

Tax Matters

The Newsletter of the New Mexico Tax Research Institute

Issue No. 2019-07

March 3, 2019

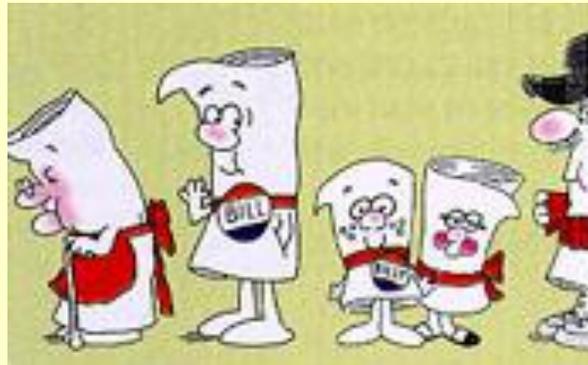
New Mexico Tax Research Institute
P.O. Box 91657
Albuquerque, New Mexico 87199-1657

505-842-5833
Richard.Anklam@nmtri.org
www.nmtri.org

Views expressed in this publication are those of the editorial staff unless otherwise indicated. They do not necessarily reflect the views of any member or members of the New Mexico Tax Research Institute. Nothing in this publication is intended to be nor should be construed as offering tax advice. No tax planning decision should be made without consulting your professional tax advisor. All rights reserved. No material in this publication may be reproduced or redistributed without the express written permission of the New Mexico Tax Research Institute.

© 2019 NMTRI

IN THIS “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**

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.



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,

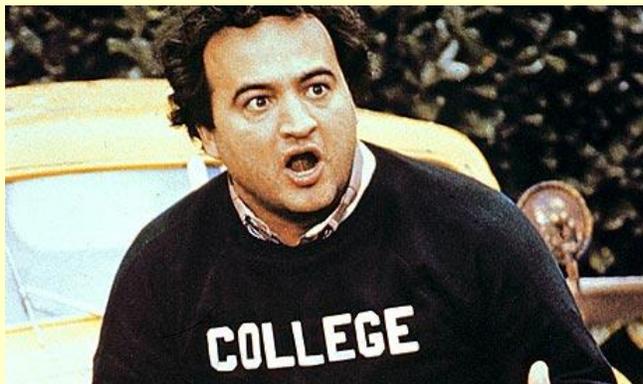
Howie Morales. Also, Sen. Cisco McSorley resigned recently to become the Director of Probation and Parole Division of the Department of Corrections. He was replaced by the Gubernatorial appointment of former CD1 congressional candidate Antoinette Sedillo Lopez.

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.

What Happened this Week



We're roughly six weeks, or about three-quarters of the way through the session that started Tuesday, January 15th, and the bill introduction deadline was February 14th. The session mercifully ends at noon (or thereabouts) on March 16th.

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

61 House and 52 Senate tax related bills, for a total of 113 (up two from last week because of bills we missed – as opposed to introductions). 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 often 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.

Wow, that was fast!

There's now one more bill to add to the same two tax bills we mentioned the few weeks having passed both houses and signed by the Governor. Senate Bill 11 was signed Thursday night ensuring that Los Alamos National Labs would continue paying tax at the same level regardless of a possible change to its for-profit status. 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)) was signed into law Thursday. 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. It of course joins 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, which eliminates the exclusion vendors who have three or fewer units. Sponsored by Sen Carlos Cisneros We suspect there will be a few more passed by the Legislature next week at this time, although it's hard to say if any will be signed right away.

Other than HB 6 (see below), we haven't added any new House tax bills that are in the Senate this week (Rep Harper's , but no new tax related Senate bills have made it to the House this week. In addition to [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 Chairman Trujillo's [HB 162: Insurance Premiums Tax Provisions](#)- which puts the Insurance premiums Tax – now administered by the Taxation and Revenue Department – 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; and 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 attempts to leave the portion subject to voter approval versus not the same. That bill was passed out of SCORC and is now in the SFC.

What did we forget?

Our tax related bill count was off by two, because again we were reminded of what we had missed. Late in the session, a Senate Republican version of marijuana legalization, sale and taxation was introduced Senators' Pirtle, Moores, and Brandt. [SB 577: Cannabis Regulation Act](#): would decriminalize possession/ingestion of cannabis and creates a new 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 municipalities and counties to impose up to 4% also. Sales also be subject to the governmental gross receipts tax. It passed its first of three Senate adsssigned committees with no recommendation.

In the House, there was a property tax measure that impacts the TRD's property tax assessment authority. Introduced by Rep's Chander, Herrera, and Sanchez, [HB 590: Oil & Gas Property Valuation](#): would shift 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. It's to be heard in HTRC tomorrow morning.

[NMTRI note: the bill reflects an ongoing dispute between oil producing counties and the TRD's Property Tax Division over property tax valuation and assessment. That's why the sponsors represent Rio Arriba, one of the counties on the forefront of the dispute.]

House Passes Tax Package

House Bill 6 passed the House Friday night on a mostly party line vote. It left the HTRC with a few - mostly technical amendments – on 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 proposal 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 expect to see the Good Bill Day in the HTRC. That’s the day that the “good bills” (read: tax expenditures) that leadership believes they can afford are taken up off the table and passed down to the House floor. That hasn’t happened yet, but could happen as early as tomorrow – most likely Wednesday or Friday. Meanwhile, tax bills continue to log jam in the House Taxation and Revenue Committee (HTRC) and various proposals are getting their first hearings. Senate Corporation and Transportation Committee (SCORC). SCORC does not keep all proposals tabled as religiously as HTRC does however.

Affordable Housing?

One bill that moved to Senate Finance from SCORC on Friday. Sen. Munoz’s Tenancy Tax – an overlapping companion of the lodgers tax, appears to have energy as a result. His [SB 375: Create Tenancy Tax](#) would create authority for local governments to impose a tenancy tax, similar to the lodgers tax. It provides for a local tax of up to 5% on rents. While the genesis and intent appears to be to get more revenue from the inflated prices associated with the oil boom in the southeast, there’s nothing keep it from impacting low-end affordable apartment housing in places like Albuquerque’s International District (read: war zone), and high-end apartments in the NE Heights. Apparently excluded would be private single-family rentals and most AirBnB transactions.

[NMTRI note: while one side affirms that the tax increases offered by the HB 6 proposal are unnecessary given the fiscal surplus, and the other insist that it is, the reality is both sides

generally agree that the internet taxes should level the playing field for local businesses and motor vehicle taxes are comparatively low. The hospital “deal” is just that, and an effort supported by hospitals to increase provider payments and leverage matching federal Medicaid reimbursements. While it’s difficult to really call anything but the corporate and marketplace provisions “reform”, especially since the gross receipts tax remains unimproved, parts of it have to happen (the economic nexus/remote seller/marketplace legislation as well as the market based sourcing proposals are necessary to keep the tax system modernized and normally functioning relative to the rest of the world, and failure to accomplish those in a reasonable way would constitute an embarrassing failure of our government). Other increases and their necessity can be reasonably debated by both sides. The senate takes the next crack at tax and HB 6 – let’s hope they don’t fail to do the necessary and perhaps even improve the system in the process.

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 the tax expenditures tend to get permanently baked into the budget. Some proposals are good policy, but for those that do nothing but reward certain taxpayers or behaviors without benefit, at least they can help create an illusion of usefulness and accountability.]

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	Tax Changes HB 6	HTRC- HTRC-DNP-

J Trujillo, Stapleton Williams, Martinez, Herrera, Maestas	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.	CS-DP-fl/a- DP- SCORC/SFC- SCORC
HB 18 Cadena/Chan- dler	Child Income Tax Credit: HB 18 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	Increase Working Families Tax Credit: HB 23 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	Rural Health Practitioner Tax Credit Changes: HB 41 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
HB 119 Baldonado/A- rmstrong	Feminine Hygiene Products Gross Receipts: HB 119 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	Local Economic Development Taxes: HB 155 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 163 J Trujillo	Tax Deduction for Nonresident Beneficiary: HB 163 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	Modifying High Wage Jobs Tax Credit: HB 165 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

HB 176 J. Trujillo	Broadband Telecomm Facility Gross Receipts: HB 176 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
HB 179 C Trujillo	Feminine Hygiene Product Gross Receipts: HB 179 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	Apprenticeship Program Income Tax Credits: HB 184 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- DP-HTRC
HB 185 J Trujillo	Electric Motor Vehicle Excise Fees and Tax Credits: HB 185 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
HB 188 Brown	Motor Vehicle Excise Tax to State Road Fund: HB 188 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	County Road Fund Tax Refund Donation: HB 201 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	County and Municipal Gas Tax Changes: HB 211 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	Make Angel Investment Tax Credit Refundable: HB 219 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	Home Energy Efficiency Income Tax Credit: HB 221 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	HENRC/HTR C-HENRC- DP/a-HTRC

	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.	
HB 247 Chandler	Increase Corporate Income Tax Rates: HB 247 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	Enviro Services Gross Receipts Uses: HB 257 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- DP-Passed/H- SCORC-DP- Passed S- SCORC- SCORC-DP- Passed/S- SGND
HB 261 Romero/ Thomson	Increase Cigarette Taxes: HB 261 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	Rural Infrastructure Tax Credit: HB 288 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	Create New Top Income Tax Bracket: HB 335 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	Health Practitioner Gross Receipts: HB 345 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
HB 346 J Trujillo, Pratt,	Expand Healthcare Practitioner Gross Receipts: HB 346 Broadens the deductions found in §§7-9-77.1 and 7-9-93. Changes the healthcare practitioner definition to “healthcare provider” and adds	HHHC/HTRC -HHHC-DP- HTRC

Martinez, Herrera	“qualifying healthcare entity” to the list of those whose services are deductible.	
HB 347 Strickler, Alcon, Garcia, Allison, Bandy	Coal Sale & Processing Receipts: HB 347 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/HTRC-HENRC
HB 353 Strickler, Scott, Nibert, Brown, Bandy	Reduce Certain Oil and Gas Tax Rates: HB 353 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/HTRC-HENRC
HB 356 Martinez, Ely, Maestas, Armstrong, Rubio	Cannabis Regulation Act: HB 356 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-/DP
HB 365 Garcia	Personal Income Tax Modifications: HB 365 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/HTRC-HCPAC
HB 372 Armstrong	GRT Deduction for Processed Meats for Home: HB 372 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/HTRC-HAWC-DP-HTRC
HB 387 Baldonado	Add Chiropractors to Rural Tax Credit: HB 387 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	Change Name of Various Taxes: HB 396 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/HTRC-HSEIC-DP-HTRC
HB 398 Lente	Oil, Gas & Vented Gas Royalties: HB 398 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/HENRC/HTRC-HCEDC

HB 411 J Trujillo, Herrera	Local Gov't Tax Distribution Definitions: HB 411 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	Transfer or Sale of Unused Angel Tax Credit: HB 419 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
HB 429 Rehm/Powdr ell-Culbert	Property Tax Limit Increase for Some People: HB 429 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
HB 465 J. Martinez	Jet Fuel Excise Tax: HB 465 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	Social Security Income Tax Exemption: HB 477 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
HB 479 Harper	De-Earmarking Local Option Gross Receipts: HB 479 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
HB 489 Martinez	Liquor Permit, Tax and Definition Changes: HB 489 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
HB 502 J Trujillo	Increase Tobacco Products Tax: HB 502 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
HB 506 B. Gonzales/H. Garcia	Wastewater Treatment System Tax Credit: HB 506 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	Water Conservation Products Tax Credit HB 513 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	Childcare Assistance Gross Receipts: HB 515 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.	HCPAC/HTR C-HCPAC- DP-HTRC
HB 520 McQueen	Property Tax on Certain Solar Systems: HB 520 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	Lab Small Business Tax Credit Changes: HB 526 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
HB 527 Gonzales, Martinez, Egolf	Payment of All Approved Film Tax Incentives: HB 527 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
HB 538 Ely	Social Security Exempt From Income Tax: HB 538 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	Tax Reform: HB 579 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	Investment Tax Credit Changes: HB 582 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
HB 590 Chandler, Herrera, Sanchez	Oil & Gas Property Valuation: HB 590 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	Energy Storage Systems Gross Receipts: HB 593	HENRC/HTR C-HENRC

Akhil, Sarinana, Small	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.	
HB 594 Anderson	Certain Film Tax Credit Claims: HB 594 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
HB 595 Ruiloba	Remittance Of Gov't Gross Receipts: HB 595 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	Data Center Gross Receipts & Property Tax: HB 596 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.	HCEDC/HTR C-HCEDC
HB 609 Gonzales, Ruiloba, Lundstrom	Gas Tax Rate & Distributions: HB 609 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
HB 612 Akhil, Ely, Small, Sarinana	Motor Vehicle Excise for Electric Cars: HB 612 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	Limits on Valuation of Certain Property: HB 647 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
HB 650 Cook	Lower Gaming Tax On Certain Licenses: HB 650 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
HB 654 Maestas, Trujillo	Film Production Tax Credit Changes: HB 654 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	HCEDC/HTR C-HCEDC- DP/a-HTRC

	certain specific information reporting requirements and makes remaining reporting requirements subjective.	
HB 656 Bash	Gross Receipts on Certain Solar Systems: HB 656 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/HTRC-HENRC-DP-HTRC
SB 2 Rodriguez	Film Tax Credit Changes: SB 2 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	Tax Determination of In-State Sales: SB 6 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	Occupancy Tax for Affordable Housing: SB 7 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/SCORC/SFC-SPAC-DP-SCORC-DNP-CS/DP-SFC
SB 11 Cisneros	Gross Receipt for Certain Nonprofit Organizations: SB 11 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 39 Stewart	Solar Market Development Tax Credit: SB 39 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	Medical Cannabis Gross Receipts: SB 71 It just doesn’t matter.	Tabled Indefinitely
SB 72 McSorley	Increase Cigarette Tax and Distributions: SB 72 It just doesn’t matter.	Tabled Indefinitely

SB 98 O'Neill	Additional Upper-Tier Income Tax Brackets: SB 98 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	Short-Term Occupancy Tax: SB 106 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	Local Economic Development Taxes: SB 113 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	Tax Protests & Admin Hearing Office: SB 129 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
SB 166 C Sanchez	Increase Cigarette & E-Cigarette Taxes: SB 166 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
SB 183 Ortiz y Pino	Increase Working Families Tax Credit: SB 183 Doubles the rate of credit from 10 to 20% of the federal earned income tax credit.	SCORC/SFC- SCORC-DP- SFC
SB 220 Wirth	Certain Property Tax Increase Limits: SB 220 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	Medical Cannabis Gross Receipts & Deductions: SB 242 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	Agricultural Biomass Tax Credits: SB 268 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-DP- SCORC

SB 300 C Sanchez	Income Tax Dependent Deduction: SB 308 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	Tax Deduction of Certain Business Expenses: SB 308 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	Military Retiree Income Tax Deduction: SB 330 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
SB 333 Sedillo Lopez, Woods	Electric Vehicle Income Tax Credit: SB 333 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	Combined Tax Reporting: SB 335 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	GRT Deduction for In State Transportation: SB 347 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	Distribution of GRT or Income Tax: SB 348 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	Data Center Gross Receipts: SB 352 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	Tax Reform: SB 358 Eliminate corporate and personal income tax, motor vehicle excise tax, eliminate most GRT exemptions and deductions and personal income tax	SCORC/SFC- SCORC

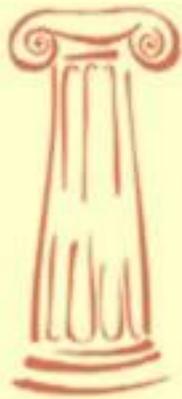
SB 375 Sapien	Create Tenancy Tax: SB 375 Creates authority for local governments to impose a tenancy tax, similar to the lodgers tax, for periods in excess of 30 days.	SCORC/SFC- SCORC- DNP-CS/DP- SFC
SB 393 Soules	Next Gen Carbon Emission Pricing Plan: SB 393 Imposes a gasoline and natural gas processor's surtax, and distributes proceeds to a newly created low income energy assistance fund.	SCORC/SFC- SCORC
SB 396 Ingle	Local Gov't Tax Distribution Definitions: SB 396 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	Wind Energy Production Tax Act: SB 399 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	Liquor Permit, Tax & Definition Changes: SB 413 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
SB 421 Cisneros	Tax Changes: SB 421 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	Dept. of Defense Satellite Gross Receipts: SB 425 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
SB 449 Candelaria	Presidential Candidate Income Tax Returns: SB 449 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	Film Tax Credit Aggregate Claims: SB 451	SCORC/SFC- SCORC

	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.	
SB 466 Ortiz y Pino	Start-Up Business Gross Receipts: SB 466 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	Frontier Community Investment Tax Credit: SB 474 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	Request EMNRD to Draft Carbon Tax: SB 475 Appropriates \$250K in FYE 2020 for the EMNRD to develop a carbon tax plan.	SCONC/SFC- SCONC
SB 499 Sharer	Climate Change Compliance Tax Credits: SB 499 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
SB 500	Oil, Gas & Vented Gas Royalties: SB 500 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	Gas Tax Amount & Road Fund: SB 504 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	Motor Vehicle Tax to Road Fund: SB 505 Creates a state road maintenance fund and increases the motor vehicle excise tax from 3 to 4%. 48.44% would go the new maintenance fund, .312% to the road fund, and the remainder to the general fund.	SCORC/SFC- SCORC
SB 506 Smith	Gas Tax to Road Fund & Local Gov't: SB 506 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	New Market Solar Development Tax Credit: SB 518 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
SB 527 Padilla	Tobacco Products Definitions & Tax: SB527 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	Chemicals and Reagents Gross Receipts: SB 549 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
SB 572 Cisneros	Technology Readiness Gross Receipts Tax Credit: SB 572 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	Cannabis Regulation Act: SB 577 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
SB 579 Burt	Lower Gaming Tax on Certain Licenses: SB 579 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	Local Option Food Gross Receipts Tax Act: SB 584 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	Food Sale Gross Receipts and Hold Harmless: SB 585 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).	SCORC/SFC- SCORC
SB 602 Campos	Federal Tax Benefit Tax Exemption: SB 602 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	Gas, Fuel and Motor Vehicle Excise Taxes: SB 609 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

**HOLD THE DATE AND MARK YOUR CALENDARS NOW –
16TH 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 2-3rd. You will be inundated with details shortly, and the registration facility will be open soon! We look forward to seeing you there!

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

KNICK KNACKS

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

QUOTE OF THE WEEK: FACTS NOT FROM THE GREEN BOOK

Pew Research: “48.3 — The percentage of 50-state revenue that comes from taxes... Taxes and federal funds together account for 80.9 percent of revenue for the 50 states. Taxes are the largest revenue source in 45 states, while federal funds are greatest in five: Alaska, Louisiana, Mississippi, New Mexico, and Wyoming.” Check out the full chart at <https://link.taxadmin.org/states-money-9a073>

VICE

The U.S. Supreme Court has declined to hear *Farr v. Commissioner*, where the Court was asked to overturn a Tax Court decision that Joan E. Farr engaged in excess benefit transactions. This activity also is known as using her nonprofit’s checking account to pay her personal expenses. The nonprofit: the Association for Honest Attorneys.

TAX QUOTABLES

[on filing of tax returns] “This is too difficult for a mathematician. It takes a philosopher.”
~Albert Einstein

“I hate paying taxes. But I love the civilization they give me”
~ *Oliver Wendell Holmes Sr.*

“An unlimited power to tax involves, necessarily, a power to destroy; because there is a limit beyond which no institution and no property can bear taxation.”
~ John Marshall



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, 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.



“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” *Campañía General de Tabacos v. Collector*, 275 U.S. 87, 100 (1927), Justice Oliver Wendell Holmes, dissenting.

Join NMTRI today!