

# ***Tax Matters***

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New Mexico Tax Research Institute  
P.O. Box 91657  
Albuquerque, New Mexico 87199-1657

505-842-5833  
[Richard.Anklam@nmtri.org](mailto:Richard.Anklam@nmtri.org)  
[www.nmtri.org](http://www.nmtri.org)

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## **IN THIS SUPER BOWL “LEGISLATIVE SESSION” ISSUE OF *TAX MATTERS:***



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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 is 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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## 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.



## **Tax-pectations for the Session**

The 60-day legislative session has arrived. 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 is asking for more than one name from the counties served by former Senator (and now Lieutenant Governor and Acting Secretary of Education) Howie Morales. Sen. Cisco McSorley also 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.

Being an open 60-day session with new a new governor, new legislators, and lots of new money on the table, they're expecting a record number of bills to be introduced.

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](#).

## What Happened this Week



We're only a couple of weeks into a session that started Tuesday, January 15th, and the bill introduction deadline isn't until two weeks from now, on February 14<sup>th</sup>. (Just what we all want for Valentine's day!) So, we have a long way to go.

There are now already 463 House bills and 454 Senate bills introduced, for a total of 917 bills (up from 749 last week) – and that doesn't include memorials and resolutions. As tax bills go, we're already tracking 31 House and 34 Senate tax related bills (for a total of 65, up from 51, and now more in the Senate than House) so far...

Things are speeding up as bills start to move through the process and committees begin to start hearing bills regularly. There were not a lot of tax bills added this week, although there's plenty to follow. The pace will only continue to quicken.

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.

### *Tax Reform Anyone?*

[HB 6](#), the House tax package, was heard for a few days in HTRC and now sits on the table. The Chairman has welcomed amendments both Wednesday and Friday. For corporate income tax, it imposes mandatory combined filing and market based sales factor sourcing. For gross receipts and compensating tax, it imposes remote seller and "marketplace" facilitator rules with destination based sourcing and local option compensating tax with, base-broadening and rate reductions. It also increases personal income tax rates and makes other changes, including the repeal of some tax deductions and credits, including nonprofit purchases of tangible personal property. It increases gasoline and special fuel taxes and motor vehicle registration fees. It contains a partial repeal of the hold-harmless payments for local governments. And it provides for hospital taxation.

Senator Sharer has also introduced his perennial proposal to create a lower rate/broader based real gross receipt tax in another/newer iteration of his tax reform package in his [SB 358](#). This

version repeals the personal income tax and the exemption in the GRT for wages - effectively replacing the personal income tax with the gross receipts tax.

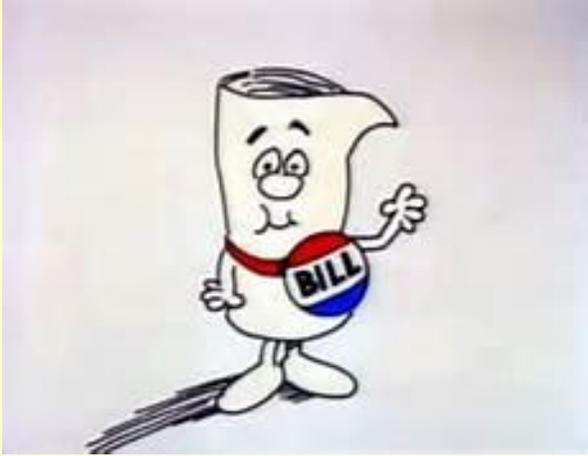
Finally, the last week the Senate version of the House tax reform package was introduced by Sen. Cisneros in his [SB 421](#). It's quite similar to the House version in HB 6, but unlike the House version, offers a delayed repeal of the food deduction – raising more revenue for rate reduction or other reforms, while better guaranteeing revenue streams for local governments.

*Is New Mexico going to pot?*

There are several cannabis related proposals in the hopper. Most interesting is the all-encompassing legalization/regulation/taxation proposal in [HB 356](#). It provides for a taxation scheme resembling the gross receipts tax: it's made a part of the Tax Administration Act, administered by the Taxation and Revenue Department, provides for a single point of taxation (retail), and exempts transfer among licensees. Tax returns would be due on the 25<sup>th</sup> of the month. It levies a tax rate of 9% with local municipal and county taxes up to 3% (not overlapping with county impositions in remainder of county only – general purpose not requiring voter approval and impossible in 1/16 increments). Other proposals provide an add-back expense for ordinary and necessary business expenses disallowed at the federal level for illegal businesses by IRC §280E (see Sen. Ortiz y Pino's [SB 308](#)). The Senator also has a proposal to add medical marijuana to the gross receipts tax deduction for oxygen and related equipment found in §7-9-73.1 (see [SB 242](#)).

*[NMTRI note: The House and Senate tax packages, if they make progress at all, will likely sit on the table until a deal is reached, and the budget is more or less finalized. The result may not resemble the current packages all that much when it's all over. We haven't heard from Rep. Harper on the subject, but may still yet. Also, while many prefer to keep marijuana tax-free and illegal, the current proposal – from a tax perspective – appears to be properly structured and administered. The rate is low enough to achieve a policy goal of eliminating black market sales and could perhaps be a bit higher. It's not a panacea from a revenue perspective no matter how it's done, however revenues would be higher unless and until Arizona and Texas move to legalize. It should also be noted that although Sen Ortiz y Pino is proposing an express GRT deduction for receipts from the sale of medical cannabis, the question of whether such receipts are deductible under present law is the subject of litigation in the Court of Appeals and District Court. (So far, the TRD said no and the Hearing Officer agreed, which doesn't of course necessarily make it so.)]*

**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.

<b>Bill Number &amp; Sponsors:</b>	<b>Title and Link to bill language &amp; Description</b>	<b>Assignments-Location:</b>
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
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
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%, increases minimum amount expended on ED program support or implementation, and requires new additional county option authority be subject to referendum.	HCEDC/HTR C-HCEDC
HB 163 J Trujillo	<b>Tax Deduction for Nonresident Beneficiary: <a href="#">HB 163</a></b>	HJC/HTRC- HJC

	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.	
HB 162 J Trujillo	<b>Insurance Premiums Tax Provisions: <a href="#">HB 162</a></b> Makes the Insurance Premiums Tax subject to the provisions of the Tax Administration Act, adds distributions to the law enforcement and fire protection funds, and requires the Superintendent of Insurance information necessary for the TRD to administer the premiums tax.	HHHC/HTRC -HHHC
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
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
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
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 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.	HLVMC/HT RC-HLVMC
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
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
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.	HTPWC/HTR C-HTPWC

	It also provides a nonrefundable personal or corporate income tax credit for a donation made to county road funds of up to \$1 million.	
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
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/HTRC C-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/HTRC C-HENRC
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/HTRC C-HTRC
HB 257 Ezell	<b>Enviro Services Gross Receipts Uses: <a href="#">HB 257</a></b> 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.	HJC-HJC
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
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/HTRC C-HTRC
HB 335	<b>Create New Top Income Tax Bracket: <a href="#">HB 335</a></b>	HTRC

Ely	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.	
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
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
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-HTRC
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
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
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

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 410 J Trujillo, Herrera	<b>Local Gov’t Tax Distribution Definitions: <a href="#">HB 410</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
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
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
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.	SCORC/SFC- SCORC
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
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	SCORC/SFC- SCORC

	allowable costs if the system is installed prior to 1/1/21, and is reduced over time to 6% through 2033.	
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: <a href="#">SB 72</a></b> It just doesn't matter.	Tabled Indefinitely
SB 98 O'Neill	<b>Additional Upper-Tier Income Tax Brackets: <a href="#">SB 98</a></b> 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 Sapien	<b>Short-Term Occupancy Tax: <a href="#">SB 106</a></b> For purposes of the occupancy tax imposed by municipalities pursuant to the Lodgers Tax Act, eliminates the exclusion for three or fewer units	SCORC- SCORC
SB 113 Stefanics	<b>Local Economic Development Taxes: <a href="#">SB 113</a></b> Increases municipal and county infrastructure gross receipts tax rate maximums to 5/8%, increases minimum amount expended on ED program support or implementation, and requires new additional county option authority be subject to referendum.	SCORC/SFC- SCORC
SB 129 Candelaria	<b>Tax Protests &amp; Admin Hearing Office: <a href="#">SB 129</a></b> 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
SB 166 C Sanchez	<b>Increase Cigarette &amp; E-Cigarette Taxes: <a href="#">SB 166</a></b> 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
SB 183 Ortiz y Pino	<b>Increase Working Families Tax Credit: <a href="#">SB 183</a></b> Doubles the rate of credit from 10 to 20% of the federal earned income tax credit.	SCORC/SFC- SCORC
SB 220 Wirth	<b>Certain Property Tax Increase Limits: <a href="#">SB 220</a></b> Increases the income limit for those eligible for the property tax limitation (freeze) for disabled individuals over 65 to \$35K of "modified" gross income in tax years 2020 and after.	SPAC/SCOR C-SPAC
SB 242 Ortiz y Pino	<b>Medical Cannabis Gross Receipts &amp; Deductions: <a href="#">SB 242</a></b> Adds "medical cannabis" to the oxygen and oxygen services gross receipts tax deduction found in 7-9-73.2.	SCORC/SFC- SCORC
SB 268 Wirth	<b>Agricultural Biomass Tax Credits: <a href="#">SB 268</a></b> 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/SCO RC/SFC- SCONC
SB 300 C Sanchez	<b>Income Tax Dependent Deduction: <a href="#">SB 308</a></b>	SCORC/SFC- SCORC

	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.	
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
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, and provides an election for water’s edge combined filing as well as the present law 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
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
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.	SCORC/SFC- SCORC
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
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
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.	SPAC/SJC- SPAC
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

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## TAX QUOTABLES

“The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing.”

~*Jean-Baptiste Colbert*

“Taxes are not good things, but if you want services, somebody's got to pay for them so they're a necessary evil.”

~ *Michael Bloomberg*

The term "tax humor" is no doubt an oxymoron to many people; to the more cynical, it is an apt description of the entire tax code.

~*John F. Iekel*

It's tax time. I know this because I'm staring at documents that make no sense to me, no matter how many beers I drink.

~ *Dave Barry*

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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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