP- Passed/S
HB 489 Martinez	<b>Liquor Permit, Tax and Definition Changes: <a href="#">HB 489</a></b> Provides for preferential liquor excise tax rates for cider sold by small wine growers and spiritous liquor sold by craft distillers licensed in NM. Also provides for sales by the drink by such producers at “public” and “private” celebrations. Also, increases the production limit for microbreweries by ten fold.	HCEDC/HTR C-HCEDC- DP/a-HTRC- DP-Passed/H- SCORC
HB 502 J Trujillo	<b>Increase Tobacco Products Tax: <a href="#">HB 502</a></b> Increases the tobacco products tax act rate from 25% to 45%, and adds e-cigarette liquids and devices to the definition of tobacco products.	HHHC/HTRC -HHHC-DP- HTRC-DP
HB 506 B. Gonzales/H. Garcia	<b>Wastewater Treatment System Tax Credit: <a href="#">HB 506</a></b> Creates a personal income tax credit of up to \$2500 against the value of “qualified wastewater system” that is installed on property owned and occupied by taxpayer. The credit can be carried forward up to three years.	HENRC/HTR C-HENRC- DP-HTRC
HB 513 Small/Dow	<b>Water Conservation Products Tax Credit <a href="#">HB 513</a></b> Creates a one-time one week GRT deduction for the “sale at retail” of water saving tangible personal property from midnight on 3/1/2020 to 1/8/2020.	HENRC/HTR C-HENRC
HB 515 Cadena/J Trujillo	<b>Childcare Assistance Gross Receipts: <a href="#">HB 515</a></b>	HCPAC/HTR C-HCPAC- DP-HTRC

	Creates a new gross receipts tax deduction for the sale of child care assistance services to the department of children youth and families through a licensed child care assistance program.	
HB 520 McQueen	<b>Property Tax on Certain Solar Systems: <a href="#">HB 520</a></b> Specifically excludes “solar energy systems” from the list of tangible personal property exceptions to the exemption from valuation for purposes of residential property taxation.	HENRC/HTR C-HENRC- DP-HTRC
HB 526 Akhil, Chandler, Harper, Sanchez	<b>Lab Small Business Tax Credit Changes: <a href="#">HB 526</a></b> Expands the definition of “contractor” to include 501(c)(3) organizations and increases the cap on the amount of credit that be award in rural and urban areas from \$10K to \$20K. Also increases the aggregate credit a taxpayer may receive in a rural area from \$20K to \$40K in a year.	HCEDC/HTR C-HCEDC- DP-HTRC- DP/a- Passed/H
HB 527 Gonzales, Martinez, Egolf	<b>Payment of All Approved Film Tax Incentives: <a href="#">HB 527</a></b> Creates a temporary provision in the film production tax credit act that provides that film production tax credits otherwise subject to caps and annual payout limitations that were approved prior to the effective date of the current act will be paid in the 2019 fiscal year, and those subsequent will be paid in the fiscal year claimed.	HCEDC/HAF C-HCEDC- DP/a-HAFC- DP/a
HB 538 Ely	<b>Social Security Exempt From Income Tax: <a href="#">HB 538</a></b> Changes the present law income tax exemption for those 65 and older or blind to allow up to allow up to \$24K in exemption of supplemental social security receipts, and if they don’t have any the present law schedule of exemption from \$1-8K depending on income still applies.	HLVMC/HT RC-HLVMC
HB 579 Harper	<b>Tax Reform: <a href="#">HB 579</a></b> Creates a remote seller regime’ with phased-in destination sourcing and local option compensating tax, a manufacturing equipment deduction, a \$4000/child personal income tax exemption to after the first, and market-based sourcing for business income tax sourcing purposes.	HTRC-HTRC
HB 582 Martinez	<b>Investment Tax Credit Changes: <a href="#">HB 582</a></b> Extends the effectively sunseting credit to 2030, and increases the amount of qualified expenditure covered by employees from \$500K to \$750K. Also, allows the credit to offset applicable gross receipts tax rates.	HTRC- HTRC-DP- Passed/H
HB 590 Chandler, Herrera, Sanchez	<b>Oil &amp; Gas Property Valuation: <a href="#">HB 590</a></b> Shifts some centrally assessed property valuation responsibility from the Property Tax Division to county assessors by limiting the PTDs authority to FERC regulated properties in some cases.	HENRC/HTR C-HENRC- DP-HTRC
HB 593 Akhil, Sarinana, Small	<b>Energy Storage Systems Gross Receipts: <a href="#">HB 593</a></b> Creates a personal and corporate income tax credit for 30% of the cost of an energy storage system, approved by the energy and minerals department, but not to exceed \$5K for residential and \$150K for commercial installations. Taxpayers may only claim a credit for one installation per year, unused credits may not be carried forward, and the credit program is capped at \$2M/per tax program per year.	HENRC/HTR C-HENRC- DP/a-HTRC

HB 594 Anderson	<b>Certain Film Tax Credit Claims: <a href="#">HB 594</a></b> Creates a temporary provision until 8/1/19 allowing for companies owed film credits to bid on a discounted payout amount, which the TRD by 8/19/19 will prioritize and pay up to \$100M of, representing payment in full of the discounted credits paid.	HCEDC/HAC F-HCEDC- DP-HAFC
HB 595 Ruiloba	<b>Remittance Of Gov't Gross Receipts: <a href="#">HB 595</a></b> Allows the New Mexico Finance Authority to pay 65% of its governmental gross receipts tax obligation two months after the end of the fiscal year, and then requires the Taxation and Revenue Department to distribute the remitted tax money to the payor agencies pro-rata based on the ratio of total GGRT paid by the payors.	HSEIC/HTR C-HSEIC
HB 596 Ruiloba	<b>Data Center Gross Receipts &amp; Property Tax: <a href="#">HB 596</a></b> Creates a new GRT deduction for the sale or lease of certain property with the use of a new NTTTC, and the value of other "eligible costs" related to the project can be factored into the credit against compensating taxes due.	HCEDC/HTR C-HCEDC
HB 609 Gonzales, Ruiloba, Lundstrom	<b>Gas Tax Rate &amp; Distributions: <a href="#">HB 609</a></b> Creates a state road maintenance fund and increases the gasoline and special fuels taxes (by 10 and 6 cents/per gal respectively. Roughly half of the new tax revenue is distributed to the new fund and for maintenance and repair, and half to the counties and municipalities for maintenance and repair.	HTPWC/HTR C-HTPWC- DP-HTRC
HB 612 Akhil, Ely, Small, Sarinana	<b>Motor Vehicle Excise for Electric Cars: <a href="#">HB 612</a></b> Restores the long-expired hybrid vehicle motor vehicle tax excise tax exemption (since 2009) and extends it to plug-in hybrids and electric vehicles until 2024	HENRC/HTR C-HENRC- DP-HTRC
HB 647 McQueen	<b>Limits on Valuation of Certain Property: <a href="#">HB 647</a></b> Amends the limitation on residential property valuation increases to 3% in 7-36-21.2 to exclude non-owner occupied properties (returning them to the default current and correct valuation standard).	HLLC/HTRC -HLLC-DP- HTRC-DNP- CS-DP
HB 650 Cook	<b>Lower Gaming Tax On Certain Licenses: <a href="#">HB 650</a></b> Until 2023, reduces the tax on gaming revenue for licensees whose net take in the prior year was <\$20M from 26 to 10 percent.	HCEDC/HTR C-HCEDC- DP-HTRC- DP/a
HB 654 Maestas, Trujillo	<b>Film Production Tax Credit Changes: <a href="#">HB 654</a></b> Eliminates the extended payout schedule for credits in excess of certain amounts, eliminates the cap on annual credit payout, makes crediting the state of NM in a film negotiable, eliminates the requirement that certain production information be disclosed on the EDD website, eliminates certain specific information reporting requirements and makes remaining reporting requirements subjective.	HCEDC/HTR C-HCEDC- DP/a-HTRC- DP/a
HB 656 Bash	<b>Gross Receipts on Certain Solar Systems: <a href="#">HB 656</a></b> Amends the definition of solar energy system in the gross receipts tax deduction to not require that it provide heat, hot water or energy to the to the property on which it is installed.	HENRC/HTR C-HENRC- DP-HTRC

SB 2 Rodriguez	<b>Film Tax Credit Changes: <a href="#">SB 2</a></b> Eliminates the extended payout schedule for credits in excess of certain amounts, eliminates the cap on annual credit payout, makes crediting the state of NM in a film negotiable, eliminates the requirement that certain production information be disclosed on the EDD website, eliminates certain specific information reporting requirements and makes remaining reporting requirements subjective.	SCORC/SFC- SCORC- DNP-CS/DP- SFC
SB 6 Wirth/Harper	<b>Tax Determination of In-State Sales: <a href="#">SB 6</a></b> Eliminates language in the distribution rules in the Tax Administration Act as well as in the tax refund designation language in the personal income tax act that limits contributions and distributions for purposes of assisting NM national guardsmen and their families when deployed overseas.	SCORC/SFC- SCORC
SB 7 Wirth	<b>Occupancy Tax for Affordable Housing: <a href="#">SB 7</a></b> Provides that up to on half of the occupancy tax imposed by a municipality pursuant to the Lodgers Tax Act attributable to “short term occupancy rentals” may be used for affordable housing.	SPAC/SCOR C/SFC- SPAC-DP- SCORC- DNP-CS/DP- SFC
SB 11 Cisneros	<b>Gross Receipt for Certain Nonprofit Organizations: <a href="#">SB 11</a></b> Adds prime contractors of federally designated national laboratories to the list of exceptions to the general gross receipts tax exemption for nonprofits (effectively targeting Los Alamos National Laboratories for taxations under the GRT).	SCORC/SFC- SCORC-DP- SFC-DP- Passed/S – HTRC- HTRC-DP- Passed/H- SGND
SB 16 Ingle	<b>Milk Testing Gross Receipts: <a href="#">SB 16</a></b> Attempts to clarify a present law GRT deduction such that testing OR transporting milk can be deducted from gross receipts.	SCORC/SFC- -SCORC-DP- SFC-DP- Passed/S - HAWC/HTR C-HAWC- DP-HTRC- DP-Passed/H
SB 39 Stewart	<b>Solar Market Development Tax Credit: <a href="#">SB 39</a></b> Reinstates retroactively the sun-setted credit and changes program, caps the overall credit program at \$5M, and individual credits are limited to \$9K. Benefits are determined on a phased-in sliding scale of 10% of allowable costs if the system is installed prior to 1/1/21, and is reduced over time to 6% through 2033.	SCORC/SFC- SCORC
SB 71 McSorley	<b>Medical Cannabis Gross Receipts: <a href="#">SB 71</a></b> It just doesn’t matter.	Tabled Indefinitely

SB 72 McSorley	<b>Increase Cigarette Tax and Distributions:</b> <a href="#">SB 72</a> It just doesn't matter.	Tabled Indefinitely
SB 98 O'Neill	<b>Additional Upper-Tier Income Tax Brackets:</b> <a href="#">SB 98</a> Adds an upper tax bracket of 8.2% for singles taxable income above \$250K, and married households with taxable income in excess of \$375K.	SCORC/SFC- SCORC
SB 106 Sapient	<b>Short-Term Occupancy Tax:</b> <a href="#">SB 106</a> For purposes of the occupancy tax imposed by municipalities pursuant to the Lodgers Tax Act, eliminates the exclusion vendors who have three or fewer units.	SCORC- SCORC-DP- Passed/S- HTRC-DP- Passed/H- SGND
SB 113 Stefanics	<b>Local Economic Development Taxes:</b> <a href="#">SB 113</a> Increases municipal and county infrastructure gross receipts tax rate maximums to 5/8%, increase the limit on the amount of local option infrastructure gross receipts tax (GRT) revenue that may be used towards professional services expenditures of an economic development, and requires new additional county option authority be subject to referendum.	SCORC/SFC- SCORC
SB 129 Candelaria	<b>Tax Protests &amp; Admin Hearing Office:</b> <a href="#">SB 129</a> Changes a number of provisions in the Tax Administration Act designed to reduce protest volume make informal resolution of disputes easier and faster.	SCORC/SJC- SCORC- DP/a-SJC- DNP-CS/DP- fl/a-Passed/S- HSEIC/HTR C-HSEIC- DP-HTRC
SB 166 C Sanchez	<b>Increase Cigarette &amp; E-Cigarette Taxes:</b> <a href="#">SB 166</a> Adds definitions of e-cigarette devices, liquids, and "little cigars" to the tobacco products tax act and subjects them to tax; increases cigarette taxes to 10 cents per cigarette; and creates a reduction in tax in the amount of 25 or 50% depending on if and what type of modified risk tobacco order has been issued by the U.S. Secretary of Health.	SPAC/SCOR C/SFC- SPAC-DP- SCORC- DP/a-SFC- DP/a
SB 183 Ortiz y Pino	<b>Increase Working Families Tax Credit:</b> <a href="#">SB 183</a> Doubles the rate of credit from 10 to 20% of the federal earned income tax credit.	SCORC/SFC- SCORC-DP- SFC
SB 220 Wirth	<b>Certain Property Tax Increase Limits:</b> <a href="#">SB 220</a> Increases the income limit for those eligible for the property tax limitation (freeze) for disabled individuals over 65 from \$35K to \$50K of "modified" gross income in tax years 2020 and after.	SPAC/SCOR C-SPAC-DP- SCORC
SB 242 Ortiz y Pino	<b>Medical Cannabis Gross Receipts &amp; Deductions:</b> <a href="#">SB 242</a> Adds "medical cannabis" to the oxygen and oxygen services gross receipts tax deduction found in 7-9-73.2.	SCORC/SFC- SCORC-DP- SFC
SB 268 Wirth	<b>Agricultural Biomass Tax Credits:</b> <a href="#">SB 268</a>	SCONC/SCO RC/SFC-

	Extends by ten years the present law personal and corporate income tax for biomass used in electricity generation or other specified ways by dairies and feedlots, from its current sunset of 1/1/2020 to 1/1/2030.	SCONC-DP-SCORC
SB 300 C Sanchez	<b>Income Tax Dependent Deduction: <a href="#">SB 308</a></b> Creates a personal income tax deduction in the amount of \$4K per “dependent” (as defined in IRC Sec. §152) claimed on the federal return, if the personal exemption amount (IRC §151) means zero.	SCORC/SFC-SCORC-DP-SFC
SB 308 Ortiz y Pino	<b>Tax Deduction of Certain Business Expenses: <a href="#">SB 308</a></b> Amends the definition of base income in the personal and corporate income tax acts to exclude ordinary and necessary business expenses otherwise allowed to be claimed as a federal tax deduction, but disallowed by IRC §280E, where those expenses were related to the lawful conduct of business in NM.	SCORC/SFC-SCORC
SB 330 Burt	<b>Military Retiree Income Tax Deduction: <a href="#">SB 330</a></b> Provides a phased-in deduction from military retirement income of “uniformed military retirees” starting at 25% not to exceed \$6250 for 2020, 50% not to exceed \$12.5K for 2021, 75% not to exceed \$18.75K for 2022, and 100% not to exceed \$25K in 2023 and thereafter.	SCORC/SFC-SCORC-DP-SFC-DP/a
SB 333 Sedillo Lopez, Woods	<b>Electric Vehicle Income Tax Credit: <a href="#">SB 333</a></b> Until 1/1/2027, creates refundable personal income tax credits for electric and hybrid vehicles, and charging devices. For cars, the credit is \$2500 \$3500 for those single filers with taxable income less than \$50K and married/joint and HoH filers earning less than \$75,000. The credit for charging devices is not means tested at \$300. The car program has an annual expenditure cap of \$5M, while the charger credit program is capped at \$500K. The proposal also increases fees on electric and hybrid vehicles (\$25 and \$15, respectively).	SCORC/SFC-SCORC
SB 335 Wirth/ Stansbury	<b>Combined Tax Reporting: <a href="#">SB 335</a></b> Requires separate taxpayers to file on a worldwide combined basis unless they make an election for water’s edge combined filing or, under present law, the federal consolidated reporting method. The proposal follows Finnegan combined approach and contains loss transition provisions.	SCORC/SFC-SCORC
SB 347 Munoz	<b>GRT Deduction for In State Transportation: <a href="#">SB 347</a></b> Creates a new GRT deduction of instate transportation services provided by a company located within 30 miles of a port of entry.	SCORC/SFC-SCORC
SB 348 Tallman	<b>Distribution of GRT or Income Tax: <a href="#">SB 348</a></b> Eliminates .225 of the 1.225% municipal distribution of GRT from the state’s share and replaces it with an income tax distribution as calculated by the TRD.	SCORC/SFC-SCORC-DP-SFC
SB 352 Padilla	<b>Data Center Gross Receipts: <a href="#">SB 352</a></b> Creates a new GRT deduction for the sale or lease of certain property with the use of a new NTTC, and the value of other “eligible costs” related to the project can be factored into the credit against compensating taxes due.	SCORC/SFC-SCORC

SB 358 Sharer	<b>Tax Reform: <a href="#">SB 358</a></b> Eliminate corporate and personal income tax, motor vehicle excise tax, eliminate most GRT exemptions and deductions and personal income tax	SCORC/SFC- SCORC
SB 375 Sapien	<b>Create Tenancy Tax: <a href="#">SB 375</a></b> Creates authority for local governments to impose a tenancy tax, similar to the lodgers tax, for periods in excess of 30 days.	SCORC/SFC- SCORC- DNP-CS/DP- SFC-dp- fl/sub- Passed/S- HLLC/HTRC -HLLC
SB 393 Soules	<b>Next Gen Carbon Emission Pricing Plan: <a href="#">SB 393</a></b> Imposes a gasoline and natural gas processor's surtax, and distributes proceeds to a newly created low income energy assistance fund.	SCORC/SFC- SCORC
SB 396 Ingle	<b>Local Gov't Tax Distribution Definitions: <a href="#">SB 396</a></b> Amends the definition of "average distribution or transfer amount" means the average <i>monthly</i> amount distributed to a city or county in the prior 36 months., or the average <i>monthly</i> amount distributed in the prior twelve months if the muni or county hasn't had distributions for 26 months or more.	SCORC/SFC- SCORC
SB 399 Munoz	<b>Wind Energy Production Tax Act: <a href="#">SB 399</a></b> Creates the Wind Energy Production Tax Act, imposes it at a rate of \$1/megawatt hr, and makes the tax subject to the provision of the tax administration act (TAA). Exempted are receipts of producers for their own use (and in excess of use not to exceed 500 kwh/24hr period, and receipts of the state, federal and tribal governments.	SCONC/SCO RC/SFC- SCONC
SB 413 Stewart	<b>Liquor Permit, Tax &amp; Definition Changes: <a href="#">SB 413</a></b> Provides for preferential liquor excise tax rates for cider sold by small wine growers and spiritous liquor sold by craft distillers licensed in NM. Also provides for sales by the drink by such producers at "public" and "private" celebrations. Also, increases the production limit for microbreweries by ten fold.	SPAC/SCOR C-SPAC- DP/a- SCORC-DP- Passed/S- HTRC
SB 421 Cisneros	<b>Tax Changes: <a href="#">SB 421</a></b> The Senate's first stab at a tax reform bill. Includes provisions for mandatory combined corporate income tax filing, market base sourcing, remote sales gross receipts taxation with destination based reporting and local option compensating tax (effective in the future), local option compensating tax, hospital taxation, hold harmless changes and GRT repeals, fuel tax and motor vehicle registration increases, and GRT rate reduction, but also includes a delayed repeal of the deduction for food.	SCORC/SFC- SCORC
SB 425 Munoz	<b>Dept. of Defense Satellite Gross Receipts: <a href="#">SB 425</a></b> Extends from 1/1/21 to 1/1/31 the present law GRT deduction for directed energy and satellite-related inputs for DoD contractors found in 7-9-115.	SCORC/SFC- SCORC-DP- SFC-DP- Passed/S- HTRC

SB 449 Candelaria	<b>Presidential Candidate Income Tax Returns: <a href="#">SB 449</a></b> Requires the US presidential candidates provide the secretary of state copies of their most recent five federal income tax returns at least 75 days prior to the general election, or their name will not be printed on the ballot.	SRC/SJC- SRC
SB 451 C Sanchez	<b>Film Tax Credit Aggregate Claims: <a href="#">SB 451</a></b> Eliminates the carryforward queue and mandated multi-year payouts for claims in excess \$2 and \$5M, requiring claims be paid in the order received up to but not in excess of the cap.	SCORC/SFC- SCORC
SB 466 Ortiz y Pino	<b>Start-Up Business Gross Receipts: <a href="#">SB 466</a></b> Beginning on the day a qualified start up business registers with the TRD, creates a gross receipts tax deduction for all receipts for a period of five consecutive years. The business must have 10 or fewer employees, receipts of <\$500K, and be located within three miles of the exterior boundaries of a post-secondary education institution or within a research park.	SCORC/SFC- SCORC
SB 474 Campos	<b>Frontier Community Investment Tax Credit: <a href="#">SB 474</a></b> Creates a new corporate and personal income tax credit for qualified investments in frontier communities. The credit cannot exceed more than \$25K per qualified investment and a taxpayer is limited to \$100K in claims. The credit may be carried forward for up to 3 years, and both tax programs require a certificate of eligibility from the Economic Development Department which is limited to issuing no more than \$750K per year.	SCORC/SFC- SCORC
SB 475 Soules	<b>Request EMNRD to Draft Carbon Tax: <a href="#">SB 475</a></b> Appropriates \$250K in FYE 2020 for the EMNRD to develop a carbon tax plan.	SCONC/SFC- SCONC
SB 499 Sharer	<b>Climate Change Compliance Tax Credits: <a href="#">SB 499</a></b> Creates a personal and corporate income tax credit for costs incurred by a taxpayer complying with executive order 2019-003 that's subject to the oil and gas taxes.	SCONC/SCO RC/SFC- SCONC-dP- SCORC
SB 500	<b>Oil, Gas &amp; Vented Gas Royalties: <a href="#">SB 500</a></b> Requires oil royalties of 25% for all state trust land leases entered after 7/1/19 that produce in excess of 20K barrels of oil or 75K mcf of natural gas per month. Also requires 25% royalties on oil and natural gas "wasted" due to flaring, spill, theft, etc.	SCONC/SCO RC/SFC- SCONC
SB 504 Smith	<b>Gas Tax Amount &amp; Road Fund: <a href="#">SB 504</a></b> Creates a state road maintenance fund and increases the gasoline and special fuels taxes (by 10 and 6 cents/per gal respectively. Roughly half of the new tax revenue is distributed to the new fund and for maintenance and repair, and half to the counties and municipalities for maintenance and repair.	SCORC/SFC- SCORC
SB 505 Smith/Ingle	<b>Motor Vehicle Tax to Road Fund: <a href="#">SB 505</a></b>	SCORC/SFC- SCORC

	Creates a state road maintenance fund and increases the motor vehicle excise tax from 3 to 4%. 48.44% would go to the new maintenance fund, .312% to the road fund, and the remainder to the general fund.	
SB 506 Smith	<b>Gas Tax to Road Fund &amp; Local Gov't: <a href="#">SB 506</a></b> Increase the gasoline and special fuels taxes by 5 cents per gallon each with the increased revenue shared by the state road fund and counties and municipalities.	SCORC/SFC- SCORC
SB 518 Stewart	<b>New Market Solar Development Tax Credit: <a href="#">SB 518</a></b> Until 2029, creates a new personal income tax credit not to exceed \$6 for 10% the purchase and installation costs of photovoltaic or solar thermal systems for use in residential, commercial, or agricultural applications. The credit may be carried forward for up to five years, and the credit program has an aggregate cap of \$10M.	SCORC/SFC- SCORC- DP/a-SFC- DP/a- Passed/S- HTRC
SB 527 Padilla	<b>Tobacco Products Definitions &amp; Tax: <a href="#">SB527</a></b> Increases the tobacco products tax act rate from 25% to 36% and adds e-cigarette liquids and devices to the definition of tobacco products.	SCORC/SFC- SCORC
SB 549 Sanchez	<b>Chemicals and Reagents Gross Receipts: <a href="#">SB 549</a></b> Narrows the present law deduction by deleting the portion of the section allowing the deduction for chemicals and reagents in lots in excess of 18 tons.	SCORC/SFC- SCORC-w/o rec-SFC- DP/a- Passed/S- HTRC
SB 572 Cisneros	<b>Technology Readiness Gross Receipts Tax Credit: <a href="#">SB 572</a></b> Creates a new gross receipts tax credit for qualified expenditures not to exceed \$250K for providing technology readiness assistance services approved by the Economic Development Department (certificate of eligibility required) that creates technology maturation. The program is capped at \$2.5M and the credit cannot be used in conjunction the lab partnership tax credit.	SCORC/SFC- SCORC
SB 577 Pirtle, Moores, Brandt	<b>Cannabis Regulation Act: <a href="#">SB 577</a></b> Decriminalizes possession/ingestion of cannabis and creates a tax (Cannabis Tax Act) and regulatory structure for the sale of cannabis products by state owned stores. It provides for a 4% cannabis tax and allows munis and counties to impose up to 4% also. Sales also be subject to the governmental gross receipts tax.	SPAC/SJC/SF C-SPAC-w/o rec-SJC- DNP-CS/DP- SFC
SB 579 Burt	<b>Lower Gaming Tax on Certain Licenses: <a href="#">SB 579</a></b> Until 2023, reduces the tax on gaming revenue for licensees whose net take in the prior year was <\$20M from 26 to 10 percent.	SCORC/SFC- SCORC
SB 584 Smith/Ingle	<b>Local Option Food Gross Receipts Tax Act: <a href="#">SB 584</a></b> Imposes a new local tax on the sale of food which local governments can opt out of, and eliminates hold harmless payments to the local governments.	SCORC/SFC- SCORC
SB 585 Smith/Ingle	<b>Food Sale Gross Receipts and Hold Harmless: <a href="#">SB 585</a></b>	SCORC/SFC- SCORC

	Repeals the GRT deduction for the sale of food (7-9-92), the hold harmless distribution for food and medical services, and creates a gross receipts tax credit on the sale of food in the amount of the general fund portion of the tax (3.9% with muni boundaries, 5.125% without).	
SB 602 Campos	<b>Federal Tax Benefit Tax Exemption: <a href="#">SB 602</a></b> Creates a new personal income tax exemption for federal retirement income pursuant to the Federal Employee's Retirement System Act of 1986.	SCORC/SFC- SCORC
SB 609 Sanchez	<b>Gas, Fuel and Motor Vehicle Excise Taxes: <a href="#">SB 609</a></b> Increases the gasoline tax by 5 cents, the special fuels tax by 5 cents, and the motor vehicle excise tax by 1% to 4%; creates a special projects reserve fund; makes an appropriation of \$300M to the new reserve fund.	SCORC/SFC- SCORC-DP- SFC

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**HOLD THE DATE AND MARK YOUR CALENDARS NOW –  
16<sup>TH</sup> ANNUAL NMTRI TAX  
POLICY CONFERENCE IS COMING!**



**NEW MEXICO  
TAX RESEARCH  
INSTITUTE**

The Sixteenth (can you believe it?) Annual NMTRI Tax Policy Conference and annual members meeting will be held at the Hotel Albuquerque in Albuquerque May 2-3<sup>rd</sup>. You will be inundated with details shortly, and the registration facility will be open soon! We look forward to seeing you there!

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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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## KNICK KNACKS

This week, shamelessly borrowed from the Federation of Tax Administrators newsletter:

### ***NINA'S HAD ALL THE FUN SHE CAN STAND***

IRS Taxpayer Advocate Nina Olson has announced her retirement, beginning in July. Olson has been the advocate for 18 years. She took over the role following implementation of the 1998 Restructuring and Reform Act, which introduced a deep list of taxpayer protections and made the Advocate's Office independent from the IRS.

### ***JANUARY ESTIMATED PAYMENTS TAKE THEIR TOLL***

With 40 states reporting, FTA's January monthly revenue survey shows continued weakness as total tax collections fell at a median rate of 3.7 percent over the previous year. The growth rates were 4.0 percent and 0.8 percent during the past 12 and 3 months, respectively. The January decrease was caused by a large drop in individual income tax estimated payments. Total income tax collections fell at a median rate of 6.2 percent for the past 3 months, while decreasing by 10.8 percent for the month of January. Withholding and sales taxes grew at a solid median rate of 5.4 percent and 5.5 percent, respectively, during the past 3 months. Corporate collections reported a strong median growth of 21.6 percent. State-level detail are available on [www.taxadmin.org/research](http://www.taxadmin.org/research). Charts summarizing preliminary February data will be posted later in the week.

### ***QUOTE OF THE WEEK***

Peter Harkness, former publisher of *Governing*, writing again for the magazine: "According to the Treasury Department, the budget deficit in FY 2018 was \$779 billion, in a year of solid economic growth and robust employment. That was an increase of \$113 billion, or 17 percent, over the year before, most of it due to the large tax.... The net result is a national debt of almost \$22 trillion, which equals 78 percent of the entire economy's annual output."

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## TAX QUOTABLES

"The peasant is the foundation of the state and must be governed with care. He must be allowed neither too much, nor too little, but just enough rice to live on and keep for seed in the following year. The remainder must be taken from him in tax."

~ *Honda Masanobu*

"What is needed is a form of tax which not only spares the small man at the expense of his wealthier rival, but actually subsidizes the small man where subsidy is necessary."

~ *Hilaire Belloc, The Crisis Of Civilization*

"I hate paying taxes. But I love the civilization they give me"

~ *Oliver Wendell Holmes Sr.*



**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.

Join NMTRI today!