HOUSE BILL 218

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

This AIC does not include STBTC amendments struck by SFC

AN ACT

RELATING TO TAXATION; UPDATING AND DELETING OUTDATED PROVISIONS IN CERTAIN SECTIONS OF CHAPTER 7 NMSA 1978; AMENDING CERTAIN PROVISIONS OF THE METROPOLITAN REDEVELOPMENT CODE AND THE TAX INCREMENT FOR DEVELOPMENT ACT TO CONFORM WITH DESTINATION SOURCING; AMENDING THAT SECTION OF LAW THAT ALLOWS THE TAXATION AND REVENUE DEPARTMENT TO MAKE ADJUSTMENTS OF DISTRIBUTIONS AND TRANSFERS TO POLITICAL SUBDIVISIONS; **SFC→INCREASING THE AMOUNT AND EXTENDING THE TIME PERIOD THE SECRETARY OF TAXATION AND**

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = →bold, blue, highlight←
~~delete~~ = →~~bold, red, highlight, strikethrough~~←

REVENUE MAY SET TAX REPORTING AND PAYMENT INTERVALS;←**SFC** INCREASING THE AMOUNT A TAXPAYER MAY OWE TO ALLOW QUARTERLY OR SEMIANNUAL FILING; ALLOWING THE SECRETARY OF TAXATION AND REVENUE TO COMPROMISE ASSERTED LIABILITY IN THE CASE OF A DENIAL OF A REFUND OR CREDIT; INCREASING THE AMOUNT OF INSTALLMENT AGREEMENTS, ABATEMENTS, REFUNDS AND CREDITS THAT SHALL BE MADE AVAILABLE FOR PUBLIC INSPECTION; ALLOWING A COMPLETED RETURN TO CONSTITUTE A FILING OF A CLAIM FOR REFUND; REMOVING ATTORNEY GENERAL APPROVAL OF CLOSING AGREEMENTS AND OF REFUNDS OVER TWENTY THOUSAND DOLLARS ($20,000); AMENDING CERTAIN PROVISIONS REGARDING A LIEN FOR A TAX LIABILITY; AMENDING CERTAIN PROVISIONS ON INTEREST ON DEFICIENCIES; PROVIDING THAT ELECTRONIC FILERS FILE AND PAY WITH THE SAME DEADLINE AS ALL OTHER FILERS; REMOVING CONTINGENT RATES FOR THE PETROLEUM PRODUCTS LOADING FEE; PROVIDING THAT LOCAL OPTION GROSS RECEIPTS AND COMPENSATING TAX RATES SHALL BE EFFECTIVE ON JULY 1 FOLLOWING ELECTION OR ADOPTED ORDINANCE UNLESS AN EMERGENCY OR UNFORESEEN OCCURRENCE OCCURS; STREAMLINING ADVANCE PAYMENTS OF **SFC**→~~THE~~←**SFC** CERTAIN OIL AND GAS TAXES; **SFC**→~~CLARIFYING THE APPLICATION OF CERTAIN OIL PRODUCTION TAXES ON SKIM OIL;~~←**SFC** ALLOWING TAX LIENS TO BE RECORDED WITHOUT A NOTARY SIGNATURE; ALIGNING A WORKERS' COMPENSATION FEE DUE DATE TO THE WITHHOLDING TAX DUE DATE; AMENDING A SECTION OF LAWS 2024, CHAPTER 41; AMENDING AND REPEALING SECTIONS OF THE NMSA 1978.

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

SECTION 1. Section 3-60A-21 NMSA 1978 (being Laws 2024, Chapter 62, Section 1) is amended to read:

"3-60A-21. PROPERTY AND GROSS RECEIPTS TAX INCREMENTS--PROCEDURES.--

A. The procedures to be used in determining a property tax increment are:

(1) the local government shall, after approval of a metropolitan redevelopment plan, notify the county assessor of the taxable parcels of property within the metropolitan redevelopment area;

(2) upon receipt of the notification, the county assessor shall identify the parcels of property within the metropolitan redevelopment area within their respective jurisdictions and certify to the county treasurer the net taxable value of the property at the time of notification as the base value for the distribution of property tax revenues authorized by the Property Tax Code. If because of acquisition by the local government the property becomes tax exempt, the county assessor shall note that fact on their respective records and so notify the county treasurer, but the county assessor and the county treasurer shall preserve a record of the net taxable value at the time of inclusion of the property within the metropolitan redevelopment area as the base value for the purpose of distribution of property tax revenues when

the parcel again becomes taxable. The county assessor is not required by this section to preserve the new taxable value at the time of inclusion of the property within the metropolitan redevelopment area as the base value for the purposes of valuation of the property;

(3) if because of acquisition by the local government the property becomes tax exempt, when the parcel again becomes taxable, the local government shall notify the county assessor of the parcels of property that because of their rehabilitation or other improvement are to be revalued for property tax purposes. A new taxable value of this property shall then be determined by the county assessor. If no acquisition by the local government occurs, improvement or rehabilitation of property subject to valuation by the assessor shall be reported to the assessor as required by the Property Tax Code, and the new taxable value shall be determined as of January 1 of the tax year following the year in which the improvement or rehabilitation is completed; and

(4) current tax rates shall then be applied to the new taxable value of property included in the metropolitan redevelopment area. The amount by which the revenue received exceeds that which would have been received by application of the same rates to the base value before inclusion in the metropolitan redevelopment area shall be multiplied by the percentage of the increment dedicated by the local government

pursuant to Section 3-60A-23 NMSA 1978, credited to the local government and deposited in the metropolitan redevelopment fund. This transfer shall take place only after the county treasurer has been notified to apply the procedures pursuant to this subsection to property included in a metropolitan redevelopment area. Unless the entire metropolitan redevelopment area is specifically included by the local government for purposes of tax increment financing, the payment by the county treasurer to the local government shall be limited to those properties specifically included. The remaining revenue shall be distributed to participating units of government as authorized by the Property Tax Code.

B. The procedures to be used in determining a gross receipts tax increment are:

(1) the local government shall notify the taxation and revenue department of the geographic boundaries of the metropolitan redevelopment area;

(2) by the [~~January 1 or~~] July 1 following at least ninety days after receipt of the notice of the geographic boundaries, the taxation and revenue department shall designate a reporting location code for the metropolitan redevelopment area pursuant to Section 7-1-14 NMSA 1978;

(3) using data from the twelve months of reporting periods following designation of the reporting location code, the taxation and revenue department shall

calculate the gross receipts tax revenue for the base year as follows:

(a) the amount of the local government's local option gross receipts tax revenue attributable to the gross receipts sourced to the metropolitan redevelopment area pursuant to Section 7-1-14 NMSA 1978 in the previous twelve months; and

(b) the amount of state gross receipts tax revenue attributable to gross receipts sourced to the metropolitan redevelopment area pursuant to Section 7-1-14 NMSA 1978 in the previous twelve months, less any amount distributed to the municipality pursuant to Section 7-1-6.4 NMSA 1978 attributable to gross receipts sourced to the metropolitan redevelopment area; and

(4) following making the calculation of the gross receipts tax revenue for the base year:

(a) the taxation and revenue department shall compare the amounts of gross receipts tax revenues of the base year with the amounts of gross receipts tax revenues of that following twelve months, using the same calculation methods as provided in Paragraph (3) of this subsection; and

(b) if there is an increase between the gross receipts tax revenue of the base year and the gross receipts tax revenue of that following twelve months, the taxation and revenue department shall distribute, pursuant to

Section 7-1-6.71 NMSA 1978, the sum of: 1) the product of the total rate of the local government's local option gross receipts tax multiplied by the increased amount of the local government's local option gross receipts tax revenue, further multiplied by the percentage of the gross receipts tax increment dedicated by the local government pursuant to Section 3-60A-23 NMSA 1978; plus 2) the product of the state gross receipts tax rate multiplied by the increased amount of the state gross receipts tax revenue, further multiplied by the percentage of the gross receipts tax increment dedicated by the state board of finance pursuant to Section 3-60A-23 NMSA 1978.

C. The procedures specified in this section shall be followed annually for a maximum period of twenty years following the date of notification provided by this section.

D. The state board of finance shall promulgate rules for implementing the dedication of a state gross receipts tax increment for the purpose of funding a metropolitan redevelopment project and for determining the amount of the increment pursuant to the Metropolitan Redevelopment Code.

[~~D.~~] E. As used in this section:

(1) "local option gross receipts tax revenue" means revenue transferred to the local government pursuant to Section 7-1-6.12 or 7-1-6.13 NMSA 1978, as appropriate; and

(2) "state gross receipts tax revenue" means revenue received from the gross receipts tax imposed pursuant

to Section 7-9-4 NMSA 1978."

SECTION 2. Section 5-15-3 NMSA 1978 (being Laws 2006, Chapter 75, Section 3, as amended by Laws 2019, Chapter 212, Section 199 and also by Laws 2019, Chapter 275, Section 1) is amended to read:

"5-15-3. DEFINITIONS.--As used in the Tax Increment for Development Act:

A. "base gross receipts taxes" means:

(1) the total amount of gross receipts [~~taxes collected within~~] tax revenue attributable to the gross receipts sourced to a tax increment development district pursuant to Section 7-1-14 NMSA 1978, as [~~estimated by the governing body that adopted a resolution to form that district, in consultation with~~] calculated by the taxation and revenue department, in the [~~calendar year preceding the formation of the tax increment development district or, when an area is added to an existing district, the amount of gross receipts taxes collected in the calendar year preceding the effective date of the modification of the tax increment development plan~~] base period and designated by the governing body to be available as part of the gross receipts tax increment; and

(2) any amount of gross receipts taxes that would have been collected in [~~such year~~] the base period if any applicable additional gross receipts taxes imposed after that [~~year~~] base period had been imposed in that [~~year~~] base period;

B. "base period" means, unless as revised pursuant to Sections 5-15-25.1 and 5-15-25.2 NMSA 1978 SFC→~~,~~←SFC SFC→:

(1)←SFC the first twelve months following designation of a new reporting location code by the taxation and revenue department following notice of the formation of a district pursuant to Section 5-15-9 NMSA 1978; SFC→or

(2) upon request by the governing body forming the district to the secretary, and upon the secretary's approval, the most recent twelve-month period for which gross receipts tax revenue data is available from filed returns;←SFC

[~~B.~~] C. "base property taxes" means:

(1) the portion of property taxes produced by the total of all property tax levied at the rate fixed each year by each governing body levying a property tax on the assessed value of taxable property within the tax increment development area last certified for the year ending immediately prior to the year in which a tax increment development plan is approved for the tax increment development area, or, when an area is added to an existing tax increment development area, "base property taxes" means that portion of property taxes produced by the total of all property tax levied at the rate fixed each year by each governing body levying a property tax upon the assessed value of taxable property within the tax increment development area on the date of the modification of the tax increment development plan and designated by the

governing body to be available as part of the property tax increment; and

(2) any amount of property taxes that would have been collected in such year if any applicable additional property taxes imposed after that year had been imposed in that year;

[~~C.~~] D. "county option gross receipts [~~taxes~~] tax" means gross receipts taxes imposed by counties pursuant to the County Local Option Gross Receipts Taxes Act and designated by the governing body of the county to be available as part of the gross receipts tax increment;

E. "developer" means the owner or developer who has entered into an agreement pursuant to Subsection A of Section 5-15-4 NMSA 1978 with the governing body that formed the district or the owner's or developer's successors or assigns;

[~~D.~~] F. "district" means a tax increment development district;

[~~E.~~] G. "district board" means a board formed in accordance with the provisions of the Tax Increment for Development Act to govern a tax increment development district;

[~~F.~~] H. "enhanced services" means public services provided by a municipality or county within the district at a higher level or to a greater degree than otherwise available to the land located in the district from the municipality or county, including such services as public safety, fire

protection, street or sidewalk cleaning or landscape maintenance in public areas; provided that "enhanced services" does not include the basic operation and maintenance related to infrastructure improvements financed by the district pursuant to the Tax Increment for Development Act;

[~~G.~~] I. "governing body" means the city council or city commission of a city, the board of trustees or council of a town or village or the board of county commissioners of a county;

[~~H.~~] J. "gross receipts tax increment" means the gross receipts taxes [~~collected within~~] sourced to a tax increment development district in excess of the base gross receipts taxes collected in the district;

[~~I.~~] K. "gross receipts tax increment bonds" means bonds issued by a district in accordance with the Tax Increment for Development Act, the pledged revenue for which is a gross receipts tax increment;

[~~J.~~] L. "local government" means a municipality or county;

[~~K.~~] M. "municipal option gross receipts [~~taxes~~] tax" means those gross receipts taxes imposed by municipalities pursuant to the Municipal Local Option Gross Receipts Taxes Act and designated by the governing body of the municipality to be available as part of the gross receipts tax increment;

[~~L.~~] N. "municipality" means an incorporated city,

town or village;

[~~M.~~] O. "new full-time economic base job" means a job:

(1) that is primarily performed in New Mexico;

(2) that is held by an employee who is hired to work an average of at least thirty-two hours per week for at least forty-eight weeks per year;

(3) that is:

(a) involved, directly or in a supervisory capacity, with the production of: 1) a service; provided that the majority of the revenue generated from the service is from sources outside the state; or 2) tangible or intangible personal property for sale; or

(b) held by an employee that is employed at a regional, national or international headquarters operation or at an operation that primarily provides services for other operations of the qualifying entity that are located outside the state; and

(4) that is not directly involved with natural resources extraction or processing, on-site services where the customer is typically present for the delivery of the service, call center, retail, construction or agriculture except for value-added processing performed on agricultural products that would then be sold for wholesale or retail consumption;

[~~N.~~] P. "owner" means a person owning real property

within the boundaries of a district;

[~~O.~~] Q. "person" means an individual, corporation, association, partnership, limited liability company or other legal entity;

[~~P.~~] R. "project" means a tax increment development project;

[~~Q.~~] S. "property tax increment" means all property tax collected on real property within the designated tax increment development area that is in excess of the base property tax until termination of the district and distributed to the district in the same manner as distributions are made under the provisions of the Tax Administration Act;

[~~R.~~] T. "property tax increment bonds" means bonds issued by a district in accordance with the Tax Increment for Development Act, the pledged revenue for which is a property tax increment;

[~~S.~~] U. "public improvements" means on-site improvements and off-site improvements that directly or indirectly benefit a tax increment development district or facilitate development within a tax increment development area and that are dedicated to the governing body in which the district lies. "Public improvements" includes:

(1) sanitary sewage systems, including collection, transport, treatment, dispersal, effluent use and discharge;

(2) drainage and flood control systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;

(3) water systems for domestic, commercial, office, hotel or motel, industrial, irrigation, municipal or fire protection purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal;

(4) highways, streets, roadways, bridges, crossing structures and parking facilities, including all areas for vehicular use for travel, ingress, egress and parking;

(5) trails and areas for pedestrian, equestrian, bicycle or other non-motor vehicle use for travel, ingress, egress and parking;

(6) pedestrian and transit facilities, parks, recreational facilities and open space areas for the use of members of the public for entertainment, assembly and recreation;

(7) landscaping, including earthworks, structures, plants, trees and related water delivery systems;

(8) public buildings, public safety facilities and fire protection and police facilities;

(9) electrical generation, transmission and distribution facilities;

(10) natural gas distribution facilities;

(11) lighting systems;

(12) cable or other telecommunications lines and related equipment;

(13) traffic control systems and devices, including signals, controls, markings and signage;

(14) school sites and facilities with the consent of the governing board of the public school district for which the facility is to be acquired, constructed or renovated;

(15) library and other public educational or cultural facilities;

(16) equipment, vehicles, furnishings and other personal property related to the items listed in this subsection;

(17) inspection, construction management, planning and program management and other professional services costs incidental to the project;

(18) workforce housing; and

(19) any other improvement that the governing body determines to be for the use or benefit of the public;

[~~T.~~] V. "state gross receipts tax" means the gross receipts tax imposed pursuant to the Gross Receipts and Compensating Tax Act, but does not include that portion distributed to municipalities pursuant to Sections 7-1-6.4 and 7-1-6.46 NMSA 1978 or to counties pursuant to Section 7-1-6.47

NMSA 1978;

[~~U.~~] W. "sustainable development" means land development that achieves sustainable economic and social goals in ways that can be supported for the long term by conserving resources, protecting the environment and ensuring human health and welfare using mixed-use, pedestrian-oriented, multimodal land use planning;

[~~V.~~] X. "tax increment development area" means the land included within the boundaries of a tax increment development district;

[~~W.~~] Y. "tax increment development district" means a district formed for the purposes of carrying out tax increment development projects;

[~~X.~~] Z. "tax increment development plan" means a plan for the undertaking of a tax increment development project;

[~~Y.~~] AA. "tax increment development project" means activities undertaken within a tax increment development area to enhance the sustainability of the local, regional or statewide economy; to support the creation of jobs, schools and workforce housing; and to generate tax revenue for the provision of public improvements and may include:

(1) acquisition of land within a designated tax increment development area or a portion of that tax increment development area;

(2) demolition and removal of buildings and improvements and installation, construction or reconstruction of streets, utilities, parks, playgrounds and improvements necessary to carry out the objectives of the Tax Increment for Development Act;

(3) installation, construction or reconstruction of streets, water utilities, sewer utilities, parks, playgrounds and other public improvements necessary to carry out the objectives of the Tax Increment for Development Act;

(4) disposition of property acquired or held by a tax increment development district as part of the undertaking of a tax increment development project at the fair market value of such property for uses in accordance with the Tax Increment for Development Act;

(5) payments for professional services contracts necessary to implement a tax increment development plan or project;

(6) borrowing to purchase land, buildings or infrastructure in an amount not to exceed the revenue stream that may be derived from the gross receipts tax increment or the property tax increment estimated to be received by a tax increment development district; and

(7) grants for public improvements essential to the location or expansion of a business;

[~~Z.~~] BB. "taxing entity" means the governing body of a political subdivision of the state, the gross receipts tax increment or property tax increment of which may be used for a tax increment development project; and

[~~AA.~~] CC. "workforce housing" means decent, safe and sanitary dwellings, apartments, single-family dwellings or other living accommodations that are affordable for persons or families earning less than eighty percent of the median income within the county in which the tax increment development project is located; provided that an owner-occupied housing unit is affordable to a household if the expected sales price is reasonably anticipated to result in monthly housing costs that do not exceed thirty-three percent of the household's gross monthly income; provided that:

(1) determination of mortgage amounts and payments is to be based on down payment rates and interest rates generally available to lower- and moderate-income households; and

(2) a renter-occupied housing unit is affordable to a household if the unit's monthly housing costs, including rent and basic utility and energy costs, do not exceed thirty-three percent of the household's gross monthly income."

SECTION 3. Section 5-15-9 NMSA 1978 (being Laws 2006, Chapter 75, Section 9, as amended) is amended to read:

"5-15-9. FORMATION OF A DISTRICT.--

A. If the formation of the tax increment development district is approved in accordance with the provisions of Section 5-15-8 NMSA 1978, the governing body shall deliver a copy of the resolution ordering formation of the tax increment development district to each of the following persons or entities:

(1) the county assessor, the county treasurer and the clerk of the county in which the district is located;

(2) the school district within which any portion of the property located within a tax increment development area lies;

(3) any other taxing entities within which any portion of the property located within a tax increment development area lies;

(4) the taxation and revenue department;

(5) the local government division of the department of finance and administration; and

(6) the director of the legislative finance committee.

B. A notice of the formation showing the number and date of the resolution and giving a description of the land included in the district shall be recorded with the clerk of the county in which the district is located.

C. A tax increment development district shall be a

political subdivision of the state, separate and apart from a municipality or county.

D. By the July 1 following at least ninety days after receipt of the notice required by this section, the taxation and revenue department shall designate a reporting location code for the tax increment development district pursuant to Section 7-1-14 NMSA 1978."

SECTION 4. Section 5-15-15 NMSA 1978 (being Laws 2006, Chapter 75, Section 15, as amended by Laws 2019, Chapter 274, Section 8 and by Laws 2019, Chapter 275, Section 2) is amended to read:

"5-15-15. TAX INCREMENT FINANCING--GROSS RECEIPTS TAX INCREMENT TO SECURE BONDS.--

A. A tax increment development plan, as originally approved or as later modified, may contain a provision that gross receipts tax increments [~~collected within~~] sourced to the tax increment development area [~~after the effective date of approval of the tax increment development plan~~] pursuant to Section 7-1-14 NMSA 1978 and distributed to the district pursuant to Section 7-1-6.54 NMSA 1978 may be dedicated for the purpose of securing gross receipts tax increment bonds pursuant to the Tax Increment for Development Act.

B. A municipality may dedicate a portion of [~~a gross receipts tax increment from~~] any of the following [~~taxes~~] to pay the principal of, the interest on and any premium due in

connection with the bonds of, loans or advances to, or any indebtedness incurred by, whether funded, refunded, assumed or otherwise, the authority for financing or refinancing, in whole or in part, a tax increment development project within the tax increment development area:

(1) an increment of a municipal option gross receipts tax that is dedicated by the ordinance imposing the increment to the tax increment development project; and

(2) an amount distributed to municipalities pursuant to Sections 7-1-6.4 and 7-1-6.46 NMSA 1978.

C. A county may dedicate a portion of [~~a gross receipts tax increment from~~] any of the following [~~taxes~~] to pay the principal of, the interest on and any premium due in connection with the bonds of, loans or advances to or any indebtedness incurred by, whether funded, refunded, assumed or otherwise, the district for financing or refinancing, in whole or in part, a tax increment development project within the tax increment development area:

(1) an increment of a county option gross receipts tax that is dedicated by the ordinance imposing the increment to the tax increment development project; and

(2) the amount distributed to counties pursuant to Section 7-1-6.47 NMSA 1978.

D. Subject to the provisions of Subsection G of this section, the state board of finance may dedicate a gross

receipts tax increment attributable to the state gross receipts tax to pay the financing and refinancing costs, the principal of, the interest on and any premium due in connection with gross receipts tax increment bonds issued to finance a tax increment development project within the tax increment development area; provided that:

(1) beginning July 1, 2029 the increment from the state gross receipts tax is no more than the average of:

(a) the increment from municipal option gross receipts taxes dedicated by resolution by the municipality, if the district is located in a municipality; and

(b) the increment from county option gross receipts taxes dedicated by resolution by the county;

(2) the state board of finance has adopted a resolution dedicating an increment attributable to the state gross receipts tax for the purpose of securing gross receipts tax increment bonds pursuant to Subsection G of this section; and

(3) the dedication shall be conditioned on the gross receipts tax increment bonds being issued no later than four years after the state board of finance has adopted the resolution dedicating the increment.

E. The gross receipts tax increment generated by the imposition of municipal or county option gross receipts taxes specified by statute for particular purposes may

nonetheless be dedicated for the purposes of the Tax Increment for Development Act if intent to do so is set forth in the tax increment development plan approved by the governing body, if the purpose for which the increment is intended to be used is consistent with the purposes set forth in the statute authorizing the municipal or county option gross receipts tax.

F. An imposition of a gross receipts tax increment attributable to a gross receipts tax by a taxing entity may be dedicated for the purpose of securing gross receipts tax increment bonds with the agreement of the taxing entity, evidenced by a resolution adopted by a majority vote of that taxing entity. A taxing entity shall not agree to dedicate for the purposes of securing gross receipts tax increment bonds more than seventy-five percent of its gross receipts tax increment attributable to gross receipts taxes by the taxing entity. A resolution of the taxing entity to dedicate a gross receipts tax increment or to increase the dedication of a gross receipts tax increment shall become effective only on [~~January 1 or~~] July 1 of the calendar year pursuant to Subsection A of Section 5-15-3 NMSA 1978 and after base gross receipts taxes have been calculated.

G. The state board of finance shall condition a dedication of a gross receipts tax increment attributable to the state gross receipts tax on the approval required pursuant to Section 5-15-21 NMSA 1978, on calculation of base gross

receipts taxes and that the initial gross receipts tax increment bonds issuance secured by a portion of the gross receipts tax increment attributable to the state gross receipts tax shall be issued no later than four years after the state board of finance has adopted the resolution making the dedication. Subject to the limitations provided in Subsection D of this section, the state board of finance shall not agree to dedicate more than seventy-five percent of the gross receipts tax increment attributable to the state gross receipts tax within the district. The resolution of the state board of finance shall become effective on [~~January 1 or~~] July 1 of the calendar year pursuant to Subsection A of Section 5-15-3 NMSA 1978 following calculation of base gross receipts taxes and the notification period pursuant to Section 5-15-27 NMSA 1978 and shall find that:

(1) the state board of finance has reviewed the request for the use of the state gross receipts tax;

(2) based upon review by the state board of finance of the applicable tax increment development plan, the dedication by the state board of finance of a portion of the gross receipts tax increment within the district for use in meeting the required goals of the tax increment plan is reasonable and in the best interest of the state; and

(3) based upon the review by the state board of finance, the use of the state gross receipts tax is likely

to stimulate the creation of jobs, economic opportunities and general revenue for the state through the addition of new businesses to the state and the expansion of existing businesses within the state; provided that, when reviewing the applicable tax increment development plan to create jobs and economic opportunities, the state board of finance shall prioritize in its consideration net, new full-time economic base jobs that would not have occurred on a similar scale and time line but for the use of the state gross receipts tax increment. The benefit to be evaluated is the marginal benefit of the speed-up in time or the incremental change in job creation above expected normal growth and shall exclude retail jobs, call center jobs and service jobs where the customer is typically on site.

H. The governing body of the jurisdiction in which a tax increment development district has been established shall timely notify the assessor of the county in which the district has been established, the taxation and revenue department and the local government division of the department of finance and administration when:

(1) a tax increment development plan has been approved that contains a provision for the allocation of a gross receipts tax increment;

(2) any outstanding bonds of the district have been paid off; and

(3) the purposes of the district have otherwise been achieved."

SECTION 5. Section 5-15-21 NMSA 1978 (being Laws 2006, Chapter 75, Section 21, as amended) is amended to read:

"5-15-21. APPROVAL REQUIRED FOR ISSUANCE OF BONDS AGAINST STATE GROSS RECEIPTS TAX INCREMENTS.--

A. In addition to all other requirements of the Tax Increment for Development Act, prior to a district board issuing bonds that are issued in whole or in part against a gross receipts tax increment attributable to the state gross receipts tax [~~within~~] sourced to a district and before a distribution attributable to the state gross receipts tax is made pursuant to Section 7-1-6.54 NMSA 1978, the New Mexico finance authority shall review the proposed issuance of the bonds and determine that the proceeds of the bonds will be used for a tax increment development project in accordance with the district's tax increment development plan and present the proposed issuance of the bonds to the legislature for approval.

B. The issuance of the bonds and the maximum amount of bonds to be issued shall be specifically authorized by law."

SECTION 6. Section 5-15-25.1 NMSA 1978 (being Laws 2014, Chapter 11, Section 1) is amended to read:

"5-15-25.1. BASE [~~YEAR~~] PERIOD REVISION--RESOLUTION--COMMENT PERIOD--SUBMISSION OF MATERIALS.--

A. A district may revise the base [~~year~~] period

that the district uses to determine its gross receipts tax increment. To initiate the process of revising its base [~~year~~] period, a district board shall:

(1) adopt a resolution declaring that intent; and

(2) forward copies of the adopted resolution to the secretary of taxation and revenue, the secretary of finance and administration, the developer and the local governments that have dedicated a tax increment to the district.

B. The taxation and revenue department, the department of finance and administration, the developer and the local governments that have dedicated a tax increment to the district may submit written comments to the district with copies sent to the state board of finance for fifteen days after receiving a copy of a district board's resolution indicating the board's intent to revise the base [~~year~~] period used to determine the district's gross receipts tax increment.

C. No more than forty-five days after adopting the resolution declaring the intent to revise the base [~~year~~] period that the district uses to determine its gross receipts tax increment, the district board shall submit to the state board of finance and send copies to the developer and any local government that has dedicated a tax increment to the district:

(1) a copy of the resolution;

(2) all comments on the matter that the district received from the taxation and revenue department, the department of finance and administration, the developer and the local governments that have dedicated a tax increment to the district; and

(3) any other related documentation.

[~~D. As used in this section, "developer" means the owner or developer who has entered into an agreement pursuant to Subsection A of Section 5-15-4 NMSA 1978 with the governing body that formed the district or the owner's or developer's successors or assigns.~~]"

SECTION 7. Section 5-15-25.2 NMSA 1978 (being Laws 2014, Chapter 11, Section 2) is amended to read:

"5-15-25.2. BASE [~~YEAR~~] PERIOD REVISION--APPROVAL.--

A. The state board of finance may approve the revision of the base [~~year~~] period used to determine a district's gross receipts tax increment:

(1) once during the lifetime of the district;

[~~(2) if the revised year is a calendar year that is completed;~~

~~(3)~~] (2) if no gross receipts tax increment bonds attributable to the district have been issued;

[~~(4)~~] (3) if there is no unresolved objection to the revision by the developer or by a local government that has dedicated a tax increment to the district; and

[~~(5)~~] (4) upon a finding that the revision is reasonable and in the best interest of the state.

B. If the state board of finance approves the revision of the base [~~year~~] period used to determine a district's gross receipts tax increment, the state board of finance shall notify the district, the secretary of taxation and revenue, the developer and the local governments that have dedicated a tax increment to the district.

[~~C. As used in this section, "developer" means the owner or developer who has entered into an agreement pursuant to Subsection A of Section 5-15-4 NMSA 1978 with the governing body that formed the district or the owner's or developer's successors or assigns.~~]"

SECTION 8. Section 5-15-25.3 NMSA 1978 (being Laws 2014, Chapter 11, Section 3) is amended to read:

"5-15-25.3. BASE [~~YEAR~~] PERIOD REVISION--EFFECT.--

A. Upon notice of the approval of a revision of the base [~~year~~] period used to determine a district's gross receipts tax increment, the district shall:

(1) return to the taxation and revenue department any gross receipts tax increment credited to the period between the time that the revenue collection began and the end of the revised base [~~year~~] period and distributed to the district;

(2) update the district tax increment

development plan to reflect the revision; and

(3) file with the clerk of the governing body that formed the district the revised tax increment development plan.

B. Upon receipt of the revenue identified in Paragraph (1) of Subsection A of this section, the taxation and revenue department shall remit to the taxing entities that have dedicated a gross receipts tax increment to the district an amount of that revenue in proportion to the amount of gross receipts tax increment attributable to their dedication."

SECTION 9. Section 5-15-27 NMSA 1978 (being Laws 2006, Chapter 75, Section 27, as amended) is amended to read:

"5-15-27. DEDICATION OF GROSS RECEIPTS TAX INCREMENT--NOTICE TO TAXATION AND REVENUE DEPARTMENT.--

A. If the state board of finance or a taxing entity approves a dedication or increase in the dedication of a gross receipts tax increment to a district, the state board of finance or the taxing entity shall notify the taxation and revenue department of that approval at least one hundred twenty days before the [~~effective date of the dedication or increase in the dedication~~] date on which the taxation and revenue department is requested to designate a reporting location code pursuant to Section 7-1-14 NMSA 1978 for the district in order to calculate the district's base gross receipts taxes; provided that the effective date of the dedication by the state board of

finance is on or after the date base gross receipts taxes have been calculated and the bonds are approved by the legislature pursuant to Section 5-15-21 NMSA 1978.

B. In regard to a dedication of a gross receipts tax increment attributable to the state gross receipts tax, if the approval required pursuant to Section 5-15-21 NMSA 1978 has not occurred when the notice pursuant to Subsection A of this section is made, the state board of finance shall include in the notice that legislative approval is needed prior to a distribution pursuant to Section 7-1-6.54 NMSA 1978 attributable to the state gross receipts tax can be made. Upon approval pursuant to Section 5-15-21 NMSA 1978, the state board of finance shall notify the department of the approval."

SECTION 10. Section 7-1-4.4 NMSA 1978 (being Laws 2005, Chapter 138, Section 1) is amended to read:

"7-1-4.4. NOTICE OF POTENTIAL ELIGIBILITY REQUIRED.--The department shall include a notice with an income tax refund or other notice sent to a taxpayer whose income is within one hundred thirty percent of federal poverty guidelines as defined by the United States census bureau that the taxpayer may be eligible for [~~food stamps~~] supplemental nutrition assistance program benefits. Included in the notice shall be general information about [~~food stamps~~] those benefits, such as where to apply for [~~food stamps~~] those benefits, based on information received by the department from the [~~human services department~~]

health care authority by January 30 of each calendar year."

SECTION 11. Section 7-1-6.2 NMSA 1978 (being Laws 1983, Chapter 211, Section 7, as amended) is amended to read:

"7-1-6.2. DISTRIBUTION--SMALL CITIES ASSISTANCE FUND.--Subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the small cities assistance fund in an amount equal to fifteen percent of the net receipts attributable to the compensating tax."

SECTION 12. Section 7-1-6.4 NMSA 1978 (being Laws 1983, Chapter 211, Section 9, as amended) is amended to read:

"7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS TAX.--

A. Except as provided in Subsection B of this section, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the product of the quotient of one and two hundred twenty-five thousandths percent divided by the tax rate imposed by Section 7-9-4 NMSA 1978 multiplied by the net receipts, except net receipts attributable to a nonprofit hospital licensed by the [~~department of~~] health care authority, for the month attributable to the gross receipts tax from business locations:

(1) within that municipality;

(2) on land owned by the state, commonly known as the "state fairgrounds", within the exterior boundaries of that municipality;

(3) outside the boundaries of any municipality on land owned by that municipality; and

(4) on an Indian reservation or pueblo grant in an area that is contiguous to that municipality and in which the municipality performs services pursuant to a contract between the municipality and the Indian tribe or Indian pueblo if:

(a) the contract describes an area in which the municipality is required to perform services and requires the municipality to perform services that are substantially the same as the services the municipality performs for itself; and

(b) the governing body of the municipality has submitted a copy of the contract to the secretary.

[~~B. If the reduction made by Laws 1991, Chapter 9, Section 9 to the distribution under this section impairs the ability of a municipality to meet its principal or interest payment obligations for revenue bonds outstanding prior to July 1, 1991 that are secured by the pledge of all or part of the municipality's revenue from the distribution made under this section, then the amount distributed pursuant to this section~~

~~to that municipality shall be increased by an amount sufficient to meet any required payment, provided that the distribution amount does not exceed the amount that would have been due that municipality under this section as it was in effect on June 30, 1992.~~

~~C.~~] B. A distribution pursuant to this section may be adjusted for a distribution made to a tax increment development district with respect to a portion of a gross receipts tax increment dedicated by a municipality pursuant to the Tax Increment for Development Act.

[~~D.~~] C. As used in this section, "nonprofit hospital" means a hospital that has been granted exemption from federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code."

SECTION 13. Section 7-1-6.5 NMSA 1978 (being Laws 1983, Chapter 211, Section 10 and Laws 1983, Chapter 214, Section 6, as amended) is amended to read:

"7-1-6.5. DISTRIBUTION--SMALL COUNTIES ASSISTANCE FUND.--Subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the small counties assistance fund in an amount equal to ten percent of the net receipts attributable to the compensating tax."

SECTION 14. Section 7-1-6.9 NMSA 1978 (being Laws 1991,

Chapter 9, Section 11, as amended) is amended to read:

"7-1-6.9. DISTRIBUTION OF GASOLINE TAXES TO MUNICIPALITIES AND COUNTIES.--

A. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to ten and thirty-eight hundredths percent of the net receipts attributable to the taxes, exclusive of penalties and interest, imposed by the Gasoline Tax Act.

B. The amount determined in Subsection A of this section shall be distributed as follows:

(1) ninety percent of the amount shall be paid to the treasurers of municipalities and H class counties in the proportion that the taxable motor fuel sales in each of the municipalities and H class counties bears to the aggregate taxable motor fuel sales in all of these municipalities and H class counties; and

(2) ten percent of the amount shall be paid to the treasurers of the counties, including H class counties, in the proportion that the taxable motor fuel sales outside of incorporated municipalities in each of the counties bears to the aggregate taxable motor fuel sales outside of incorporated municipalities in all of the counties.

C. Except as provided in Subsection D of this section, this distribution shall be paid into a separate road

fund in the municipal treasury or county road fund for expenditure only for construction, reconstruction, resurfacing or other improvement or maintenance of public roads, streets, alleys or bridges, including right-of-way and materials acquisition. Money distributed pursuant to this section may be used by a municipality or county to provide matching funds for projects subject to cooperative agreements entered into with the department of transportation pursuant to Section 67-3-28 NMSA 1978. Any municipality or H class county that has created or that creates a "street improvement fund" to which gasoline tax revenues or distributions are irrevocably pledged under Sections 3-34-1 through 3-34-4 NMSA 1978 or that has pledged all or a portion of gasoline tax revenues or distributions to the payment of bonds shall receive its proportion of the distribution of revenues under this section impressed with and subject to these pledges.

D. This distribution may be paid into a separate road fund or the general fund of the municipality or county if the municipality has a population less than three thousand or the county has a population less than four thousand."

SECTION 15. Section 7-1-6.15 NMSA 1978 (being Laws 1983, Chapter 211, Section 20, as amended) is amended to read:

"7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS [~~TO MUNICIPALITIES OR COUNTIES~~].--

A. The provisions of this section apply to:

(1) any distribution to a municipality pursuant to Section 7-1-6.2, 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

(2) any transfer to a municipality with respect to any local option gross receipts tax or municipal compensating tax imposed by that municipality;

(3) any transfer to a county with respect to any local option gross receipts tax or county compensating tax imposed by that county;

(4) any distribution to a county pursuant to Section 7-1-6.5, 7-1-6.16 or 7-1-6.47 NMSA 1978;

(5) any distribution to a municipality or a county of gasoline taxes pursuant to Section 7-1-6.9 NMSA 1978;

(6) any transfer to a county with respect to any tax imposed in accordance with the Local Liquor Excise Tax Act;

(7) any distribution to a county from the county government road fund pursuant to Section 7-1-6.26 NMSA 1978;

(8) any distribution to a municipality of gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978;

[~~(9) any distribution to a municipality of compensating taxes pursuant to Section 7-1-6.55 NMSA 1978; and~~]

(9) any distribution to the state treasurer on behalf of a political subdivision of oil and gas ad valorem

production taxes pursuant to Sections 7-32-1 through 7-32-38 NMSA 1978;

(10) any distribution to a political subdivision of oil and gas production ad valorem equipment tax pursuant to Sections 7-34-1 through 7-34-9 NMSA 1978; and

[~~(10)~~] (11) any distribution to a municipality or a county of cannabis excise taxes pursuant to [~~the Cannabis Tax Act~~] Section 7-1-6.68 NMSA 1978.

B. Before making a distribution or transfer specified in Subsection A of this section [~~to a municipality, or county~~] for the month, amounts comprising the net receipts shall be segregated into two mutually exclusive categories. One category shall be for amounts relating to the current month, and the other category shall be for amounts relating to prior periods. The total of each category for a [~~municipality or county~~] distribution recipient shall be reported each month to [~~that municipality or county~~] the recipient; provided that all negative amounts relating to a period prior to the three calendar years preceding the year of the current month, net of any positive amounts in that same time period for the same taxpayers to which the negative amounts pertain, shall be excluded from the total relating to prior periods; provided further, if the total of the amounts relating to prior periods is less than zero and its absolute value exceeds the greater of one hundred dollars ($100) or an amount:

(1) equal to twenty percent of the average distribution or transfer amount for that [~~municipality or county, then the following procedures shall be carried out:~~

~~(1) all negative amounts relating to any period prior to the three calendar years preceding the year of the current month, net of any positive amounts in that same time period for the same taxpayers to which the negative amounts pertain, shall be excluded from the total relating to prior periods. Except as provided in Paragraph (2) of this subsection, the net receipts to be distributed or transferred to the municipality or county shall be adjusted to equal the amount for the current month plus the revised total for prior periods; and~~

~~(2) if the revised total for prior periods determined pursuant to Paragraph (1) of this subsection is negative and its absolute value exceeds the greater of one hundred dollars ($100) or an amount equal to twenty percent of the average distribution or transfer amount for that municipality or county~~] recipient, the revised total for prior periods shall be excluded from the distribution or transfers and the net receipts to be distributed or transferred to the [~~municipality or county~~] recipient shall be equal to the amount for the current month; and provided further that the department shall recover the excluded amount from the recipient; or

(2) less than twenty percent of the average

distribution or transfer amount for that recipient, the net receipts to be distributed or transferred to the recipient shall be adjusted to equal the amount for the current month plus the revised total for prior periods.

C. The department shall recover from a [~~municipality or county~~] distribution recipient the amount excluded by Paragraph (2) of Subsection B of this section. This amount may be referred to as the "recoverable amount".

D. Prior to or concurrently with the distribution or transfer to the [~~municipality or county~~] distribution recipient of the adjusted net receipts, the department shall notify the [~~municipality or county~~] recipient whose distribution or transfer has been adjusted pursuant to Paragraph (2) of Subsection B of this section:

(1) that the department has made such an adjustment, that the department has determined that a specified amount is recoverable from the [~~municipality or county~~] recipient and that the department intends to recover that amount from future distributions or transfers to the [~~municipality or county~~] recipient;

(2) that the [~~municipality or county~~] recipient has ninety days from the date notice is made to enter into a mutually agreeable repayment agreement with the department;

(3) that if the [~~municipality or county~~]

recipient takes no action within the ninety-day period, the department will recover the amount from the next six distributions or transfers following the expiration of the ninety days; and

(4) that the [~~municipality or county~~] recipient may inspect, pursuant to Section 7-1-8.9 NMSA 1978, an application for a claim for refund that gave rise to the recoverable amount, exclusive of any amended returns that may be attached to the application.

E. No earlier than ninety days from the date notice pursuant to Subsection D of this section is given, the department shall begin recovering the recoverable amount from a [~~municipality or county~~] distribution recipient as follows:

(1) the department may collect the recoverable amount by:

(a) decreasing distributions or transfers to the [~~municipality or county~~] recipient in accordance with a repayment agreement entered into with the [~~municipality or county~~] recipient; or

(b) except as provided in Paragraphs (2) and (3) of this subsection, if the [~~municipality or county~~] recipient fails to act within the ninety days, decreasing the amount of the next six distributions or transfers to the [~~municipality or county~~] recipient following expiration of the ninety-day period in increments as nearly equal as practicable

and sufficient to recover the amount;

(2) if, pursuant to Subsection B of this section, the secretary determines that the recoverable amount is more than fifty percent of the average distribution or transfer of net receipts for that [~~municipality or county~~] recipient, the secretary:

(a) shall recover only up to fifty percent of the average distribution or transfer of net receipts for that [~~municipality or county~~] recipient; and

(b) may, in the secretary's discretion, waive recovery of any portion of the recoverable amount, subject to approval by the state board of finance; and

(3) if, after application of a refund claim, audit adjustment, correction of a mistake by the department or other adjustment of a prior period, but prior to any recovery of the department pursuant to this section, the total net receipts of a [~~municipality or county~~] recipient for the twelve-month period beginning with the current month are reduced or are projected to be reduced to less than fifty percent of the average distribution or transfer of net receipts, the secretary may waive recovery of any portion of the recoverable amount, subject to approval by the state board of finance.

F. No later than ninety days from the date notice pursuant to Subsection D of this section is given, the

department shall provide the [~~municipality or county~~] distribution recipient adequate opportunity to review an application for a claim for refund that gave rise to the recoverable amount, exclusive of any amended returns that may be attached to the application, pursuant to Section 7-1-8.9 NMSA 1978.

G. On or before September 1 of each year beginning in 2016, the secretary shall report to the state board of finance and the legislative finance committee the total recoverable amount waived pursuant to Subparagraph (b) of Paragraph (2) and Paragraph (3) of Subsection E of this section for each [~~municipality and county~~] distribution recipient in the prior fiscal year.

H. The secretary is authorized to decrease a distribution or transfer to a [~~municipality or county~~] distribution recipient upon being directed to do so by the secretary of finance and administration pursuant to the State Aid Intercept Act or to redirect a distribution or transfer to the New Mexico finance authority pursuant to an ordinance or a resolution passed by the [~~county or municipality~~] recipient and a written agreement of the [~~municipality or county~~] recipient and the New Mexico finance authority. Upon direction to decrease a distribution or transfer or notice to redirect a distribution or transfer to a [~~municipality or county~~] recipient, the secretary shall decrease or redirect the next

designated distribution or transfer, and succeeding distributions or transfers as necessary, by the amount of the state distributions intercept authorized by the secretary of finance and administration pursuant to the State Aid Intercept Act or by the amount of the state distribution intercept authorized pursuant to an ordinance or a resolution passed by the [~~county or municipality~~] recipient and a written agreement with the New Mexico finance authority. The secretary shall transfer the state distributions intercept amount to the [~~municipal or county~~] recipient treasurer or other person designated by the secretary of finance and administration or to the New Mexico finance authority pursuant to written agreement to pay the debt service to avoid default on qualified local revenue bonds or meet other local revenue bond, loan or other debt obligations of the [~~municipality or county~~] recipient to the New Mexico finance authority. A decrease to or redirection of a distribution or transfer pursuant to this subsection that arose:

(1) prior to an adjustment of a distribution or transfer of net receipts creating a recoverable amount owed to the department takes precedence over any collection of any recoverable amount pursuant to Paragraph (2) of Subsection B of this section, which may be made only from the net amount of the distribution or transfer remaining after application of the decrease or redirection pursuant to this subsection; and

(2) after an adjustment of a distribution or transfer of net receipts creating a recoverable amount owed to the department shall be subordinate to any collection of any recoverable amount pursuant to Paragraph (2) of Subsection B of this section.

I. Upon the direction of the secretary of finance and administration pursuant to Section 9-6-5.2 NMSA 1978, the secretary shall temporarily withhold the balance of a distribution to a [~~municipality or county~~] distribution recipient, net of any decrease or redirected amount pursuant to Subsection H of this section and any recoverable amount pursuant to Paragraph (2) of Subsection B of this section, that has failed to submit an audit report required by the Audit Act or a financial report required by Subsection F of Section 6-6-2 NMSA 1978. The amount to be withheld, the source of the withheld distribution and the number of months that the distribution is to be withheld shall be as directed by the secretary of finance and administration. A distribution withheld pursuant to this subsection shall remain in the tax administration suspense fund until distributed to the [~~municipality or county~~] distribution recipient and shall not be distributed to the general fund. An amount withheld pursuant to this subsection shall be distributed to the [~~municipality or county~~] recipient upon direction of the secretary of finance and administration.

J. As used in this section:

(1) "amounts relating to the current month" means any amounts included in the net receipts of the current month that represent payment of tax due for the current month, correction of amounts processed in the current month that relate to the current month or that otherwise relate to obligations due for the current month;

(2) "amounts relating to prior periods" means any amounts processed during the current month that adjust amounts processed in a period or periods prior to the current month regardless of whether the adjustment is a correction of a department error or due to the filing of amended returns, payment of department-issued assessments, filing or approval of claims for refund, audit adjustments or other cause;

(3) "average distribution or transfer amount" means the following amounts; provided that a distribution or transfer that is negative shall not be used in calculating the amounts:

(a) the annual average of the total amount distributed or transferred to a [~~municipality or county~~] distribution recipient in each of the three twelve-month periods preceding the current month;

(b) if a distribution or transfer to a [~~municipality or county~~] recipient has been made for less than three years, the total amount distributed or transferred in the

year preceding the current month; or

(c) if a [~~municipality or county~~] recipient has not received distributions or transfers of net receipts for twelve or more months, the monthly average of net receipts distributed or transferred to the [~~municipality or county~~] recipient preceding the current month multiplied by twelve;

(4) "current month" means the month for which the distribution or transfer is being prepared; and

(5) "repayment agreement" means an agreement between the department and a [~~municipality or county~~] distribution recipient under which the [~~municipality or county~~] recipient agrees to allow the department to recover an amount determined pursuant to Paragraph (2) of Subsection B of this section by decreasing distributions or transfers to the [~~municipality or county~~] recipient for [~~one or more~~] up to seventy-two months beginning with the distribution or transfer to be made with respect to a designated month. No interest shall be charged."

SECTION 16. Section 7-1-6.16 NMSA 1978 (being Laws 1983, Chapter 213, Section 27, as amended) is amended to read:

"7-1-6.16. COUNTY EQUALIZATION DISTRIBUTION.--

A. [~~Beginning on September 15, 1989 and~~] On September 15 of each year [~~thereafter~~], the department shall distribute to any county that has imposed or continued in

effect during the state's preceding fiscal year a county gross receipts tax pursuant to Section 7-20E-9 NMSA 1978 an amount equal to:

(1) the product of a fraction, the numerator of which is the county's population and the denominator of which is the state's population, multiplied by the annual sum for the county; less

(2) the net receipts received by the department during the report year, including any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, attributable to the county gross receipts tax at a rate of one-eighth percent; provided that for any month in the report year, if no county gross receipts tax was in effect in the county in the previous month, the net receipts, for the purposes of this section, for that county for that month shall be zero.

B. If the amount determined by the calculation in Subsection A of this section is zero or a negative number for a county, no distribution shall be made to that county.

C. As used in this section:

(1) "annual sum" means for each county the sum of the monthly amounts for those months in the report year that follow a month in which the county had in effect a county gross receipts tax;

(2) "monthly amount" means an amount equal to the product of:

(a) the net receipts received by the department in the month attributable to the state gross receipts tax plus five percent of the total amount of deductions claimed pursuant to Section 7-9-92 NMSA 1978 for the month plus five percent of the total amount of deductions claimed pursuant to Section 7-9-93 NMSA 1978 for the month; and

(b) a fraction, the numerator of which is one-eighth percent and the denominator of which is the tax rate imposed by Section 7-9-4 NMSA 1978 in effect on the last day of the previous month;

(3) "population" means the most recent official census or estimate determined by the United States census bureau for the unit or, if neither is available, the most current estimated population for the unit provided in writing by the bureau of business and economic research at the university of New Mexico; and

(4) "report year" means the twelve-month period ending on the July 31 immediately preceding the date upon which a distribution pursuant to this section is required to be made."

SECTION 17. Section 7-1-6.18 NMSA 1978 (being Laws 1987, Chapter 257, Section 1, as amended) is amended to read:

"7-1-6.18. DISTRIBUTION--[~~VETERANS' STATE CEMETERY FUND~~] VOLUNTARY TAX REFUND CONTRIBUTIONS.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to [~~the veterans' state~~

~~cemetery fund of the amounts designated pursuant to Section 7-2-28 NMSA 1978 as contributions to that fund after the city of Santa Fe has received the balance of tax refund contributions in the amount of one million seventy thousand dollars ($1,070,000)~~] each of the following funds and entities in amounts equal to the money contributed to each purpose pursuant to Subsection C of Section 7-2-24 NMSA 1978:

A. to the department of game and fish for the game protection fund;

B. to the energy, minerals and natural resources department for the conservation planting revolving fund for the planting of trees in New Mexico;

C. to the board of regents of New Mexico state university for support of the New Mexico department of agriculture's healthy soil program;

D. to the veterans' services department for the veterans' state cemetery fund after the city of Santa Fe has received the balance of tax refund contributions in the amount of one million seventy thousand dollars ($1,070,000);

E. to the public education department for the substance abuse education fund;

F. to the board of regents of the university of New Mexico for the amyotrophic lateral sclerosis research fund;

G. to the energy, minerals and natural resources department for the state parks division's kids in parks

education program;

H. to the department of military affairs to deposit in a temporary suspense account for distribution to members of the New Mexico national guard and to their families;

I. to the veterans' services department for the operation, maintenance and improvement of the Vietnam veterans memorial near Angel Fire, New Mexico;

J. to the veterans' services department for the veterans' enterprise fund;

K. to the higher education department for the lottery tuition fund;

L. to the New Mexico livestock board for the equine shelter rescue fund;

M. to the aging and long-term services department to enhance or expand senior services;

N. to the board of veterinary medicine for the animal care and facility fund;

O. to the New Mexico mortgage finance authority for the New Mexico housing trust fund; and

P. to the state treasurer to remit within ten days of receipt of the money from the department to each state political party."

SECTION 18. Section 7-1-6.26 NMSA 1978 (being Laws 1987, Chapter 347, Section 11, as amended) is amended to read:

"7-1-6.26. COUNTY GOVERNMENT ROAD FUND--DISTRIBUTION.--

A. For the purposes of this section, "distributable amount" means the amount in the county government road fund as of the last day of any month for which a distribution is required to be made pursuant to this section, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, in excess of the balance in that fund as of the last day of the preceding month after reduction for any required distributions for the preceding month.

B. The secretary of transportation shall determine and certify on or before July 1 of each year the total miles of public roads maintained by each county pursuant to Section 66-6-23 NMSA 1978. For the purposes of this subsection, if the certified mileage of public roads maintained by a county is less than four hundred miles, the state treasurer shall increase the number of miles of public roads maintained by that county by fifty percent and revise the total miles of public roads maintained by all counties accordingly. Except as provided otherwise in Subsection D of this section, each county shall receive an amount equal to its proportionate share of miles of public roads maintained, as the number of miles for the county may have been revised pursuant to this subsection, to the total miles of public roads maintained by all counties, as that total may have been revised pursuant to this subsection, times fifty percent of the distributable amount in the county government road fund.

C. Except as provided otherwise in Subsection D of this section, each county shall receive a share of fifty percent of the distributable amount in the county government road fund as determined in this subsection. The amount for each county shall be the greater of:

(1) twenty-one cents ($.21) multiplied by the county's population as shown by the most recent federal decennial census; or

(2) the proportionate share that the taxable gallons of gasoline reported for that county for the preceding fiscal year bear to the total taxable gallons of gasoline for all counties in the preceding fiscal year, as determined by the department, multiplied by fifty percent of the distributable amount in the county government road fund.

If the sum of the amounts to be distributed pursuant to Paragraphs (1) and (2) of this subsection exceeds fifty percent of the distributable amount in the county government road fund, the excess shall be eliminated by multiplying the amount determined in Paragraphs (1) and (2) of this subsection for each county by a fraction, the numerator of which is fifty percent of the distributable amount in the county government road fund, and the denominator of which is the sum of amounts determined for all counties in Paragraphs (1) and (2) of this subsection.

D. If the distribution for a class A county or for

an H class county determined pursuant to Subsections B and C of this section exceeds an amount equal to one-twelfth of the product of the total taxable gallons of gasoline reported for the county for the preceding fiscal year times one cent ($.01), the distribution for that county shall be reduced to an amount equal to one-twelfth of the product of the total taxable gallons of gasoline reported for the county for the preceding fiscal year times one cent ($.01). Any amount of the reduction shall be shared among the counties whose distribution has not been reduced pursuant to this subsection in the ratio of the amounts computed in Subsections B and C of this section.

E. If a county has not made the required mileage certification pursuant to Section 67-3-28.3 NMSA 1978 by April 1 of every year of the year for which distribution is being made, the secretary of transportation shall estimate the mileage maintained by those counties for the purpose of making distribution to all counties, and the amount calculated to be distributed each month to those counties not certifying mileage shall be reduced by one-third each month for that fiscal year and that amount not distributed to those counties shall be distributed equally to all counties that have certified mileages.

F. Distributions made to counties pursuant to this section shall be deposited in the county road fund to be used for the construction, reconstruction, resurfacing or other

improvement or maintenance of the public roads and bridges in the county, including right-of-way and materials acquisition. Money distributed pursuant to this section may be used by the county to provide matching funds for projects subject to cooperative agreements entered into with the department of transportation pursuant to Section 67-3-28 NMSA 1978."

SECTION 19. Section 7-1-6.27 NMSA 1978 (being Laws 1991, Chapter 9, Section 20, as amended) is amended to read:

"7-1-6.27. DISTRIBUTION--MUNICIPAL ROADS.--

A. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to municipalities for the purposes and amounts specified in this section in an aggregate amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to five and seventy-six hundredths percent of the net receipts attributable to the gasoline tax.

B. The distribution authorized in this section shall be used for the following purposes:

(1) reconstructing, resurfacing, maintaining, repairing or otherwise improving existing alleys, streets, roads or bridges, or any combination of the foregoing; or laying off, opening, constructing or otherwise acquiring new alleys, streets, roads or bridges, or any combination of the foregoing; provided that any of the foregoing improvements may include, but are not limited to, the acquisition of rights of way;

(2) to provide matching funds for projects subject to cooperative agreements with the [~~state highway and~~] department of transportation [~~department~~] pursuant to Section 67-3-28 NMSA 1978; and

(3) for expenses of purchasing, maintaining and operating transit operations and facilities, for the operation of a transit authority established by the Municipal Transit Law and for the operation of a vehicle emission inspection program. A municipality may engage in the business of the transportation of passengers and property within the political subdivision by whatever means the municipality may decide and may acquire cars, trucks, motor buses and other equipment necessary for operating the business. A municipality may acquire land, erect buildings and equip the buildings with all the necessary machinery and facilities for the operation, maintenance, modification, repair and storage of the cars, trucks, motor buses and other equipment needed. A municipality may do all things necessary for the acquisition and the conduct of the business of public transportation.

C. For the purposes of this section:

(1) "computed distribution amount" means the distribution amount calculated for a municipality for a month pursuant to Paragraph (2) of Subsection D of this section prior to any adjustments to the amount due to the provisions of Subsections E and F of this section;

(2) "floor amount" means four hundred seventeen dollars ($417);

(3) "floor municipality" means a municipality whose computed distribution amount is less than the floor amount; and

(4) "full distribution municipality" means a municipality whose population at the last federal decennial census was at least two hundred thousand.

D. Subject to the provisions of Subsections E and F of this section, each municipality shall be distributed a portion of the aggregate amount distributable under this section in an amount equal to the greater of:

(1) the floor amount; or

(2) eighty-five percent of the aggregate amount distributable under this section times a fraction, the numerator of which is the municipality's reported taxable gallons of gasoline for the immediately preceding state fiscal year and the denominator of which is the reported total taxable gallons for all municipalities for the same period.

E. Fifteen percent of the aggregate amount distributable under this section shall be referred to as the "redistribution amount". Beginning in August 1990, and each month thereafter, from the redistribution amount there shall be taken an amount sufficient to increase the computed distribution amount of every floor municipality to the floor

amount. In the event that the redistribution amount is insufficient for this purpose, the computed distribution amount for each floor municipality shall be increased by an amount equal to the redistribution amount times a fraction, the numerator of which is the difference between the floor amount and the municipality's computed distribution amount and the denominator of which is the difference between the product of the floor amount multiplied by the number of floor municipalities and the total of the computed distribution amounts for all floor municipalities.

F. If a balance remains after the redistribution amount has been reduced pursuant to Subsection E of this section, there shall be added to the computed distribution amount of each municipality that is neither a full distribution municipality nor a floor municipality an amount that equals the balance of the redistribution amount times a fraction, the numerator of which is the computed distribution amount of the municipality and the denominator of which is the sum of the computed distribution amounts of all municipalities that are neither full distribution municipalities nor floor municipalities."

SECTION 20. Section 7-1-6.30 NMSA 1978 (being Laws 1990, Chapter 6, Section 20, as amended) is amended to read:

"7-1-6.30. DISTRIBUTION--RETIREE HEALTH CARE FUND.--

[~~A. Beginning January 1, 2017 and prior to July 1,~~

~~2019, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the retiree health care fund in an amount equal to one-twelfth of the total amount distributed to the retiree health care fund beginning July 1, 2015 and prior to July 1, 2016.~~

~~B. Beginning July 1, 2019~~] A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the retiree health care fund in an amount equal to one-twelfth of one hundred twelve percent of the total amount distributed to the retiree health care fund in the previous fiscal year."

SECTION 21. Section 7-1-6.46 NMSA 1978 (being Laws 2004, Chapter 116, Section 1, as amended) is amended to read:

"7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

A. For a municipality that did not have in effect on June 30, 2019 a municipal hold harmless gross receipts tax through an ordinance and that has a population of less than ten thousand according to the most recent federal decennial census, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the applicable maximum distribution for the municipality.

B. For a municipality that did not have in effect on June 30, 2019 a municipal hold harmless gross receipts tax

through an ordinance and has a population of at least ten thousand according to the most recent federal decennial census, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the following percentages of the applicable maximum distribution for the municipality:

(1) for a municipality that has a municipal poverty level two percentage points or more above the state poverty level, eighty percent;

(2) for a municipality that has a poverty level of less than two percentage points above or below the state poverty level, fifty percent; and

(3) for a municipality that has a poverty level two percentage points or more below the state poverty level,

[~~(a) on or after July 1, 2022 and prior to July 1, 2023, forty-nine percent;~~

~~(b) on or after July 1, 2023 and prior to July 1, 2024, forty-two percent;~~

~~(c) on or after July 1, 2024 and prior to July 1, 2025, thirty-five percent; and~~

~~(d) on or after July 1, 2025~~] thirty percent.

C. For a municipality not described in Subsection A

or B of this section, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the applicable maximum distribution for the municipality multiplied by the following percentages:

[~~(1) on or after July 1, 2022 and prior to July 1, 2023, forty-nine percent;~~

~~(2) on or after July 1, 2023 and prior to July 1, 2024, forty-two percent;~~

~~(3) on or after July 1, 2024 and prior to July 1, 2025, thirty-five percent;~~

~~(4)~~] (1) on or after July 1, 2025 and prior to July 1, 2026, twenty-eight percent;

[~~(5)~~] (2) on or after July 1, 2026 and prior to July 1, 2027, twenty-one percent;

[~~(6)~~] (3) on or after July 1, 2027 and prior to July 1, 2028, fourteen percent;

[~~(7)~~] (4) on or after July 1, 2028 and prior to July 1, 2029, seven percent; and

[~~(8)~~] (5) on and after July 1, 2029, zero percent.

D. A distribution pursuant to this section is in lieu of revenue that would have been received by the municipality but for the deductions provided by Sections 7-9-92

and 7-9-93 NMSA 1978. The distribution shall be considered gross receipts tax revenue and shall be used by the municipality in the same manner as gross receipts tax revenue, including payment of gross receipts tax revenue bonds.

E. If the changes made by [~~this 2022 act~~] Laws 2022, Chapter 47 to the distributions made pursuant to this section impair the ability of a municipality to meet its principal or interest payment obligations for revenue bonds that are outstanding prior to July 1, 2022 and that are secured by the pledge of all or part of the municipality's revenue from the distribution made pursuant to this section, then the amount distributed pursuant to this section to that municipality shall be increased by an amount sufficient to meet the required payment; provided that the total amount distributed to that municipality pursuant to this section does not exceed the amount that would have been due that municipality pursuant to this section as it was in effect on June 30, 2022.

F. For the purposes of this section:

(1) "business locations attributable to the municipality" means business locations:

(a) [~~within the municipality~~] sourced to the municipality pursuant to Section 7-1-14 NMSA 1978; and

(b) [~~on~~] sourced to land owned by the state, commonly known as the "state fairgrounds", within the exterior boundaries of the municipality;

[~~(c) outside the boundaries of the municipality on land owned by the municipality; and~~

~~(d) on an Indian reservation or pueblo grant in an area that is contiguous to the municipality and in which the municipality performs services pursuant to a contract between the municipality and the Indian tribe or Indian pueblo if: 1) the contract describes an area in which the municipality is required to perform services and requires the municipality to perform services that are substantially the same as the services the municipality performs for itself; and 2) the governing body of the municipality has submitted a copy of the contract to the secretary;~~]

(2) "maximum distribution" means:

(a) for a municipality that did not have in effect on June 30, 2019 a municipal hold harmless gross receipts tax, the total deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from business locations attributable to the municipality multiplied by the sum of the combined rate of all municipal local option gross receipts taxes in effect in the municipality for the month plus one and two hundred twenty-five thousandths percent; and

(b) for a municipality not described in Subparagraph (a) of this paragraph, the total deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for

the month by taxpayers from business locations [~~attributable~~] sourced to the municipality multiplied by the sum of the combined rate of all municipal local option gross receipts taxes in effect in the municipality on January 1, 2007 plus one and two hundred twenty-five thousandths percent; and

(3) "poverty level" means the percentage of persons in poverty, according to the most recent five-year American community survey, as published by the United States census bureau. For the purposes of determining the poverty level of a municipality, "poverty level" means the percentage of persons in poverty in a municipality, according to the most recent five-year American community survey, as published by the United States census bureau, that includes adequate data to make a determination as to the poverty level of the municipality.

G. A distribution pursuant to this section may be adjusted for a distribution made to a tax increment development district with respect to a portion of a gross receipts tax increment dedicated by a municipality pursuant to the Tax Increment for Development Act."

SECTION 22. Section 7-1-6.47 NMSA 1978 (being Laws 2004, Chapter 116, Section 2, as amended) is amended to read:

"7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

A. For a county that did not have in effect on June

30, 2019 a county hold harmless gross receipts tax through an ordinance and that has a population of less than forty-eight thousand according to the most recent federal decennial census, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the county in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the applicable maximum distribution for the county.

B. For a county not described in Subsection A of this section, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the county in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the applicable maximum distribution multiplied by the following percentages:

[~~(1) on or after July 1, 2021 and prior to July 1, 2022, fifty-six percent;~~

~~(2) on or after July 1, 2022 and prior to July 1, 2023, forty-nine percent;~~

~~(3) on or after July 1, 2023 and prior to July 1, 2024, forty-two percent;~~

~~(4) on or after July 1, 2024 and prior to July 1, 2025, thirty-five percent;~~

~~(5)~~] (1) on or after July 1, 2025 and prior to July 1, 2026, twenty-eight percent;

[~~(6)~~] (2) on or after July 1, 2026 and prior to July 1, 2027, twenty-one percent;

[~~(7)~~] (3) on or after July 1, 2027 and prior to July 1, 2028, fourteen percent;

[~~(8)~~] (4) on or after July 1, 2028 and prior to July 1, 2029, seven percent; and

[~~(9)~~] (5) on and after July 1, 2029, zero percent.

C. A distribution pursuant to this section is in lieu of revenue that would have been received by the county but for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978. The distribution shall be considered gross receipts tax revenue and shall be used by the county in the same manner as gross receipts tax revenue, including payment of gross receipts tax revenue bonds.

D. If the changes made by [~~this 2022 act~~] Laws 2022, Chapter 47 to the distributions made pursuant to this section impair the ability of a county to meet its principal or interest payment obligations for revenue bonds that are outstanding prior to July 1, 2022 and that are secured by the pledge of all or part of the county's revenue from the distribution made pursuant to this section, then the amount distributed pursuant to this section to that county shall be increased by an amount sufficient to meet the required payment; provided that the total amount distributed to that county pursuant to this section does not exceed the amount that would have been due that county pursuant to this section as it was in

effect on June 30, 2022.

E. A distribution pursuant to this section may be adjusted for a distribution made to a tax increment development district with respect to a portion of a gross receipts tax increment dedicated by a county pursuant to the Tax Increment for Development Act.

F. For the purposes of this section, "maximum distribution" means:

(1) for a county that did not have in effect on June 30, 2019 a county hold harmless gross receipts tax and that has a population of less than forty-eight thousand according to the most recent federal decennial census, the sum of:

(a) the total deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from business locations [~~within~~] sourced to a municipality in the county pursuant to Section 7-1-14 NMSA 1978 multiplied by the combined rate of all county local option gross receipts taxes in effect for the month that are imposed throughout the county; and

(b) the total deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from business locations [~~in~~] sourced to the county but not [~~within~~] sourced to a municipality pursuant to Section 7-1-14 NMSA 1978 multiplied by the combined rate of all county

local option gross receipts taxes in effect for the month that are imposed in the county area not [~~within~~] sourced to a municipality pursuant to Section 7-1-14 NMSA 1978; and

(2) for a county not described in Paragraph (1) of this subsection, the sum of:

(a) the total deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from business locations [~~within~~] sourced to a municipality in the county pursuant to Section 7-1-14 NMSA 1978 multiplied by the combined rate of all county local option gross receipts taxes in effect on January 1, 2007 that are imposed throughout the county; and

(b) the total deductions claimed pursuant to Sections 7-9-92 and 7-9-93 NMSA 1978 for the month by taxpayers from business locations [~~in~~] sourced to the county but not [~~within~~] sourced to a municipality pursuant to Section 7-1-14 NMSA 1978 multiplied by the combined rate of all county local option gross receipts taxes in effect on January 1, 2007 that are imposed in the county area not [~~within~~] sourced to a municipality pursuant to Section 7-1-14 NMSA 1978."

SECTION 23. Section 7-1-6.58 NMSA 1978 (being Laws 2007 (1st S.S.), Chapter 2, Section 8) is amended to read:

"7-1-6.58. DISTRIBUTION--PUBLIC ELECTION FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the public election fund from the amount deposited

pursuant to the provisions of Section 7-8A-13 NMSA 1978 in the amount of one hundred thousand dollars ($100,000) per month [~~during fiscal year 2008 and subsequent fiscal years~~]."

SECTION 24. Section 7-1-6.68 NMSA 1978 (being Laws 2021 (1st S.S.), Chapter 4, Section 50, as amended) is amended to read:

"7-1-6.68. DISTRIBUTION--CANNABIS EXCISE TAX--MUNICIPALITIES AND COUNTIES.--

A. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each municipality, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, in an amount equal to thirty-three and thirty-three hundredths percent of the net receipts attributable to the cannabis excise tax from business locations [~~within~~] sourced to the municipality as reported pursuant to Section 7-42-4 NMSA 1978.

B. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each county in an amount equal to thirty-three and thirty-three hundredths percent of the net receipts attributable to the cannabis excise tax from business locations [~~within~~] sourced to the county area of the county as reported pursuant to Section 7-42-4 NMSA 1978.

C. The department may deduct an amount not to exceed three percent of the distributions made pursuant to this section for the reasonable costs for administering the

distributions.

D. As used in this section, "county area" means that portion of a county located outside the boundaries of any municipality."

SECTION 25. Section 7-1-8.9 NMSA 1978 (being Laws 2009, Chapter 243, Section 11, as amended by Laws 2015, Chapter 89, Section 2 and by Laws 2015, Chapter 100, Section 2) is amended to read:

"7-1-8.9. INFORMATION THAT MAY BE REVEALED TO LOCAL GOVERNMENTS AND THEIR AGENCIES.--

A. An employee of the department may reveal to:

(1) the officials or employees of a municipality of this state authorized in a written request by the municipality for a period specified in the request within the twelve months preceding the request; provided that the municipality receiving the information has entered into a written agreement with the department that the information shall be used for tax purposes only and specifying that the municipality is subject to the confidentiality provisions of Section 7-1-8 NMSA 1978 and the penalty provisions of Section 7-1-76 NMSA 1978:

(a) the names, last four digits of the taxpayer identification numbers and addresses of registered gross receipts taxpayers reporting gross receipts for that municipality under the Gross Receipts and Compensating Tax Act

or a local option gross receipts tax imposed by that municipality. The department may also reveal the information described in this subparagraph quarterly or upon such other periodic basis as the secretary and the municipality may agree in writing;

(b) a range of taxable gross receipts of registered gross receipts paid by taxpayers from business locations [~~attributable~~] sourced pursuant to Section 7-1-14 NMSA 1978 to that municipality [~~under the Gross Receipts and Compensating Tax Act or a local option gross receipts tax imposed by that municipality~~]; provided that authorization from the federal internal revenue service to reveal such information has been received. The department may also reveal the information described in this subparagraph quarterly or upon such other periodic basis as the secretary and the municipality may agree in writing; and

(c) information indicating whether persons shown on a list of businesses [~~located within~~] sourced pursuant to Section 7-1-14 NMSA 1978 to that municipality furnished by the municipality have reported gross receipts to the department but have not reported gross receipts for that municipality under the Gross Receipts and Compensating Tax Act or a local option gross receipts tax imposed by that municipality;

(2) the officials or employees of a county of

this state authorized in a written request by the county for a period specified in the request within the twelve months preceding the request; provided that the county receiving the information has entered into a written agreement with the department that the information shall be used for tax purposes only and specifying that the county is subject to the confidentiality provisions of Section 7-1-8 NMSA 1978 and the penalty provisions of Section 7-1-76 NMSA 1978:

(a) the names, last four digits of the taxpayer identification numbers and addresses of registered gross receipts taxpayers reporting gross receipts either for that county in the case of a local option gross receipts tax imposed on a countywide basis or only for the areas of that county outside of any incorporated municipalities within that county in the case of a county local option gross receipts tax imposed only in areas of the county outside of any incorporated municipalities. The department may also reveal the information described in this subparagraph quarterly or upon such other periodic basis as the secretary and the county may agree in writing;

(b) a range of taxable gross receipts of registered gross receipts paid by taxpayers from business locations [~~attributable~~] sourced pursuant to Section 7-1-14 NMSA 1978 either to that county in the case of a local option gross receipts tax imposed on a countywide basis or only to the

areas of that county outside of any incorporated municipalities within that county in the case of a county local option gross receipts tax imposed only in areas of the county outside of any incorporated municipalities; provided that authorization from the federal internal revenue service to reveal such information has been received. The department may also reveal the information described in this subparagraph quarterly or upon such other periodic basis as the secretary and the county may agree in writing;

(c) in the case of a local option gross receipts tax imposed by a county on a countywide basis, information indicating whether persons shown on a list of businesses located within the county furnished by the county have reported gross receipts to the department but have not reported gross receipts for that county under the Gross Receipts and Compensating Tax Act or a local option gross receipts tax imposed by that county on a countywide basis; and

(d) in the case of a local option gross receipts tax imposed by a county only on persons engaging in business [~~in~~] sourced pursuant to Section 7-1-14 NMSA 1978 to that area of the county outside of incorporated municipalities, information indicating whether persons on a list of businesses located in that county outside of the incorporated municipalities but within that county furnished by the county have reported gross receipts to the department but have not

reported gross receipts for that county outside of the incorporated municipalities within that county under the Gross Receipts and Compensating Tax Act or a local option gross receipts tax imposed by the county only on persons engaging in business [~~in~~] sourced to that county outside of the incorporated municipalities; and

(3) officials or employees of a municipality or county of this state, authorized in a written request of the municipality or county, for purposes of inspection, the records of the department pertaining to an increase or decrease to a distribution or transfer made pursuant to Section 7-1-6.15 NMSA 1978 for the purpose of reviewing the basis for the increase or decrease; provided that the municipality or county receiving the information has entered into a written agreement with the department that the information shall be used for tax purposes only and specifying that the municipality or county is subject to the confidentiality provisions of Section 7-1-8 NMSA 1978 and the penalty provisions of Section 7-1-76 NMSA 1978. The authorized officials or employees may only reveal the information provided in this paragraph to another authorized official or employee, to an employee of the department, or a district court, an appellate court or a federal court in a proceeding relating to a disputed distribution and in which both the state and the municipality or county are parties.

B. The department [~~may~~] shall require that a

municipal or county official or employee satisfactorily complete appropriate training on protecting confidential information prior to receiving the information pursuant to Subsection A of this section."

SECTION 26. Section 7-1-13.1 NMSA 1978 (being Laws 1988, Chapter 99, Section 3, as amended) is amended to read:

"7-1-13.1. METHOD OF PAYMENT OF CERTAIN TAXES DUE.--

A. Payment of the taxes, including any applicable penalties and interest, described in Paragraph (1), (2), (3) or (4) of this subsection shall be made on or before the date due in accordance with Subsection B of this section if the taxpayer's average tax payment for the group of taxes during the preceding calendar year equaled or exceeded twenty-five thousand dollars ($25,000):

(1) Group 1: all taxes due under the Withholding Tax Act, the Gross Receipts and Compensating Tax Act, local option gross receipts tax acts, the Interstate Telecommunications Gross Receipts Tax Act and the Leased Vehicle Gross Receipts Tax Act;

(2) Group 2: all taxes due under the Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax Act, the Oil and Gas Emergency School Tax Act and the Oil and Gas Ad Valorem Production Tax Act;

(3) Group 3: the tax due under the Natural Gas Processors Tax Act; or

(4) Group 4: all taxes and fees due under the Gasoline Tax Act, the Special Fuels Supplier Tax Act and the Petroleum Products Loading Fee Act.

[~~For taxpayers who have more than one identification number issued by the department, the average tax payment shall be computed by combining the amounts paid under the several identification numbers.~~]

B. Taxpayers who are required to make payment in accordance with the provisions of this section shall make payment by [~~one or more of the following means on or before the due date so that funds are immediately available to the state on or before the due date:~~

~~(1)~~] electronic payment; provided that a result of the payment is that funds are immediately available to the state of New Mexico on or before the due date

[~~(2) currency of the United States;~~

~~(3) check drawn on and payable at any New Mexico financial institution provided that the check is received by the department at the place and time required by the department at least one banking day prior to the due date; or~~

~~(4) check drawn on and payable at any domestic non-New Mexico financial institution provided that the check is received by the department at the time and place required by the department at least two banking days prior to the due~~

~~date~~].

C. If the taxes required to be paid under this section are not paid in accordance with Subsection B of this section, the payment is not timely and is subject to the provisions of Sections 7-1-67 and 7-1-69 NMSA 1978.

D. For the purposes of this section, "average tax payment" means the total amount of taxes paid with respect to a group of taxes listed under Subsection A of this section during a calendar year divided by the number of months in that calendar year containing a due date on which the taxpayer was required to pay one or more taxes in the group."

SECTION 27. Section 7-1-15 NMSA 1978 (being Laws 1969, Chapter 31, Section 1, as amended) is amended to read:

"7-1-15. SECRETARY MAY SET TAX REPORTING AND PAYMENT INTERVALS.--The secretary may, pursuant to [~~regulation~~] rule, allow taxpayers with an anticipated tax liability of less than [~~two hundred dollars ($200)~~] five hundred dollars ($500) a month to report and pay taxes at intervals which the secretary may specify. However, unless specifically permitted by law, an interval shall not exceed SFC→~~six months~~←SFC SFC→one year←SFC . [~~The secretary may also allow direct marketers who have entered into an agreement with the department to collect and remit compensating tax to report and pay on a quarterly or semi-annual basis.~~]"

SECTION 28. Section 7-1-20 NMSA 1978 (being Laws 1965,

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

Chapter 248, Section 22, as amended) is amended to read:

"7-1-20. COMPROMISE OF TAXES--CLOSING AGREEMENTS.--

A. At any time after the assessment of any tax or the denial of a refund or credit, if the secretary in good faith is in doubt of the correctness of the denial or liability for the payment [~~thereof~~] of an assessment, the secretary may [~~with the written approval of the attorney general~~] compromise the asserted liability for taxes or the denial by entering with the taxpayer into a written agreement that adequately protects the interests of the state.

B. The agreement provided for in this section is to be known as a "closing agreement". If entered into after any court acquires jurisdiction of the matter, the agreement shall be part of a stipulated order or judgment disposing of the case.

C. As a condition for entering into a closing agreement, the secretary may require the taxpayer to furnish security for payment of any taxes due according to the terms of the agreement.

D. A closing agreement is conclusive as to liability or nonliability for payment of assessed taxes or the denial of a refund or credit relating to the periods referred to in the agreement, and except upon a showing of fraud or malfeasance, or misrepresentation or concealment of a material fact:

(1) the agreement shall not be modified by any officer, employee or agent of the state; and

(2) in any suit, action or proceeding, the agreement or any determination, assessment, collection, payment, abatement, refund or credit made in accordance therewith shall not be annulled, modified, set aside or disregarded."

SECTION 29. Section 7-1-26 NMSA 1978 (being Laws 1965, Chapter 248, Section 28, as amended) is amended to read:

"7-1-26. DISPUTING LIABILITIES--CLAIM FOR [~~CREDIT~~] REBATE OR REFUND.--

A. A person who believes that an amount of tax has been paid by or withheld from that person in excess of that for which the person was liable, who has been denied a [~~credit or~~] rebate claimed or who claims a prior right to property in the possession of the department pursuant to a levy made pursuant to the authority of Sections 7-1-31 through 7-1-34 NMSA 1978 may claim a refund by directing to the secretary, within the time limitations provided by Subsections F and G of this section, a written claim for refund that, except as provided in Subsection K of this section, includes:

(1) the taxpayer's name, address and identification number;

(2) the type of tax for which a refund is being claimed, the [~~credit or~~] rebate denied or the property

levied upon;

(3) the sum of money or other property being claimed;

(4) with respect to a refund, the period for which overpayment was made;

(5) a brief statement of the facts and the law on which the claim is based, which may be referred to as the "basis for the refund", which may include documentation that substantiates the written claim and supports the taxpayer's basis for the refund; and

(6) if applicable, a copy of an amended return for each tax period for which the refund is claimed.

B. A claim for refund that meets the requirements of Subsection A of this section and that is filed within the time limitations provided by Subsections F and G of this section is deemed to be properly before the department for consideration, regardless of whether the department requests additional documentation after receipt of the claim for refund.

C. If the department requests additional relevant documentation from a taxpayer who has submitted a claim for refund, the claim for refund shall not be considered incomplete provided the taxpayer submits sufficient information for the department to make a determination.

D. The secretary or the secretary's delegate may allow the claim in whole or in part or may deny the claim. If

the:

(1) claim is denied in whole or in part in writing, the person shall not refile the denied claim, but the person, within ninety days after either the mailing or delivery of the denial of all or any part of the claim, may elect to pursue only one of the remedies provided in Subsection E of this section; and

(2) department has neither granted nor denied any portion of a complete claim for refund within one hundred eighty days after the claim was mailed or otherwise delivered to the department, the person may elect to treat the claim as denied and elect to pursue only one of the remedies provided in Subsection E of this section.

E. A person may elect to pursue only one of the remedies provided in this subsection. A person who timely pursues more than one remedy is deemed to have elected the first. The person may:

(1) direct to the secretary, pursuant to the provisions of Section 7-1-24 NMSA 1978, a written protest that sets forth:

(a) the circumstances of: 1) an alleged overpayment; 2) [~~a denied credit; 3)~~] a denied rebate; or [~~4)~~] 3) a denial of a prior right to property levied upon by the department;

(b) an allegation that, because of that

overpayment or denial, the state is indebted to the taxpayer for a specified amount, including any allowed interest, or for the property;

(c) a demand for the refund to the taxpayer of that amount or that property; and

(d) a recitation of the facts of the claim for refund; or

(2) commence a civil action in the district court for Santa Fe county by filing a complaint setting forth the circumstance of the claimed overpayment, denied [~~credit or~~] rebate or denial of a prior right to property levied upon by the department alleging that on account thereof the state is indebted to the plaintiff in the amount or property stated, together with any interest allowable, demanding the refund to the plaintiff of that amount or property and reciting the facts of the claim for refund. The plaintiff or the secretary may appeal from any final decision or order of the district court to the court of appeals.

F. Except as otherwise provided in Subsection G of this section, a [~~credit or~~] refund of any amount of overpaid tax, penalty or interest may be allowed or made to a person if a claim is properly filed:

(1) only within three years after the end of the calendar year in which the applicable event occurs:

(a) in the case of tax paid with an

original or amended state return, the date the related tax was originally due;

(b) in the case of tax paid in response to an assessment by the department pursuant to Section 7-1-17 NMSA 1978, the date the tax was paid;

(c) in the case of tax with respect to which a net-negative federal adjustment, as that term is used in Section 7-1-13 NMSA 1978, relates, the final determination date of that federal adjustment, as provided in Section 7-1-13 NMSA 1978;

(d) the final determination of value occurs with respect to any overpayment that resulted from a disapproval by any agency of the United States or the state of New Mexico or any court of increase in value of a product subject to taxation pursuant to the Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax Act, the Oil and Gas Emergency School Tax Act, the Oil and Gas Ad Valorem Production Tax Act or the Natural Gas Processors Tax Act; or

(e) in the case of a claim related to property taken by levy, the date the property was levied upon as provided in the Tax Administration Act;

[~~(2) in the case of a denial of a claim for credit pursuant to the Investment Credit Act, Laboratory Partnership with Small Business Tax Credit Act or Technology Jobs and Research and Development Tax Credit Act or for the~~

~~rural job tax credit provided by Section 7-2E-1.1 NMSA 1978 or similar credit, only within one year after the date of the denial;~~

~~(3)~~] (2) in the case of a taxpayer under audit by the department who has signed a waiver of the limitation on assessments [~~on or after July 1, 1993~~] pursuant to Subsection F of Section 7-1-18 NMSA 1978, only for a refund of the same tax paid for the same period for which the waiver was given, and only until a date one year after the later of the date of the mailing of an assessment issued pursuant to the audit, the date of the mailing of final audit findings to the taxpayer or the date a proceeding is begun in court by the department with respect to the same tax and the same period;

[~~(4)~~] (3) in the case of a payment of an amount of tax not made within three years of the end of the calendar year in which the original due date of the tax or date of the assessment of the department occurred, only for a claim for refund of that amount of tax and only within one year of the date on which the tax was paid; or

[~~(5)~~] (4) in the case of a taxpayer who has been assessed a tax [~~on or after July 1, 1993~~] pursuant to Subsection B, C or D of Section 7-1-18 NMSA 1978 and an assessment that applies to a period ending at least three years prior to the beginning of the year in which the assessment was made, only for a refund for the same tax for the period of the

assessment or for any period following that period within one year of the date of the assessment unless a longer period for claiming a refund is provided in this section.

G. No [~~credit or~~] refund shall be allowed or made to a person claiming a refund of gasoline tax pursuant to Section 7-13-11 NMSA 1978 unless notice of the destruction of the gasoline was given to the department within thirty days of the actual destruction and the claim for refund is made within six months of the date of destruction. No [~~credit or~~] refund shall be allowed or made to a person claiming a refund of gasoline tax pursuant to Section 7-13-17 NMSA 1978 unless the refund is claimed within six months of the date of purchase of the gasoline and the gasoline has been used at the time the claim for refund is made.

H. If, as a result of an audit by the department or a managed audit covering multiple periods, an overpayment of tax is found in any period under the audit and if the taxpayer files a claim for refund for the overpayments identified in the audit, that overpayment may be credited against an underpayment of the same tax found in another period under audit pursuant to Section 7-1-29 NMSA 1978.

I. A refund of tax paid under any tax or tax act administered pursuant to Subsection B of Section 7-1-2 NMSA 1978 may be made, at the discretion of the department, in the form of credit against future tax payments if future tax

liabilities in an amount at least equal to the credit amount reasonably may be expected to become due.

J. For the purposes of this section, "oil and gas tax return" means a return reporting tax due with respect to oil, natural gas, liquid hydrocarbons, carbon dioxide, helium or nonhydrocarbon gas pursuant to the Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax Act, the Oil and Gas Emergency School Tax Act, the Oil and Gas Ad Valorem Production Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas Production Equipment Ad Valorem Tax Act.

K. The filing of a fully completed original income tax return, corporate income tax return, corporate income and franchise tax return, estate tax return [~~special fuel excise tax return~~] or annual insurance premium tax return that shows a balance due the taxpayer or a fully completed amended income tax return, an amended corporate income tax return, an amended corporate income and franchise tax return, an amended estate tax return, [~~an amended special fuel excise tax return~~] an amended oil and gas tax return or an amended insurance premium tax return that shows a lesser tax liability than the original return constitutes the filing of a claim for refund for the difference in tax due shown on the original and amended returns.

L. The department may allow a completed return and an amended return to constitute the filing of a claim for

refund.

[~~L.~~] M. In no case may a [~~credit or~~] refund be claimed if the related federal adjustment is taken into account by a partnership in the partnership's tax return for the adjustment year and allocated to the partners in a manner similar to other partnership tax items."

SECTION 30. Section 7-1-28 NMSA 1978 (being Laws 1965, Chapter 248, Section 30, as amended) is amended to read:

"7-1-28. AUTHORITY FOR ABATEMENTS OF ASSESSMENTS OF TAX.--

A. [~~In response to~~] The secretary or the secretary's delegate may abate any or part of an assessment determined by the secretary or the secretary's delegate if:

(1) a written protest is filed against an assessment, submitted in accordance with the provisions of Section 7-1-24 NMSA 1978, but before any court acquires jurisdiction of the matter; [~~or when~~]

(2) a "notice of assessment of taxes" is incorrect [~~the secretary or the secretary's delegate may abate any part of an assessment determined by the secretary or the secretary's delegate to have been incorrectly, erroneously or illegally made. An abatement in the amount of twenty thousand dollars ($20,000) or more shall be made with the prior approval of the attorney general; except that the secretary or the secretary's delegate may make abatements with respect to the~~

~~Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax Act, the Oil and Gas Emergency School Tax Act, the Oil and Gas Ad Valorem Production Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas Production Equipment Ad Valorem Tax Act, abatements of gasoline tax made under Section 7-13-17 NMSA 1978 and abatements of cigarette tax made under the Cigarette Tax Act without the prior approval of the attorney general regardless of the amount~~] or erroneously made; or

(3) a written protest is filed solely against an assessment of penalty and interest totaling not more than fifty dollars ($50.00).

B. Pursuant to the final order of the district court, the court of appeals, the supreme court of New Mexico or any federal court, from which order, appeal or review is not successfully taken by the department, adjudging that any person is not required to pay any portion of tax assessed to that person, the secretary or the secretary's delegate shall cause that amount of the assessment to be abated.

C. Pursuant to a compromise of taxes agreed to by the secretary and according to the terms of the closing agreement formalizing the compromise pursuant to Section 7-1-20 NMSA 1978, the secretary or the secretary's delegate shall cause the abatement of the appropriate amount of any assessment of tax.

D. The secretary or the secretary's delegate shall

cause the abatement of the amount of an assessment of tax that is equal to the amount of fee paid to or retained by an out-of-state attorney or collection agency from a judgment or the amount collected by the attorney or collection agency pursuant to Section 7-1-58 NMSA 1978.

E. Records of abatements made in excess of [~~ten thousand dollars ($10,000)~~] twenty thousand dollars ($20,000) shall be available for inspection by the public. The department shall keep such records for a minimum of three years from the date of the abatement.

F. In response to a timely protest pursuant to Section 7-1-24 NMSA 1978 of an assessment by the department and notwithstanding any other provision of the Tax Administration Act, the secretary or the secretary's delegate may abate that portion of an assessment of tax, including applicable penalties and interest, representing the amount of tax previously paid by another person on behalf of the taxpayer on the same transaction; provided that the requirements of equitable recoupment are met. For purposes of this subsection, the protest pursuant to Section 7-1-24 NMSA 1978 of the department's assessment may be made by the taxpayer to whom the assessment was issued or by the other person who claims to have previously paid the tax on behalf of the taxpayer."

SECTION 31. Section 7-1-29 NMSA 1978 (being Laws 1965, Chapter 248, Section 31, as amended) is amended to read:

"7-1-29. AUTHORITY TO MAKE REFUNDS, [~~OR~~] CREDITS OR REBATES.--

A. In response to a claim for refund, credit or rebate made as provided in Section 7-1-26 NMSA 1978, but before a court acquires jurisdiction of the matter, the secretary or the secretary's delegate may authorize payment to a person in the amount of the credit or rebate claimed or refund an overpayment of tax determined by the secretary or the secretary's delegate to have been erroneously made by the person, together with allowable interest. [~~A payment of a credit rebate claimed or a refund of tax and interest erroneously paid amounting to twenty thousand dollars ($20,000) or more shall be made with the prior approval of the attorney general, except that the secretary or the secretary's delegate may make refunds with respect to the Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax Act, the Oil and Gas Emergency School Tax Act, the Oil and Gas Ad Valorem Production Tax Act, the Natural Gas Processors Tax Act or the Oil and Gas Production Equipment Ad Valorem Tax Act, Section 7-13-17 NMSA 1978 and the Cigarette Tax Act without the prior approval of the attorney general regardless of the amount.~~]

B. Pursuant to the final order of the district court, the court of appeals, the supreme court of New Mexico or a federal court, from which order, appeal or review is not successfully taken, adjudging that a person has properly

claimed a credit, rebate or a refund of overpaid tax, the secretary shall authorize the payment to the person of the amount thereof. After a court acquires jurisdiction but before it issues a final order, the secretary may authorize payment of a credit, rebate or refund pursuant to a closing agreement pursuant to Section 7-1-20 NMSA 1978.

C. In the discretion of the secretary, any amount of credit or rebate to be paid or tax to be refunded may be offset against any amount of tax for which the person due to receive the credit, rebate payment or refund is liable. The secretary or the secretary's delegate shall give notice to the taxpayer that the credit, rebate payment or refund will be made in this manner, and the taxpayer shall be entitled to interest pursuant to Section 7-1-68 NMSA 1978 until the tax liability is credited with the credit, rebate or refund amount.

D. In an audit by the department or a managed audit covering multiple reporting periods in which both underpayments and overpayments of a tax have been made in different reporting periods, the department shall credit the tax overpayments against the underpayments; provided that the taxpayer files a claim for refund of the overpayments. An overpayment shall be applied as a credit first to the earliest underpayment and then to succeeding underpayments. An underpayment of tax to which an overpayment is credited pursuant to this section shall be deemed paid in the period in which the overpayment was made or

the period to which the overpayment was credited against an underpayment, whichever is later. If the overpayments credited pursuant to this section exceed the underpayments of a tax, the amount of the net overpayment for the periods covered in the audit shall be refunded to the taxpayer.

E. When a taxpayer makes a payment identified to a particular return or assessment, and the department determines that the payment exceeds the amount due pursuant to that return or assessment, the secretary may apply the excess to the taxpayer's other liabilities pursuant to the tax acts to which the return or assessment applies, without requiring the taxpayer to file a claim for a refund. The liability to which an overpayment is applied pursuant to this section shall be deemed paid in the period in which the overpayment was made or the period to which the overpayment was applied, whichever is later.

F. If the department determines, upon review of an original or amended income tax return, corporate income and franchise tax return, estate tax return, special fuels excise tax return or oil and gas tax return, that there has been an overpayment of tax for the taxable period to which the return or amended return relates in excess of the amount due to be refunded to the taxpayer pursuant to the provisions of Subsection K of Section 7-1-26 NMSA 1978, the department may refund that excess amount to the taxpayer without requiring the

taxpayer to file a refund claim.

G. Records of refunds and credits made in excess of [~~ten thousand dollars ($10,000)~~] twenty thousand dollars ($20,000) shall be available for inspection by the public. The department shall keep such records for a minimum of three years from the date of the refund or credit.

H. In response to a timely refund claim pursuant to Section 7-1-26 NMSA 1978 and notwithstanding any other provision of the Tax Administration Act, the secretary or the secretary's delegate may refund or credit a portion of an assessment of tax paid, including applicable penalties and interest representing the amount of tax previously paid by another person on behalf of the taxpayer on the same transaction; provided that the requirements of equitable recoupment are met. For purposes of this subsection, the refund claim may be filed by the taxpayer to whom the assessment was issued or by another person who claims to have previously paid the tax on behalf of the taxpayer. Prior to granting the refund or credit, the secretary may require a waiver of all rights to claim a refund or credit of the tax previously paid by another person paying a tax on behalf of the taxpayer.

I. If, as a result of an audit by the department or a managed audit, a person is determined to owe gross receipts tax on receipts from the sale of property or services, the

department may credit against the amount owed an amount of compensating tax paid by the purchaser if the person can demonstrate that the purchaser timely paid the compensating tax on the same property or services. The credit provided by this subsection shall not be denied solely because the purchaser cannot timely file for a refund of the compensating tax paid and, if the credit is to be granted, the department shall require, for the purpose of granting the credit, that the purchaser give up any right to claim a refund of that tax."

SECTION 32. Section 7-1-37 NMSA 1978 (being Laws 1965, Chapter 248, Section 39, as amended) is amended to read:

"7-1-37. ASSESSMENT AS LIEN.--

A. If any person liable for any tax neglects or refuses to pay the tax after assessment and demand for payment as provided in Section 7-1-17 NMSA 1978 or if any person liable for tax pursuant to Section 7-1-63 NMSA 1978 neglects or refuses to pay after demand has been made, unless and only so long as such a person is entitled to the protection afforded by a valid order of a United States court entered pursuant to Section 362 or 1301 of Title 11 of the United States Code, as amended or renumbered, the amount of the tax shall be a lien in favor of the state of New Mexico upon all property and rights to property of the person.

B. The lien imposed by Subsection A of this section shall arise at the time both assessment and demand, as provided

in Section 7-1-17 NMSA 1978, have been made or at the time demand has been made pursuant to Section 7-1-63 NMSA 1978 and shall continue until the liability for payment of the amount demanded is satisfied, [~~or~~] extinguished or released.

C. As against any mortgagee, pledgee, purchaser, judgment creditor, person claiming a lien under Sections 48-2-1 through 48-11-9 NMSA 1978, lienor for value or other encumbrancer for value, the lien imposed by Subsection A of this section shall not be considered to have arisen or have any effect whatever until notice of the lien has been filed as provided in Section 7-1-38 NMSA 1978."

SECTION 33. Section 7-1-38 NMSA 1978 (being Laws 1965, Chapter 248, Section 40, as amended) is amended to read:

"7-1-38. NOTICE OF LIEN.--A notice of the lien provided for in Section 7-1-37 NMSA 1978 may be recorded in any county in the state in the tax lien index established by Sections 48-1-1 through 48-1-7 NMSA 1978 or with the office of the secretary of state and a copy thereof shall be sent to the affected taxpayer. [~~affected. Any~~] The office of the secretary of state or a county clerk to whom the notices are presented shall record them as requested without charge. The notice of lien shall identify the taxpayer whose liability for taxes is sought to be enforced and the date or approximate date on which the tax became due and shall state that New Mexico claims a lien for the entire amount of tax asserted to be due,

including applicable interest and penalties. Recording of the notice of lien shall be effective as to all property and rights to property of the taxpayer. Liens may be recorded electronically."

SECTION 34. Section 7-1-39 NMSA 1978 (being Laws 1965, Chapter 248, Section 41, as amended) is amended to read:

"7-1-39. RELEASE OR EXTINGUISHMENT OF LIEN--LIMITATION ON ACTIONS TO ENFORCE LIEN.--

A. When any substantial part of the amount of tax due from a taxpayer is paid, the department shall immediately file, in the same [~~county~~] manner in which a notice of lien was filed, and in the same records, a document completely or partially releasing the lien. The [~~county clerk~~] official to whom such a document is presented shall record [~~it~~] the release of the lien without charge.

B. The department may file, in the same [~~county~~] manner as the notice of lien was filed, a document releasing or partially releasing any lien filed in accordance with Section 7-1-38 NMSA 1978 when the filing of the lien was premature or did not follow requirements of law or when release or partial release would facilitate collection of taxes due. The [~~county clerk~~] official to whom the document is presented shall record [~~it~~] the release of the lien without charge.

C. In all cases when a notice of lien for taxes, penalties and interest has been filed under Section 7-1-38 NMSA

1978 and a period of ten years has passed from the date the lien was filed, as shown on the notice of lien, the taxes, penalties and interest for which the lien is claimed shall be conclusively presumed to have been paid and the lien is thereby extinguished, with no further action by the department. No action shall be brought to enforce any lien extinguished in accordance with this subsection."

SECTION 35. Section 7-1-79 NMSA 1978 (being Laws 1965, Chapter 248, Section 82, as amended) is amended to read:

"7-1-79. ENFORCEMENT OFFICIALS.--Every individual to whom the [~~director~~] secretary delegates the function of enforcing any of the provisions of the Tax Administration Act:

A. shall be furnished with credentials identifying [~~him~~] the secretary's delegate; and

B. may request the assistance of any sheriff or deputy sheriff or of the state police in order to perform [~~his~~] the delegate's duties, which assistance shall be afforded in appropriate circumstances."

SECTION 36. Section 7-2-12 NMSA 1978 (being Laws 1965, Chapter 202, Section 10, as amended) is amended to read:

"7-2-12. TAXPAYER RETURNS--PAYMENT OF TAX.--[~~A.~~] Every resident of this state and every individual deriving income from any business transaction, property or employment within this state and not exempt from tax under the Income Tax Act who is required by the laws of the United States to file a federal

income tax return shall file a complete tax return with the department in form and content as prescribed by the secretary. [~~Except as provided in Subsection B of this section~~] A resident or any individual who is required by the provisions of the Income Tax Act to file a return or pay a tax shall, on or before the due date of the resident's or individual's federal income tax return for the taxable year, file the return and pay the tax imposed for that year.

[~~B. When the department approves electronic media for use by a taxpayer whose taxable year is a calendar year, the taxpayer who uses electronic media for both filing and payment must submit the required return and the tax imposed on residents and individuals under the Income Tax Act on or before the last day of the month in which the resident's or individual's federal income tax return is originally due for the taxable year. The due date provided in this subsection does not apply to residents or individuals who have received a filing extension from New Mexico or an automatic extension from the federal internal revenue service for the same taxable year.~~]"

SECTION 37. Section 7-2-12.1 NMSA 1978 (being Laws 1990, Chapter 23, Section 1) is amended to read:

"7-2-12.1. LIMITATION ON CLAIMING OF CREDITS AND TAX REBATES.--

A. Except as provided otherwise in this section, a

credit or tax rebate provided in the Income Tax Act that is claimed shall be disallowed if the claim for the credit or tax rebate was first made after the end of the third calendar year following the calendar year in which the return upon which the credit or tax rebate was first claimable was initially due.

B. Subsection A of this section does not apply to [~~(1)~~] the credit authorized by Section 7-2-13 NMSA 1978 for income taxes paid another state [~~or~~

~~(2) the credit authorized by Section 7-2-19 NMSA 1978 for income taxes paid another state~~]."

SECTION 38. Section 7-2-18.16 NMSA 1978 (being Laws 2007, Chapter 45, Section 10, as amended) is amended to read:

"7-2-18.16. CREDIT--SPECIAL NEEDS ADOPTED CHILD TAX CREDIT--CREATED--QUALIFICATIONS--DURATION OF CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return, who is not a dependent of another [~~individual~~] taxpayer and who adopts [~~a special needs child on or after January 1, 2007~~] or has adopted a special needs child [~~prior to January 1, 2007~~] may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act. The credit authorized pursuant to this section may be referred to as the "special needs adopted child tax credit".

B. A taxpayer may claim and the department may allow a special needs adopted child tax credit in the amount of one thousand five hundred dollars ($1,500) to be claimed

against the taxpayer's tax liability for the taxable year imposed pursuant to the Income Tax Act.

C. A taxpayer may claim a special needs adopted child tax credit for each year that the child may be claimed as a dependent for federal taxation purposes by the taxpayer.

D. If the amount of the special needs adopted child tax credit due to the taxpayer exceeds the taxpayer's individual income tax liability, the excess shall be refunded.

E. Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the special needs adopted child tax credit provided in this section that would have been allowed on a joint return.

F. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of the credit to the department~~] claim the credit on forms and in a manner required by the department.

G. [~~The department shall compile an annual report on the credit provided by this section that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall

be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

H. As used in this section, "special needs adopted child" means an individual who may be over eighteen years of age and who is certified by the children, youth and families department or a licensed child placement agency as meeting the definition of a "difficult to place child" pursuant to the Adoption Act; provided, however, if the classification as a "difficult to place child" is based on a physical or mental impairment or an emotional disturbance the physical or mental impairment or emotional disturbance shall be at least moderately disabling."

SECTION 39. Section 7-2-18.17 NMSA 1978 (being Laws 2007, Chapter 172, Section 1, as amended) is amended to read:

"7-2-18.17. ANGEL INVESTMENT CREDIT.--

A. A taxpayer who files a New Mexico income tax return, is not a dependent of another taxpayer, is an accredited investor and makes a qualified investment may apply for, and the department may allow, a claim for a credit in an amount not to exceed twenty-five percent of the qualified investment; provided that a credit for each qualified investment shall not exceed sixty-two thousand five hundred dollars ($62,500). The tax credit provided in this section shall be known as the "angel investment credit".

B. A taxpayer may claim the angel investment credit:

(1) for not more than one qualified investment per investment round;

(2) for qualified investments in no more than five qualified businesses per taxable year; and

(3) for a qualified investment made on or before December 31, 2030.

C. A taxpayer may [~~apply for~~] claim an angel investment credit by submitting a completed application to the department on forms and in a manner required by the department no later than one year following the end of the calendar year in which the qualified investment is made. A taxpayer shall not [~~apply for~~] claim more than one credit for the same qualified investment in the same investment round.

D. Except as provided in Subsection J of this section, a taxpayer shall claim the angel investment credit no later than one year following the date the completed application for the credit is approved by the department.

E. Applications and all subsequent materials submitted to the department related to the application shall also be submitted to the economic development department.

F. The department shall allow a maximum annual aggregate of two million dollars ($2,000,000) in angel investment credits per calendar year. Completed applications

shall be considered in the order received. Applications for credits that would have been allowed but for the limit imposed by this subsection shall be allowed in subsequent calendar years.

G. [~~The department shall report annually to the revenue stabilization and tax policy committee and the legislative finance committee on the utilization and effectiveness of the angel investment credit. The report~~] The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, which shall include, at a minimum: the number of accredited investors determined to be eligible for the credit in the previous year; the names of those investors; the amount of credit for which each investor was determined to be eligible; and the number and names of the businesses determined to be qualified businesses for purposes of an investment by an accredited investor.

H. A taxpayer who otherwise qualifies for and claims a credit pursuant to this section for a qualified investment made by a partnership or other business association of which the taxpayer is a member may claim a credit only in proportion to the taxpayer's interest in the partnership or business association.

I. Married individuals who file separate returns for a taxable year in which they could have filed a joint

return may each claim one-half of the credit that would have been allowed on a joint return.

J. The angel investment credit may only be deducted from the taxpayer's income tax liability. Any portion of the tax credit provided by this section that remains unused at the end of the taxpayer's taxable year may be carried forward for five consecutive years.

K. As used in this section:

(1) "accredited investor" means a person who is an accredited investor within the meaning of Rule 501 issued by the federal securities and exchange commission pursuant to the federal Securities Act of 1933, as amended;

(2) "business" means a corporation, general partnership, limited partnership, limited liability company or other similar entity, but excludes an entity that is a government or a nonprofit organization designated as such by the federal government or any state;

(3) "equity" means common or preferred stock of a corporation, a partnership interest in a limited partnership or a membership interest in a limited liability company, including debt subject to an option in favor of the creditor to convert the debt into common or preferred stock, a partnership interest or a membership interest;

(4) "investment round" means an offer and sale of securities and all other offers and sales of securities that

would be integrated with such offer and sale of securities under Regulation D issued by the federal securities and exchange commission pursuant to the federal Securities Act of 1933, as amended;

(5) "manufacturing" means combining or processing components or materials to increase their value for sale in the ordinary course of business, but does not include:

(a) construction;

(b) farming;

(c) processing natural resources, including hydrocarbons; or

(d) preparing meals for immediate consumption, on- or off-premises;

(6) "qualified business" means a business that:

(a) maintains its principal place of business and employs a majority of its full-time employees, if any, in New Mexico and a majority of its tangible assets, if any, are located in New Mexico;

(b) engages in qualified research or manufacturing activities in New Mexico;

(c) is not primarily engaged in or is not primarily organized as any of the following types of businesses: credit or finance services, including banks, savings and loan associations, credit unions, small loan

companies or title loan companies; financial brokering or investment; professional services, including accounting, legal services, engineering and any other service the practice of which requires a license; insurance; real estate; construction or construction contracting; consulting or brokering; mining; wholesale or retail trade; providing utility service, including water, sewerage, electricity, natural gas, propane or butane; publishing, including publishing newspapers or other periodicals; broadcasting; or providing internet operating services;

(d) has not issued securities registered pursuant to Section 6 of the federal Securities Act of 1933, as amended; has not issued securities traded on a national securities exchange; is not subject to reporting requirements of the federal Securities Exchange Act of 1934, as amended; and is not registered pursuant to the federal Investment Company Act of 1940, as amended, at the time of the investment;

(e) has one hundred or fewer employees calculated on a full-time-equivalent basis in the taxable year in which the investment was made; and

(f) has not had gross revenues in excess of five million dollars ($5,000,000) in any fiscal year ending on or before the date of the investment;

(7) "qualified investment" means a cash investment in a qualified business for equity, but does not

include an investment by a taxpayer if the taxpayer, a member of the taxpayer's immediate family or an entity affiliated with the taxpayer receives compensation from the qualified business in exchange for services provided to the qualified business within one year of investment in the qualified business; and

(8) "qualified research" means "qualified research" as defined by Section 41 of the Internal Revenue Code."

SECTION 40. Section 7-2-18.22 NMSA 1978 (being Laws 2007, Chapter 361, Section 2, as amended) is amended to read:

"7-2-18.22. RURAL HEALTH CARE PRACTITIONER TAX CREDIT.--

A. A taxpayer who files an individual New Mexico tax return, who is not a dependent of another individual, who is an eligible health care practitioner and who has provided health care services in New Mexico in a rural health care underserved area in a taxable year may claim a credit against the tax liability imposed by the Income Tax Act. The credit provided in this section may be referred to as the "rural health care practitioner tax credit".

B. The rural health care practitioner tax credit may be claimed and allowed in an amount that shall not exceed:

(1) five thousand dollars ($5,000) for all physicians, osteopathic physicians, dentists, psychologists, podiatric physicians and optometrists who qualify pursuant to the provisions of this section and have provided health care

during a taxable year for at least one thousand five hundred eighty-four hours at a practice site located in an approved rural health care underserved area. Eligible health care practitioners listed in this paragraph who provided health care services for at least seven hundred ninety-two hours but less than one thousand five hundred eighty-four hours at a practice site located in an approved rural health care underserved area during a taxable year are eligible for one-half of the tax credit amount; and

(2) three thousand dollars ($3,000) for all pharmacists, dental hygienists, physician assistants, certified registered nurse anesthetists, certified nurse practitioners, clinical nurse specialists, registered nurses, midwives, licensed clinical social workers, licensed independent social workers, professional mental health counselors, professional clinical mental health counselors, marriage and family therapists, professional art therapists, alcohol and drug abuse counselors and physical therapists who qualify pursuant to the provisions of this section and have provided health care during a taxable year for at least one thousand five hundred eighty-four hours at a practice site located in an approved rural health care underserved area. Eligible health care practitioners listed in this paragraph who provided health care services for at least seven hundred ninety-two hours but less than one thousand five hundred eighty-four hours at a practice

site located in an approved rural health care underserved area during a taxable year are eligible for one-half of the tax credit amount.

C. Before an eligible health care practitioner may claim the rural health care practitioner tax credit, the practitioner shall submit [~~an~~] a completed application to the department of health that describes the practitioner's clinical practice and contains additional information that the department of health may require. The department of health shall determine whether an eligible health care practitioner qualifies for the rural health care practitioner tax credit and shall issue a certificate to each qualifying eligible health care practitioner. The department of health shall provide the taxation and revenue department appropriate information for all eligible health care practitioners to whom certificates are issued in a secure manner on regular intervals agreed upon by both the taxation and revenue department and the department of health.

D. A taxpayer claiming the credit provided by this section shall submit a copy of the certificate issued by the department of health with the taxpayer's New Mexico income tax return for the taxable year. If the amount of the credit claimed exceeds a taxpayer's tax liability for the taxable year in which the credit is being claimed, the excess may be carried forward for three consecutive taxable years.

E. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of the credit to the department~~] claim the credit on forms and in a manner required by the department.

F. [~~The department shall compile an annual report on the tax credit provided by this section that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

G. As used in this section:

(1) "eligible health care practitioner" means:

(a) a dentist or dental hygienist licensed pursuant to the Dental Health Care Act;

(b) a midwife that is a: 1) certified nurse-midwife licensed by the board of nursing as a registered nurse and licensed by the public health division of the department of health to practice nurse-midwifery as a certified nurse-midwife; or 2) licensed midwife licensed by the public health division of the department of health to practice

licensed midwifery;

(c) an optometrist licensed pursuant to the provisions of the Optometry Act;

(d) an osteopathic physician licensed pursuant to the provisions of the Medical Practice Act;

(e) a physician licensed pursuant to the provisions of the Medical Practice Act or a physician assistant licensed pursuant to the provisions of the Physician Assistant Act;

(f) a podiatric physician licensed pursuant to the provisions of the Podiatry Act;

(g) a psychologist licensed pursuant to the provisions of the Professional Psychologist Act;

(h) a registered nurse licensed pursuant to the provisions of the Nursing Practice Act;

(i) a pharmacist licensed pursuant to the provisions of the Pharmacy Act;

(j) a licensed clinical social worker or a licensed independent social worker licensed pursuant to the provisions of the Social Work Practice Act;

(k) a professional mental health counselor, a professional clinical mental health counselor, a marriage and family therapist, an alcohol and drug abuse counselor or a professional art therapist licensed pursuant to the provisions of the Counseling and Therapy Practice Act; and

(1) a physical therapist licensed pursuant to the provisions of the Physical Therapy Act;

(2) "health care underserved area" means a geographic area or practice location in which it has been determined by the department of health, through the use of indices and other standards set by the department of health, that sufficient health care services are not being provided;

(3) "practice site" means a private practice, public health clinic, hospital, public or private nonprofit primary care clinic or other health care service location in a health care underserved area; and

(4) "rural" means a rural county or an unincorporated area of a partially rural county, as designated by the health resources and services administration of the United States department of health and human services."

SECTION 41. Section 7-2-18.24 NMSA 1978 (being Laws 2009, Chapter 271, Section 1, as amended) is amended to read:

"7-2-18.24. GEOTHERMAL GROUND-COUPLED HEAT PUMP INCOME TAX CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return for a taxable year beginning on or after January 1, 2024 and who purchases and installs after [~~the effective date of this section~~] May 15, 2024 but before December 31, 2034 a geothermal ground-coupled heat pump in a residence, business or agricultural enterprise in New Mexico

owned by that taxpayer may apply for, and the department may allow, a tax credit of up to thirty percent of the purchase and installation costs of the system. The credit provided in this section may be referred to as the "geothermal ground-coupled heat pump income tax credit". The total geothermal ground-coupled heat pump income tax credit allowed to a taxpayer shall not exceed nine thousand dollars ($9,000). The department shall allow a geothermal ground-coupled heat pump income tax credit only for geothermal ground-coupled heat pumps that are certified pursuant to Subsection C of this section and installed by a nationally accredited ground source heat pump installer [~~certified by the energy, minerals and natural resources department~~].

B. That portion of a geothermal ground-coupled heat pump income tax credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

C. The energy, minerals and natural resources department shall adopt rules establishing procedures to provide certification of geothermal ground-coupled heat pumps for purposes of obtaining a geothermal ground-coupled heat pump income tax credit. The rules shall address technical specifications and requirements relating to safety, building code and standards compliance, minimum system sizes, system applications and lists of eligible components. The energy,

minerals and natural resources department may modify the specifications and requirements as necessary to maintain a high level of system quality and performance.

D. The maximum annual aggregate of credits that may be certified in a calendar year by the energy, minerals and natural resources department is four million dollars ($4,000,000). That department shall not certify a tax credit for which a taxpayer claims a 2021 sustainable building tax credit using a geothermal ground-coupled heat pump as a component of qualification for the rating system certification level used in determining eligibility for that credit. Completed applications for the credit shall be considered in the order received [~~by the department~~]. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

E. A taxpayer who otherwise qualifies and claims a geothermal ground-coupled heat pump income tax credit with respect to property owned by a partnership or other business association of which the taxpayer is a member may claim a credit only in proportion to that taxpayer's interest in the partnership or association. The total credit claimed in the aggregate by all members of the partnership or association with respect to the property shall not exceed the amount of the

credit that could have been claimed by a sole owner of the property.

F. Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the credit that would have been allowed on a joint return.

G. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of the credit to the department~~] claim the credit on forms and in a manner required by the department.

H. [~~The department shall compile an annual report on the tax credit provided by this section that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

I. As used in this section, "geothermal ground-coupled heat pump" means a heating and refrigerating system that directly or indirectly utilizes available heat below the surface of the earth for distribution of heating and cooling or

domestic hot water and that has either a minimum coefficient of performance of three and four-tenths or an efficiency ratio of sixteen or greater."

SECTION 42. Section 7-2-18.26 NMSA 1978 (being Laws 2010, Chapter 84, Section 1, as amended) is amended to read:

"7-2-18.26. AGRICULTURAL BIOMASS INCOME TAX CREDIT.--

A. A taxpayer who owns a dairy or feedlot and who files an individual New Mexico income tax return for a taxable year [~~beginning on or after January 1, 2011 and~~] ending prior to January 1, 2030, may [~~apply for~~] claim, and the department may allow, a tax credit equal to five dollars ($5.00) per wet ton of agricultural biomass transported from the taxpayer's dairy or feedlot to a facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use. The tax credit created in this section may be referred to as the "agricultural biomass income tax credit".

[~~B. If the requirements of this section have been complied with, the department shall issue to the taxpayer a document granting an agricultural biomass income tax credit. The document shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed pursuant to this section. The document may be submitted by the taxpayer with that taxpayer's income tax return or may be sold, exchanged or otherwise transferred to another taxpayer. The~~

~~parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.~~]

B. Subject to the limitations pursuant to Subsection D of this section, a taxpayer shall apply for certification of eligibility for the agricultural biomass income tax credit from the energy, minerals and natural resources department on forms and in the manner prescribed by that department. Completed applications shall be considered in the order received. A dated certificate of eligibility shall be issued to the taxpayer providing the amount of credit for which the taxpayer is eligible and the taxable year in which the credit may be claimed.

C. The energy, minerals and natural resources department shall:

(1) adopt rules establishing procedures to provide certification of transportation of agricultural biomass to a qualified facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use for purposes of obtaining an agricultural biomass income tax credit; and

(2) provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

D. The aggregate amount of agricultural biomass

income tax credits and agricultural biomass corporate income tax credits that may be certified is five million dollars ($5,000,000) per calendar year. Applications for certification received after this limitation shall not be approved. Any SFC→~~remaining~~←SFC amount of credit that remains unused in a taxable year may be available for certification for a maximum of four consecutive taxable years until the credit is fully utilized.

[~~C.~~] E. Any portion of the agricultural biomass income tax credit that [~~remains unused in a taxable year may be carried forward for a maximum of four consecutive taxable years following the taxable year in which the credit originates until fully expended~~] exceeds a taxpayer's income tax liability in the taxable year in which the credit is being claimed may be carried forward for up to three consecutive taxable years. A certificate of eligibility for an agricultural biomass income tax credit may be sold, exchanged or otherwise transferred to another taxpayer for the full value of the credit. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.

[~~D.~~] F. A taxpayer who otherwise qualifies and claims an agricultural biomass income tax credit with respect to a dairy or feedlot owned by a partnership or other business association of which the taxpayer is a member may claim the

credit only in proportion to that taxpayer's interest in the partnership or business association. The total agricultural biomass income tax credits claimed in the aggregate with respect to the same dairy or feedlot by all members of the partnership or business association shall not exceed the amount of the credit that could have been claimed by a single owner of the dairy or feedlot.

[~~E.~~] G. Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the credit that would have been allowed on a joint return.

[~~F. The energy, minerals and natural resources department shall adopt rules establishing procedures to provide certification of transportation of agricultural biomass to a qualified facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use for purposes of obtaining an agricultural biomass income tax credit. The rules may be modified as determined necessary by the energy, minerals and natural resources department to determine accurate recording of the quantity of agricultural biomass transported and used for the purpose allowable in this section.~~

~~G.~~] H. A taxpayer who claims an agricultural biomass income tax credit shall not also claim an agricultural biomass corporate income tax credit for transportation of the

same agricultural biomass on which the claim for that agricultural biomass income tax credit is based.

[~~H. The department shall limit the annual combined total of all agricultural biomass income tax credits and all agricultural biomass corporate income tax credits allowed to a maximum of five million dollars ($5,000,000). Applications for the credit shall be considered in the order received by the department.~~]

I. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of the credit to the department~~] claim the credit on forms and in a manner required by the department.

J. [~~The department shall compile an annual report on the agricultural biomass income tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

K. As used in this section:

(1) "agricultural biomass" means wet manure

meeting specifications established by the energy, minerals and natural resources department from either a dairy or feedlot commercial operation;

(2) "biocrude" means a nonfossil form of energy that can be transported and refined using existing petroleum refining facilities and that is made from biologically derived feedstocks and other agricultural biomass;

(3) "feedlot" means an operation that fattens livestock for market; and

(4) "dairy" means a facility that raises livestock for milk production."

SECTION 43. Section 7-2-18.29 NMSA 1978 (being Laws 2015, Chapter 130, Section 1, as amended) is amended to read:

"7-2-18.29. 2015 SUSTAINABLE BUILDING INCOME TAX CREDIT.--

A. The tax credit provided by this section may be referred to as the "2015 sustainable building income tax credit". The 2015 sustainable building income tax credit shall be available for the construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico into a sustainable building or the permanent installation of manufactured housing, regardless of where the housing is manufactured, that is a sustainable building; provided that the construction, renovation or installation project is completed prior to April 1, 2023. The tax credit

provided in this section may not be claimed with respect to the same sustainable building for which the 2015 sustainable building corporate income tax credit, [~~provided in the Corporate Income and Franchise Tax Act or~~] the 2021 sustainable building income tax credit [~~pursuant to the Income Tax Act~~] or the [~~Corporate Income and Franchise Tax Act~~] 2021 sustainable building corporate income tax credit has been claimed.

B. The purpose of the 2015 sustainable building income tax credit is to encourage the construction of sustainable buildings and the renovation of existing buildings into sustainable buildings.

C. A taxpayer who files an income tax return [~~is eligible to be granted~~] may claim a 2015 sustainable building income tax credit [~~by the department if the taxpayer submits a document issued pursuant to Subsection K of this section with the taxpayer's income tax return~~] if the requirements of this section are met.

D. For taxable years ending on or before December 31, 2024, the 2015 sustainable building income tax credit may be claimed with respect to a sustainable commercial building. The credit shall be calculated based on the certification level the building has achieved in the LEED green building rating system and the amount of qualified occupied square footage in the building, as indicated on the following chart:

LEED Rating Level	Qualified	Tax Credit

	Occupied Square Footage	per Square Foot
LEED-NC Silver	First 10,000	$3.50
	Next 40,000	$1.75
	Over 50,000 up to 500,000	$ .70
LEED-NC Gold	First 10,000	$4.75
	Next 40,000	$2.00
	Over 50,000 up to 500,000	$1.00
LEED-NC Platinum	First 10,000	$6.25
	Next 40,000	$3.25
	Over 50,000 up to 500,000	$2.00
LEED-EB or CS Silver	First 10,000	$2.50
	Next 40,000	$1.25
	Over 50,000 up to 500,000	$ .50
LEED-EB or CS Gold	First 10,000	$3.35
	Next 40,000	$1.40
	Over 50,000 up to 500,000	$ .70
LEED-EB or CS Platinum	First 10,000	$4.40
	Next 40,000	$2.30
	Over 50,000	

	up to 500,000	$1.40
LEED-CI Silver	First 10,000	$1.40
	Next 40,000	$ .70
	Over 50,000	
	up to 500,000	$ .30
LEED-CI Gold	First 10,000	$1.90
	Next 40,000	$ .80
	Over 50,000	
	up to 500,000	$ .40
LEED-CI Platinum	First 10,000	$2.50
	Next 40,000	$1.30
	Over 50,000	
	up to 500,000	$ .80.

E. For taxable years ending on or before December 31, 2024, the 2015 sustainable building income tax credit may be claimed with respect to a sustainable residential building. The credit shall be calculated based on the amount of qualified occupied square footage, as indicated on the following chart:

Rating System/Level	Qualified Occupied Square Footage	Tax Credit per Square Foot
LEED-H Silver or Build Green NM Silver	Up to 2,000	$3.00
LEED-H Gold or Build Green NM Gold	Up to 2,000	$4.50

LEED-H Platinum or Build Green NM Emerald	Up to 2,000	$6.50
Manufactured Housing	Up to 2,000	$3.00.

F. A person that is a building owner may apply for a certificate of eligibility for the 2015 sustainable building income tax credit from the energy, minerals and natural resources department on forms and in a manner prescribed by that department after the construction, installation or renovation of the sustainable building is complete. Completed applications shall be considered in the order received. If the energy, minerals and natural resources department determines that the building owner meets the requirements of this subsection and that the building with respect to which the tax credit application is made meets the requirements of this section as a sustainable residential building or a sustainable commercial building, the energy, minerals and natural resources department may issue a dated certificate of eligibility to the building owner providing the amount of credit for which the building owner is eligible and the taxable year in which the credit may be claimed, subject to the limitations in Subsection G of this section. The certificate shall include the rating system certification level awarded to the building, the amount of qualified occupied square footage in the building and a calculation of the maximum amount of 2015 sustainable building income tax credit for which the building owner [~~would be~~] is

eligible. The energy, minerals and natural resources department may issue rules governing the procedure for administering the provisions of this subsection. [~~If the certification level for the sustainable residential building is awarded on or after January 1, 2017 but prior to April 1, 2023, the energy, minerals and natural resources department may issue a certificate of eligibility to a building owner who is:~~

~~(1) the owner of the sustainable residential building at the time the certification level for the building is awarded; or~~

~~(2) the subsequent purchaser of a sustainable residential building with respect to which no tax credit has been previously claimed.~~]

G. Except as provided in Subsection H of this section, the energy, minerals and natural resources department may issue a certificate of eligibility only if the [~~total~~] aggregate amount of 2015 sustainable building income tax credits represented by certificates of eligibility issued by the energy, minerals and natural resources department pursuant to this section and [~~pursuant to the Corporate Income and Franchise Tax Act~~] Section 7-2A-28 NMSA 1978 shall not exceed in any calendar year an aggregate amount of:

(1) one million two hundred fifty thousand dollars ($1,250,000) with respect to sustainable commercial buildings;

(2) three million three hundred seventy-five thousand dollars ($3,375,000) with respect to sustainable residential buildings that are not manufactured housing; and

(3) three hundred seventy-five thousand dollars ($375,000) with respect to sustainable residential buildings that are manufactured housing.

H. For any taxable year that the energy, minerals and natural resources department determines that applications for sustainable building tax credits for any type of sustainable building pursuant to Paragraph (1), (2) or (3) of Subsection G of this section are less than the aggregate limit for that type of sustainable building for that taxable year, the energy, minerals and natural resources department shall allow the difference between the aggregate limit and the applications to be added to the aggregate limit of another type of sustainable building for which applications exceeded the aggregate limit for that taxable year. Any excess not used in a taxable year shall not be carried forward to subsequent taxable years. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

I. Installation of a solar thermal system or a photovoltaic system eligible for the solar market development tax credit pursuant to Section 7-2-18.14 or 7-2-18.31 NMSA 1978

may not be used as a component of qualification for the rating system certification level used in determining eligibility for the 2015 sustainable building income tax credit, unless a solar market development tax credit pursuant to Section 7-2-18.14 or 7-2-18.31 NMSA 1978 has not been claimed with respect to that system and the building owner and the taxpayer claiming the 2015 sustainable building income tax credit certify that such a tax credit will not be claimed with respect to that system.

J. To [~~be eligible for~~] claim the 2015 sustainable building income tax credit, the building owner shall provide to the [~~taxation and revenue~~] department a certificate of eligibility issued by the energy, minerals and natural resources department pursuant to the requirements of Subsection F of this section and any other information the [~~taxation and revenue~~] department may require to determine the amount of the tax credit for which the building owner is eligible.

[~~K. If the requirements of this section have been complied with, the department shall issue to the building owner a document granting a 2015 sustainable building tax credit. The document shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed pursuant to this section. The document may be submitted by the building owner with that taxpayer's income tax return, if applicable, or may be sold, exchanged or otherwise transferred to another taxpayer. The parties to such a transaction shall~~

~~notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.~~

~~L. If the approved amount of a 2015 sustainable building tax credit for a taxpayer in a taxable year represented by a document issued pursuant to Subsection K of this section is:~~

~~(1) less than one hundred thousand dollars ($100,000), a maximum of twenty-five thousand dollars ($25,000) shall be applied against the taxpayer's income tax liability for the taxable year for which the credit is approved and the next three subsequent taxable years as needed depending on the amount of credit; or~~

~~(2) one hundred thousand dollars ($100,000) or more, increments of twenty-five percent of the total credit amount in each of the four taxable years, including the taxable year for which the credit is approved and the three subsequent taxable years, shall be applied against the taxpayer's income tax liability.~~

~~M. If the sum of all~~] K. Any portion of a 2015 sustainable building income tax [~~credits that can be applied to a taxable year for a taxpayer, calculated according to Paragraph (1) or (2) of Subsection L of this section~~] credit that exceeds the taxpayer's income tax liability [~~for that~~] in the taxable year [~~the excess~~] for which the credit is claimed may be carried forward for [~~a period of~~] up to seven

consecutive taxable years.

[~~N.~~] L. A taxpayer who otherwise qualifies and claims a 2015 sustainable building income tax credit with respect to a sustainable building owned by a partnership or other business association of which the taxpayer is a member may claim a credit only in proportion to that taxpayer's interest in the partnership or association. The total credit claimed in the aggregate by all members of the partnership or association with respect to the sustainable building shall not exceed the amount of the credit that could have been claimed by a sole owner of the property.

[~~O.~~] M. Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the 2015 sustainable building income tax credit that would have been allowed on a joint return.

[~~P. The department shall compile an annual report on the 2015 sustainable building tax credit created pursuant to this section that shall include the number of taxpayers approved by the department to receive the tax credit, the aggregate amount of tax credits approved and any other information necessary to evaluate the effectiveness of the tax credit. Beginning in 2019 and every three years thereafter that the credit is in effect, the department shall compile and present the annual reports to the revenue stabilization and tax~~

~~policy committee and the legislative finance committee~~]

N. The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the tax credit and whether the tax credit is performing the purpose for which it was created.

[~~Q.~~] O. For the purposes of this section:

(1) "build green New Mexico rating system" means the certification standards adopted by build green New Mexico in November 2014, which include water conservation standards;

(2) "LEED-CI" means the LEED rating system for commercial interiors;

(3) "LEED-CS" means the LEED rating system for the core and shell of buildings;

(4) "LEED-EB" means the LEED rating system for existing buildings;

(5) "LEED gold" means the rating in compliance with, or exceeding, the second-highest rating awarded by the LEED certification process;

(6) "LEED" means the most current leadership in energy and environmental design green building rating system guidelines developed and adopted by the United States green building council;

(7) "LEED-H" means the LEED rating system for

homes;

(8) "LEED-NC" means the LEED rating system for new buildings and major renovations;

(9) "LEED platinum" means the rating in compliance with, or exceeding, the highest rating awarded by the LEED certification process;

(10) "LEED silver" means the rating in compliance with, or exceeding, the third-highest rating awarded by the LEED certification process;

(11) "manufactured housing" means a multisectioned home that is:

(a) a manufactured home or modular home;

(b) a single-family dwelling with a heated area of at least thirty-six feet by twenty-four feet and a total area of at least eight hundred sixty-four square feet;

(c) constructed in a factory to the standards of the United States department of housing and urban development, the National Manufactured Housing Construction and Safety Standards Act of 1974 and the Housing and Urban Development Zone Code 2 or New Mexico construction codes up to the date of the unit's construction; and

(d) installed consistent with the Manufactured Housing Act and rules adopted pursuant to that act relating to permanent foundations;

(12) "qualified occupied square footage" means

the occupied spaces of the building as determined by:

(a) the United States green building council for those buildings obtaining LEED certification;

(b) the administrators of the build green New Mexico rating system for those homes obtaining build green New Mexico certification; and

(c) the United States environmental protection agency for ENERGY STAR-certified manufactured homes;

(13) "person" does not include state, local government, public school district or tribal agencies;

(14) "sustainable building" means either a sustainable commercial building or a sustainable residential building;

(15) "sustainable commercial building" means a multifamily dwelling unit, as registered and certified under the LEED-H or build green New Mexico rating system, that is certified by the United States green building council as LEED-H silver or higher or by build green New Mexico as silver or higher and has achieved a home energy rating system index of sixty or lower as developed by the residential energy services network or a building that has been registered and certified under the LEED-NC, LEED-EB, LEED-CS or LEED-CI rating system and that:

(a) is certified by the United States green building council at LEED silver or higher;

(b) achieves any prerequisite for and at least one point related to commissioning under LEED "energy and atmosphere", if included in the applicable rating system; and

(c) has reduced energy consumption beginning January 1, 2012, by sixty percent based on the national average for that building type as published by the United States department of energy as substantiated by the United States environmental protection agency target finder energy performance results form, dated no sooner than the schematic design phase of development;

(16) "sustainable residential building" means:

(a) a building used as a single-family residence as registered and certified under the build green New Mexico or LEED-H rating system that: 1) is certified by the United States green building council as LEED-H silver or higher or by build green New Mexico as silver or higher; 2) has achieved a home energy rating system index of sixty or lower as developed by the residential energy services network; 3) has indoor plumbing fixtures and water-using appliances that, on average, have flow rates equal to or lower than the flow rates required for certification by WaterSense; 4) if landscape area is available at the front of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; and 5) if landscape area is available at the rear of the property, has at least one

water line outside the building below the frost line that may be connected to a drip irrigation system; or

(b) manufactured housing that is ENERGY STAR-qualified by the United States environmental protection agency;

(17) "tribal" means of, belonging to or created by a federally recognized Indian nation, tribe or pueblo; and

(18) "WaterSense" means a program created by the federal environmental protection agency that certifies water-using products that meet the environmental protection agency's criteria for efficiency and performance."

SECTION 44. Section 7-2-18.31 NMSA 1978 (being Laws 2020, Chapter 13, Section 1, as amended) is amended to read:

"7-2-18.31. NEW SOLAR MARKET DEVELOPMENT INCOME TAX CREDIT.--

A. For taxable years ending prior to January 1, 2032, a taxpayer who is not a dependent of another individual and who, on or after March 1, 2020, purchases and installs a solar thermal system or a photovoltaic system in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer or by a federally recognized Indian nation, tribe or pueblo and held in leasehold by that taxpayer may [~~apply for~~] claim, and the department may allow, a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act

in an amount provided in Subsection C of this section. The tax credit provided by this section may be referred to as the "new solar market development income tax credit".

B. The purpose of the new solar market development income tax credit is to encourage the installation of solar thermal and photovoltaic systems in residences, businesses and agricultural enterprises.

C. The department may allow a new solar market development income tax credit of ten percent of the purchase and installation costs of a solar thermal or photovoltaic system.

D. The new solar market development income tax credit shall not exceed six thousand dollars ($6,000) per taxpayer per taxable year. The department shall allow a tax credit only for solar thermal and photovoltaic systems certified pursuant to Subsection E of this section.

E. Subject to the limitation provided in Subsection F of this section, a taxpayer shall apply for certification of eligibility for the new solar market development income tax credit from the energy, minerals and natural resources department on forms and in the manner prescribed by that department. Completed applications shall be considered in the order received. The application shall include proof of purchase and installation of a solar thermal or photovoltaic system, that the system meets technical specifications and

requirements relating to safety, code and standards compliance, solar collector orientation and sun exposure, minimum system sizes, system applications and lists of eligible components and any additional information that the energy, minerals and natural resources department may require to determine eligibility for the credit. A dated certificate of eligibility shall be issued to the taxpayer providing the amount of the new solar market development income tax credit for which the taxpayer is eligible and the taxable year in which the credit may be claimed. A certificate of eligibility for a new solar market development income tax credit may be sold, exchanged or otherwise transferred to another taxpayer for the full value of the credit. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

F. The aggregate amount of credits that may be certified pursuant to Subsection E of this section is as follows, and applications for certification received after these limitations have been met shall not be approved:

(1) for calendar years 2020 through 2023, twelve million dollars ($12,000,000) for each calendar year;

provided that if this limitation has been met for any of those calendar years, an additional total of twenty million dollars ($20,000,000) in credits may be certified for all of those calendar years; and provided further that credits certified pursuant to this paragraph shall be claimed only for taxable year 2023; and

(2) for calendar years 2024 and thereafter, thirty million dollars ($30,000,000) for each calendar year.

G. A taxpayer may claim a new solar market development income tax credit for the taxable year in which the taxpayer purchases and installs a solar thermal or photovoltaic system. To receive a new solar market development income tax credit, a taxpayer shall [~~apply to the department~~] claim the credit on forms and in the manner prescribed by the department within twelve months following the calendar year in which the system was installed; provided that, for a taxpayer who receives a certificate of eligibility pursuant to Paragraph (1) of Subsection F of this section, the taxpayer shall apply to the department within twelve months following the calendar year in which the certification is made. The [~~application~~] claim shall include a certification made pursuant to Subsection E of this section.

H. That portion of a new solar market development income tax credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is claimed shall be

refunded to the taxpayer.

I. Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the new solar market development income tax credit that would have been claimed on a joint return.

J. A taxpayer may be allocated the right to claim a new solar market development income tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit pursuant to this section.

K. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of~~] claim the credit [~~to the taxation and revenue department~~] on forms and in a manner required by [~~that~~] the department.

L. [~~The taxation and revenue department shall compile an annual report on the new solar market development income tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the~~

~~report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

M. As used in this section:

(1) "photovoltaic system" means an energy system that collects or absorbs sunlight for conversion into electricity; and

(2) "solar thermal system" means an energy system that collects or absorbs solar energy for conversion into heat for the purposes of space heating, space cooling or water heating."

SECTION 45. Section 7-2-18.32 NMSA 1978 (being Laws 2021, Chapter 84, Section 2, as amended) is amended to read:

"7-2-18.32. 2021 SUSTAINABLE BUILDING INCOME TAX CREDIT.--

A. The tax credit provided by this section may be referred to as the "2021 sustainable building income tax credit". For taxable years ending prior to January 1, 2028, a taxpayer who is a building owner and files an income tax return [~~is eligible to be granted~~] may claim a 2021 sustainable building income tax credit [~~by the department~~] if the requirements of this section are met. The 2021 sustainable building income tax credit shall be available for the

construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico, the permanent installation of manufactured housing, regardless of where the housing is manufactured, that is a sustainable building or the installation of energy-conserving products to existing buildings in New Mexico, as provided in this section. The tax credit provided in this section may not be claimed with respect to the same sustainable building for which the 2021 sustainable building corporate income tax credit, [~~provided in the Corporate Income and Franchise Tax Act or~~] the 2015 sustainable building income tax credit [~~pursuant to the Income Tax Act~~] or the [~~Corporate Income and Franchise Tax Act~~] 2015 sustainable building corporate income tax credit has been claimed.

B. The amount of a 2021 sustainable building income tax credit shall be determined as follows:

(1) for the construction of a new sustainable commercial building that is broadband ready and electric vehicle ready and is completed on or after January 1, 2022, the amount of credit shall be calculated:

(a) based on the certification level the building has achieved in the rating level and the amount of qualified occupied square footage in the building, as indicated on the following chart:

Rating Level	Qualified Occupied	Tax Credit per Square

	Square Footage	Foot
LEED-NC Platinum	First 10,000	$5.25
	Next 40,000	$2.25
	Over 50,000	
	Up to 200,000	$1.00
LEED-EB or CS Platinum	First 10,000	$3.40
	Next 40,000	$1.30
	Over 50,000	
	Up to 200,000	$0.35
LEED-CI Platinum	First 10,000	$1.50
	Next 40,000	$0.40
	Over 50,000	
	Up to 200,000	$0.30
LEED-NC Gold	First 10,000	$3.00
	Next 40,000	$1.00
	Over 50,000	
	Up to 200,000	$0.25
LEED-EB or -CS Gold	First 10,000	$2.00
	Next 40,000	$1.00
	Over 50,000	
	Up to 200,000	$0.25
LEED-CI Gold	First 10,000	$0.90
	Next 40,000	$0.40
	Over 50,000	
	Up to 200,000	$0.10; and

(b) with additional amounts based on the additional criteria and the amount of qualified occupied square footage, as indicated in the following chart:

Additional Criteria	Qualified Occupied Square Footage	Tax Credit per Square Foot
Fully Electric Building	First 50,000	$1.00
	Over 50,000 Up to 200,000	$0.50
Zero Carbon, Energy, Waste or Water Certified	First 50,000	$0.25
	Over 50,000 Up to 200,000	$0.10;

(2) for the renovation of a commercial building that was built at least ten years prior to the date of the renovation, has twenty thousand square feet or more of space in which temperature is controlled and is broadband ready and electric vehicle ready, the amount of credit shall be calculated by multiplying two dollars twenty-five cents ($2.25) by the amount of qualified occupied square footage in the building, up to a maximum of one hundred fifty thousand dollars ($150,000) per renovation; provided that the renovation reduces total energy and power costs by fifty percent when compared to the most current energy standard for buildings except low-rise residential buildings, as developed by the American society of

heating, refrigerating and air-conditioning engineers;

(3) for the installation of the following energy-conserving products to an existing commercial building with less than twenty thousand square feet of space in which temperature is controlled that is broadband ready, the amount of credit shall be based on the cost of the product installed, which shall include installation costs, and if the building is affordable housing, per product installed:

Product	Amount of Credit	
	Affordable Housing	Non-Affordable Housing
Energy Star Air Source Heat Pump	$2,000	$1,000
Energy Star Ground Source Heat Pump	$2,000	$1,000
Energy Star Windows and Doors	100% of product cost up to $1,000	50% of product cost up to $500
Insulation Improvements That Meet Rules of the Energy, Minerals and Natural Resources Department	100% of product cost up to $2,000	50% of product cost up to $1,000

Energy Star Heat Pump Water Heater	$700	$350
Electric Vehicle Ready	100% of product cost up to $3,000	50% of product cost up to $1,500;

(4) for the construction of a new sustainable residential building that is broadband ready and electric vehicle ready and is completed on or after January 1, 2022, the amount of credit shall be calculated:

(a) based on the certification level the building has achieved in the rating level and the amount of qualified occupied square footage in the building, as indicated on the following chart:

Rating Level	Qualified Occupied Square Footage	Tax Credit Per Square Foot
LEED-H Platinum	Up to 2,000	$5.50
LEED-H Gold	Up to 2,000	$3.80
Build Green Emerald	Up to 2,000	$5.50
Build Green Gold	Up to 2,000	$3.80
Manufactured Housing	Up to 2,000	$2.00; and

(b) with additional amounts based on the additional criteria and the amount of qualified occupied square footage, as indicated in the following chart:

Additional Criteria	Qualified	Tax Credit

	Occupied Square Footage	Per Square Foot
Fully Electric Building	Up to 2,000	$1.00
Zero Carbon, Energy, Waste or Water Certified	Up to 2,000	$0.25; and

(5) for the installation of the following energy-conserving products to an existing residential building, the amount of credit shall be based on the cost of the product installed, which shall include installation costs, and if the building is affordable housing or the taxpayer is a low-income taxpayer, per product installed:

Product	Amount of Credit	
	Affordable Housing and Low-Income	Non-Affordable Housing and Non-Low Income
Energy Star Air Source Heat Pump	$2,000	$1,000
Energy Star Ground Source Heat Pump	$2,000	$1,000
Energy Star Windows and Doors	100% of product cost up to $1,000	50% of product cost up to $500
Insulation Improvements That Meet Rules of the		

Energy, Minerals and Natural Resources Department	100% of product cost up to $2,000	50% of product cost up to $1,000
Energy Star Heat Pump Water Heater	$700	$350
Electric Vehicle Ready	$1,000	$500.

C. A person who is a building owner may apply for a certificate of eligibility for the 2021 sustainable building income tax credit from the energy, minerals and natural resources department on forms and in a manner prescribed by that department after the construction, installation or renovation of the sustainable building or installation of energy-conserving products in an existing building is complete. Completed applications shall be considered in the order received. If the energy, minerals and natural resources department determines that the building owner meets the requirements of this subsection and that the building with respect to which the application is made meets the requirements of this section for a 2021 sustainable building income tax credit, the energy, minerals and natural resources department may issue a dated certificate of eligibility to the building owner, subject to the limitations in Subsection D of this section. The certificate shall include the rating system certification level awarded to the building, the amount of

qualified occupied square footage in the building, a calculation of the [~~maximum~~] amount of 2021 sustainable building income tax credit for which the building owner [~~would be~~] is eligible, the identification number, date of issuance and the first taxable year that the credit shall be claimed. The energy, minerals and natural resources department may issue rules governing the procedure for administering the provisions of this subsection. [~~If the certification level for the sustainable residential building is awarded on or after January 1, 2022~~] The energy, minerals and natural resources department may issue a certificate of eligibility to a building owner who is:

(1) the owner of the sustainable residential building at the time the certification level for the building is awarded; or

(2) the subsequent purchaser of a sustainable residential building with respect to which no tax credit has been previously claimed.

D. Except as provided in Subsection E of this section, the energy, minerals and natural resources department may issue a certificate of eligibility only if the [~~total~~] aggregate amount of 2021 sustainable building income tax credits represented by certificates of eligibility issued by the energy, minerals and natural resources department pursuant to this section and pursuant to [~~the Corporate Income and~~

~~Franchise Tax Act~~] Section 7-2A-28.1 NMSA 1978 shall not exceed in any calendar year an aggregate amount of:

(1) one million dollars ($1,000,000) with respect to the construction of new sustainable commercial buildings;

(2) two million dollars ($2,000,000) with respect to the construction of new sustainable residential buildings that are not manufactured housing;

(3) two hundred fifty thousand dollars ($250,000) with respect to the construction of new sustainable residential buildings that are manufactured housing;

(4) one million dollars ($1,000,000) with respect to the renovation of large commercial buildings; and

(5) two million nine hundred thousand dollars ($2,900,000) with respect to the installation of energy-conserving products in existing commercial buildings pursuant to Paragraph (3) of Subsection B of this section and existing residential buildings pursuant to Paragraph (5) of Subsection B of this section.

E. For any taxable year that the energy, minerals and natural resources department determines that applications for sustainable building tax credits for any type of sustainable building pursuant to Subsection D of this section are less than the aggregate limit for that type of sustainable building for that taxable year, the energy, minerals and

natural resources department shall allow the difference between the aggregate limit and the applications to be added to the aggregate limit of another type of sustainable building for which applications exceeded the aggregate limit for that taxable year. Any excess not used in a taxable year shall not be carried forward to subsequent taxable years. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

F. Installation of a solar thermal system or a photovoltaic system eligible for the new solar market development tax credit [~~pursuant to Section 7-2-18.31 NMSA 1978~~] shall not be used as a component of qualification for the rating system certification level used in determining eligibility for the 2021 sustainable building income tax credit, unless a new solar market development tax credit [~~pursuant to Section 7-2-18.31 NMSA 1978~~] has not been claimed with respect to that system and the building owner and the taxpayer claiming the 2021 sustainable building income tax credit certify that such a tax credit will not be claimed with respect to that system.

[~~G. To claim the 2021 sustainable building tax credit, the building owner shall provide to the taxation and revenue department a certificate of eligibility issued by the~~

~~energy, minerals and natural resources department pursuant to the requirements of Subsection C of this section and any other information the taxation and revenue department may require.~~

~~H. If the approved amount of a 2021 sustainable building tax credit for a taxpayer in a taxable year represented by a document issued pursuant to Subsection C of this section is:~~

~~(1) less than one hundred thousand dollars ($100,000), a maximum of twenty-five thousand dollars ($25,000) shall be applied against the taxpayer's income tax liability for the taxable year for which the credit is approved and the next three subsequent taxable years as needed depending on the amount of credit; or~~

~~(2) one hundred thousand dollars ($100,000) or more, increments of twenty-five percent of the total credit amount in each of the four taxable years, including the taxable year for which the credit is approved and the three subsequent taxable years, shall be applied against the taxpayer's income tax liability.~~

~~I. If the sum of all 2021 sustainable building tax credits that can be applied to a taxable year for a taxpayer, calculated according to Paragraph (1) or (2) of Subsection H of this section.~~]

G. A taxpayer allowed a tax credit pursuant to this section shall claim the credit on forms and in a manner

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = bold, blue, highlight
delete = bold, red, highlight, strikethrough

required by the department.

H. That portion of a 2021 sustainable building income tax credit approved by the department that exceeds the taxpayer's income tax liability for [~~that~~] the taxable year [~~the excess~~] in which the credit is claimed may be carried forward for [~~a period of~~] up to seven consecutive taxable years; provided that if the taxpayer is a low-income taxpayer, the excess shall be refunded to the taxpayer. A certificate of eligibility for a 2021 sustainable building income tax credit may be sold, exchanged or otherwise transferred to another taxpayer for the full value of the credit. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.

[~~J.~~] I. A taxpayer who otherwise qualifies and claims a 2021 sustainable building income tax credit with respect to a sustainable building owned by a partnership or other business association of which the taxpayer is a member may claim a credit only in proportion to that taxpayer's interest in the partnership or association. The total credit claimed in the aggregate by all members of the partnership or association with respect to the sustainable building shall not exceed the amount of the credit that could have been claimed by a sole owner of the property.

[~~K.~~] J. Married individuals who file separate returns for a taxable year in which they could have filed a

joint return may each claim only one-half of the 2021 sustainable building income tax credit that would have been allowed on a joint return.

[~~L. If the requirements of this section have been complied with, the department shall issue to the building owner a document granting a 2021 sustainable building tax credit. The document shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed pursuant to this section. The document may be submitted by the building owner with that taxpayer's income tax return, if applicable, or may be sold, exchanged or otherwise transferred to another taxpayer. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.~~

~~M. The department and the energy, minerals and natural resources department shall compile an annual report on the 2021 sustainable building tax credit created pursuant to this section that shall include the number of taxpayers approved to receive the tax credit, the aggregate amount of tax credits approved and any other information necessary to evaluate the effectiveness of the tax credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee~~]

K. The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section

7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the tax credit.

[~~N.~~] L. For the purposes of this section:

(1) "broadband ready" means a building with an internet connection capable of connecting to a broadband provider;

(2) "build green emerald" means the emerald level certification standard adopted by build green New Mexico, which includes water conservation standards and uses forty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department;

(3) "build green gold" means the gold level certification standard adopted by build green New Mexico, which includes water conservation standards and uses thirty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department;

(4) "building owner" means a person who holds fee simple interest in a property or a person who holds a leasehold interest in land owned by a federally recognized Indian nation, tribe or pueblo;

[~~(4)~~] (5) "electric vehicle ready" means a

property that for commercial buildings provides at least ten percent of parking spaces and for residential buildings at least one parking space with one forty-ampere, two-hundred-eight-volt or two-hundred-forty-volt dedicated branch circuit for servicing electric vehicles that terminates in a suitable termination point, such as a receptacle or junction box, and is located in reasonably close proximity to the proposed location of the parking spaces;

[~~(5)~~] (6) "energy rating system index" means a numerical score given to a building where one hundred is equivalent to the 2006 international energy conservation code and zero is equivalent to a net-zero home. As used in this paragraph, "net-zero home" means an energy-efficient home where, on a source energy basis, the actual annual delivered energy is less than or equal to the on-site renewable exported energy;

[~~(6)~~] (7) "Energy Star" means products and devices certified under the energy star program administered by the United States environmental protection agency and United States department of energy that meet the specified performance requirements at the installed locations;

[~~(7)~~] (8) "fully electric building" means a building that uses a permanent supply of electricity as the source of energy for all space heating, water heating, including pools and spas, cooking appliances and clothes drying

appliances and, in the case of a new building, has no natural gas or propane plumbing installed in the building or, in the case of an existing building, has no connected natural gas or propane plumbing;

[~~(8)~~] (9) "LEED" means the most current leadership in energy and environmental design green building rating system guidelines developed and adopted by the United States green building council;

[~~(9)~~] (10) "LEED-CI" means the LEED rating system for commercial interiors;

[~~(10)~~] (11) "LEED-CS" means the LEED rating system for the core and shell of buildings;

[~~(11)~~] (12) "LEED-EB" means the LEED rating system for existing buildings;

[~~(12)~~] (13) "LEED gold" means the rating in compliance with, or exceeding, the second-highest rating awarded by the LEED certification process;

[~~(13)~~] (14) "LEED-H" means the LEED rating system for homes;

[~~(14)~~] (15) "LEED-NC" means the LEED rating system for new buildings and major renovations;

[~~(15)~~] (16) "LEED platinum" means the rating in compliance with, or exceeding, the highest rating awarded by the LEED certification process;

[~~(16)~~] (17) "low-income taxpayer" means a

taxpayer with an annual household adjusted gross income equal to or less than two hundred percent of the federal poverty level guidelines published by the United States department of health and human services;

[~~(17)~~] (18) "manufactured housing" means a multisectioned home that is:

(a) a manufactured home or modular home;

(b) a single-family dwelling with a heated area of at least thirty-six feet by twenty-four feet and a total area of at least eight hundred sixty-four square feet;

(c) constructed in a factory to the standards of the United States department of housing and urban development, the National Manufactured Housing Construction and Safety Standards Act of 1974 and the Housing and Urban Development Zone Code 2 or New Mexico construction codes up to the date of the unit's construction; and

(d) installed consistent with the Manufactured Housing Act and rules adopted pursuant to that act relating to permanent foundations;

[~~(18)~~] (19) "qualified occupied square footage" means the occupied spaces of the building as determined by:

(a) the United States green building council for those buildings obtaining LEED certification;

(b) the administrators of the build

green New Mexico rating system for those homes obtaining build green New Mexico certification; and

(c) the United States environmental protection agency for Energy Star-certified manufactured homes;

[~~(19)~~] (20) "person" does not include state, local government, public school district or tribal agencies;

[~~(20)~~] (21) "sustainable building" means either a sustainable commercial building or a sustainable residential building;

[~~(21)~~] (22) "sustainable commercial building" means:

(a) a commercial building that is certified as any LEED platinum or gold for commercial buildings;

(b) a multifamily dwelling unit that is certified as LEED-H platinum or gold or build green emerald or gold and uses at least thirty percent less energy than is required by the prescriptive path of the most current applicable energy conservation code promulgated by the construction industries division of the regulation and licensing department for build green gold or LEED-H, or uses at least forty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department for build

green emerald or LEED platinum; or

(c) a building that: 1) is certified at LEED-NC, LEED-EB, LEED-CS or LEED-CI platinum or gold levels; 2) achieves any prerequisite for and at least one point related to commissioning under the LEED energy and atmosphere category, if included in the applicable rating system; and 3) has reduced energy consumption beginning January 1, 2012 by forty percent based on the national average for that building type as published by the United States department of energy as substantiated by the United States environmental protection agency target finder energy performance results form, dated no sooner than the schematic design phase of development;

[~~(22)~~] (23) "sustainable residential building" means:

(a) a building used as a single-family residence that: 1) is certified as LEED-H platinum or gold or build green emerald or gold; 2) uses at least thirty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department for build green gold or LEED-H, or uses at least forty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department for build

green emerald or LEED platinum; 3) has indoor plumbing fixtures and water-using appliances that, on average, have flow rates equal to or lower than the flow rates required for certification by WaterSense; 4) if landscape area is available at the front of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; and 5) if landscape area is available at the rear of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; or

(b) manufactured housing that is Energy Star-qualified;

[~~(23)~~] (24) "tribal" means of, belonging to or created by a federally recognized Indian nation, tribe or pueblo;

[~~(24)~~] (25) "WaterSense" means a program created by the federal environmental protection agency that certifies water-using products that meet the environmental protection agency's criteria for efficiency and performance;

[~~(25)~~] (26) "zero carbon certified" means a building that is certified as LEED zero carbon by achieving a carbon-dioxide-equivalent balance of zero for the building;

[~~(26)~~] (27) "zero energy certified" means a building that is certified as LEED zero energy by achieving a source energy use balance of zero for the building;

[~~(27)~~] (28) "zero waste certified" means a building that is certified as LEED zero waste by achieving green building certification incorporated's true zero waste certification at the platinum level; and

[~~(28)~~] (29) "zero water certified" means a building that is certified as LEED zero water by achieving a potable water use balance of zero for the building."

SECTION 46. Section 7-2-18.35 NMSA 1978 (being Laws 2024, Chapter 67, Section 9) is amended to read:

"7-2-18.35. HOME FIRE RECOVERY INCOME TAX CREDIT.--

A. A taxpayer who is not a dependent of another individual and who, beginning on [~~the effective date of this section~~] May 15, 2024 and prior to January 1, 2030, incurs qualified home expenditures for a home in New Mexico to replace a prior home of the taxpayer that was destroyed by a wildfire in calendar years 2021 through 2023 may claim a tax credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount equal to the qualified home expenditures incurred by the taxpayer not to exceed fifty thousand dollars ($50,000) per home. The tax credit provided by this section may be referred to as the "home fire recovery income tax credit".

B. A taxpayer who seeks to claim the tax credit shall apply for certification of eligibility from the construction industries division of the regulation and

licensing department on forms and in a manner prescribed by that division. The aggregate amount of credits that may be certified as eligible in any calendar year is five million dollars ($5,000,000). An application for certification shall be made no later than twelve months after the calendar year in which construction of the home is completed. Completed applications shall be considered in the order received. If a taxpayer submits an application for the tax credit and the aggregate amount of certifications has been met for the calendar year, the application shall be placed at the front of a queue for certification in a subsequent calendar year. Except as otherwise provided in Subsections [~~F and~~] G and H of this section, only one tax credit shall be certified per taxpayer.

C. An application for certification of eligibility shall include:

(1) proof that the taxpayer's prior home was destroyed by wildfire in calendar years 2021 through 2023, including a sworn statement by the taxpayer;

(2) proof that the taxpayer incurred expenditures for the construction of a home on the same property of the taxpayer's prior, wildfire-destroyed home, including a contract with a builder or manufacturer;

(3) a sworn statement by the taxpayer and the builder or manufacturer of the home that the construction of

the home has been completed and stating the date of its completion; and

(4) any additional information the construction industries division of the regulation and licensing department may require to determine eligibility for the tax credit.

D. If the construction industries division of the regulation and licensing department determines that the taxpayer meets the requirements of this section, the division shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable year in which the credit may be claimed. The construction industries division shall provide the department with the certificates of eligibility issued pursuant to this subsection in [~~an~~] a secure electronic format at regularly agreed-upon intervals.

E. A taxpayer issued a certificate of eligibility shall claim the tax credit on forms and in a manner required by the department within twelve months of being issued the certificate of eligibility.

F. That portion of the tax credit that exceeds a taxpayer's tax liability in the taxable year in which the tax credit is claimed shall not be refunded but may be carried forward for a maximum of three consecutive taxable years.

G. Married individuals filing separate returns for

a taxable year for which they could have filed a joint return may each claim only one-half of the tax credit that would have been claimed on a joint return.

H. A taxpayer may be allocated the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit pursuant to this section.

I. [~~The department shall compile an annual report on the tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

J. As used in this section:

(1) "home" means a dwelling designed for long-term habitation in which the taxpayer resides for a majority of

the year and is:

(a) constructed permanently on a taxpayer's property with a foundation and that cannot be moved; or

(b) a manufactured home or modular home that is a single-family dwelling with a heated area of at least thirty-six by twenty-four feet and at least eight hundred sixty-four square feet and constructed in a factory to the standards of the United States department of housing and urban development, the National Manufactured Housing Construction and Safety Standards Act of 1974 and the Housing and Urban Development Zone Code 2 or the Uniform Building Code, as amended to the date of the unit's construction, and installed consistent with the Manufactured Housing Act and with the rules made pursuant thereto relating to permanent foundations; and

(2) "qualified home expenditures" means gross expenditures for the construction or manufacture of a home on the same property in New Mexico that a taxpayer's prior home was destroyed by a wildfire in calendar years 2021 through 2023, less any compensation related to home construction, manufacture or repair costs received pursuant to the federal Hermit's Peak/Calf Canyon Fire Assistance Act or from insurance or other source of compensation."

SECTION 47. Section 7-2-18.38 NMSA 1978 (being Laws 2024, Chapter 67, Section 33) is amended to read:

"7-2-18.38. GEOTHERMAL ELECTRICITY GENERATION INCOME TAX CREDIT.--

A. For taxable years ending prior to January 1, 2032, a taxpayer who is not a dependent of another individual and who holds an interest in a geothermal electricity generation facility may apply for, and the department may allow, a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act. The tax credit provided by this section may be referred to as the "geothermal electricity generation income tax credit".

B. The amount of a tax credit allowed pursuant to this section shall be an amount equal to one and one-half cents ($0.015) per kilowatt-hour of electricity generated in New Mexico in a taxable year by the geothermal electricity generation facility in which the taxpayer holds an interest.

C. A taxpayer shall apply for certification of eligibility for the credit provided by this section from the energy, minerals and natural resources department on forms and in the manner prescribed by that department. The total annual aggregate amount of credits that may be certified for geothermal electricity generation income tax credits and geothermal electricity generation corporate income tax credits in any calendar year is five million dollars ($5,000,000). Completed applications shall be considered in the order received. Applications for certification received after this

limitation has been met in a calendar year shall not be approved for that calendar year, but shall be considered for certification in the following calendar year. The application shall include proof that the taxpayer is eligible for certification, including that the geothermal electricity generation facility that produced the energy for which the taxpayer is claiming credit, the geothermal resources used by the geothermal electricity generation facility and the taxpayer's interest in the geothermal electricity generation facility are in accordance with the definitions set forth in this section. For taxpayers approved to receive the credit, the energy, minerals and natural resources department shall issue a certificate of eligibility stating the amount of credit to which the taxpayer is entitled and the taxable year in which the credit may be claimed. The certificate of eligibility shall be numbered for identification and declare the date of issuance and the amount of the tax credit allowed.

D. A taxpayer may claim a geothermal electricity generation income tax credit for the taxable year in which electricity was generated in New Mexico by a geothermal electricity generation facility in which the taxpayer holds an interest. To receive the credit provided by this section, a taxpayer shall apply to the department on forms and in the manner prescribed by the department. The application shall include a [~~certification made~~] certificate of eligibility

issued pursuant to Subsection C of this section.

E. That portion of a credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is claimed may be carried forward for up to three consecutive years.

F. Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the credit that would have been claimed on a joint return.

G. A taxpayer may be allocated the right to claim a credit provided by this section in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the maximum amount of the credit allowed pursuant to this section.

H. A taxpayer allowed a tax credit pursuant to this section shall report the amount of the credit to the department in a manner required by the department.

I. [~~The department shall compile an annual report on the credit provided by this section that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other~~

~~information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

J. As used in this section:

(1) "geothermal electricity generation facility" means a facility located in New Mexico that generates electricity from geothermal resources and:

(a) for new facilities, begins construction on or after January 1, 2025; or

(b) for existing facilities, on or after January 1, 2025, increases the amount of electricity generated from geothermal resources the facility generated prior to that date by at least one hundred percent;

(2) "geothermal resources" means the natural heat of the earth in excess of two hundred fifty degrees Fahrenheit or the energy, in whatever form, below the surface of the earth present in, resulting from, created by or that may be extracted from this natural heat in excess of two hundred fifty degrees Fahrenheit and all minerals in solution or other products obtained from naturally heated fluids, brines, associated gases and steam, in whatever form, found below the

surface of the earth, but excluding oil, hydrocarbon gas and other hydrocarbon substances and excluding the heating and cooling capacity of the earth not resulting from the natural heat of the earth in excess of two hundred fifty degrees Fahrenheit as may be used for the heating and cooling of buildings through an on-site geoexchange heat pump or similar on-site system; and

(3) "interest in a geothermal electricity generation facility" means title to a geothermal electricity generation facility; a leasehold interest in such facility; an ownership interest in a business or entity that is taxed for federal income tax purposes as a partnership that holds title to or a leasehold interest in such facility; or an ownership interest, through one or more intermediate entities that are each taxed for federal income tax purposes as a partnership, in a business that holds title to or a leasehold interest in such facility."

SECTION 48. Section 7-2-24 NMSA 1978 (being Laws 1981, Chapter 343, Section 2, as amended) is amended to read:

"7-2-24. OPTIONAL DESIGNATION OF TAX REFUND [~~CONTRIBUTION~~] CONTRIBUTIONS.--

A. Except as [~~otherwise~~] provided in Subsection C of this section, [~~any~~] an individual whose state income tax liability after application of allowable credits and tax rebates in any year is lower than the amount of money held by

the department to the credit of such individual for that tax year may designate any portion of the income tax refund due [~~him~~] to the individual to be paid [~~into the game protection fund~~] to the entities or funds as provided in Subsection B of this section. In the case of a joint return, both individuals must make such designation.

B. The department shall [~~revise~~] provide for the state income tax form to allow the designation of such contributions [~~in substantially the following form:~~

~~"New Mexico Game Protection Fund--Check []~~

~~if you wish to contribute a part or all~~

~~of your tax refund to the Game Protection~~

~~Fund. Enter here $_____ the amount~~

~~of your contribution."~~] as follows:

(1) to the game protection fund;

(2) to the energy, minerals and natural resources department for the conservation planting revolving fund for the planting of trees in New Mexico;

(3) to the board of regents of New Mexico state university for the New Mexico department of agriculture's healthy soil program;

(4) to the veterans' services department for the veterans' state cemetery fund;

(5) to the public education department for the substance abuse education fund to provide substance abuse

educational programs in New Mexico schools;

(6) to the board of regents of the university of New Mexico for the amyotrophic lateral sclerosis research fund for amyotrophic lateral sclerosis (Lou Gehrig's disease) research;

(7) to the state parks division of the energy, minerals and natural resources department for the kids in parks education program;

(8) to the department of military affairs for assistance to members of the New Mexico national guard and to their families;

(9) to the veterans' services department for the operation, maintenance and improvement of the Vietnam veterans memorial near Angel Fire, New Mexico;

(10) to the veterans' services department for the veterans' enterprise fund to carry out the programs, duties or services of the veterans' services department;

(11) to the higher education department for the lottery tuition fund to provide tuition assistance for New Mexico resident undergraduates;

(12) to the New Mexico livestock board for the equine shelter rescue fund;

(13) to the aging and long-term services department to enhance or expand senior services through statewide area agencies on aging grant programs, including

senior services provided through the north central New Mexico economic development district as the non-metro area agency on aging, the city of Albuquerque/Bernalillo county area agency on aging, the Indian area agency on aging and the Navajo area agency on aging;

(14) to the board of veterinary medicine for the animal care and facility fund to carry out the statewide dog and cat spay and neuter program;

(15) to the New Mexico mortgage finance authority for the New Mexico housing trust fund for affordable housing programs; and

(16) two dollars ($2.00) to a state political party of the individual's choosing that on January 1 of the taxable year for which the return is filed meets the requirements of Subsection A of Section 1-7-2 NMSA 1978.

C. The provisions of this section do not apply to income tax refunds subject to interception under the provisions of the Tax Refund Intercept Program Act and any designation made under the provisions of this section to such refunds is void.

D. The department shall disregard a direction on a return to make an optional refund contribution if the amount of refund due on the return is determined by the department to be less than the sum of the amounts directed to be contributed.

E. Notwithstanding the provisions of Section 7-1-26

NMSA 1978, a taxpayer shall not claim and the department shall not allow a refund with respect to any optional refund contribution that was made by the department at the direction of the taxpayer."

SECTION 49. Section 7-2-28.1 NMSA 1978 (being Laws 2011, Chapter 42, Section 1, as amended) is amended to read:

"7-2-28.1. VETERANS' STATE CEMETERY FUND--CREATED.--The "veterans' state cemetery fund" is created as a nonreverting fund in the state treasury. The fund consists of appropriations, gifts, grants, donations and amounts designated pursuant to Section [~~7-2-28~~] 7-2-24 NMSA 1978. Money in the fund at the end of a fiscal year shall not revert to any other fund. The veterans' services department shall administer the fund, and money in the fund is appropriated to the veterans' services department."

SECTION 50. Section 7-2-31.1 NMSA 1978 (being Laws 1999, Chapter 47, Section 5) is amended to read:

"7-2-31.1. OPTIONAL REFUND CONTRIBUTION PROVISIONS--CONDITIONAL REPEAL.--

A. By [~~August 31, 2000, and by~~] August 31 of [~~every succeeding~~] each year, the secretary shall determine the total amount contributed through the preceding July 31 on returns filed for taxable years ending in the preceding calendar year pursuant to each [~~provision of the Income Tax Act that allows a taxpayer the option of directing the department to contribute~~

~~all or any part of an income tax refund due the taxpayer to a specified account, fund or entity~~] purpose stated in Section 7-2-24 NMSA 1978.

B. If the secretary's determination pursuant to Subsection A of this section regarding an optional refund contribution provision is that the [~~total~~] amount contributed is less than [~~five thousand dollars ($5,000), exclusive of directions for contributions disregarded under Subsection C of this section~~] ten thousand dollars ($10,000), the secretary shall certify that fact to the secretary of state. Any optional refund contribution [~~provision~~] purpose for which a certification is made for three consecutive years is repealed and shall no longer be included on the state income tax form, effective on the January 1 following the third certification.

[~~C. The department shall disregard a direction on a return to make an optional refund contribution if the amount of refund due on the return is determined by the department to be less than the sum of the amounts directed to be contributed.~~

~~D. Notwithstanding the provisions of Section 7-1-26 NMSA 1978, a taxpayer may not claim and the department may not allow a refund with respect to any optional refund contribution that was made by the department at the direction of the taxpayer.~~]"

SECTION 51. Section 7-2-39 NMSA 1978 (being Laws 2019, Chapter 270, Section 15) is amended to read:

"7-2-39. DEDUCTION FROM NET INCOME FOR CERTAIN DEPENDENTS.--

A. As long as the exemption amount pursuant to Section 151 of the Internal Revenue Code means zero, a taxpayer who is not a dependent of another individual and files a return as a head of household or married filing jointly may claim a deduction from net income in an amount equal to the product of four thousand dollars ($4,000) multiplied by the difference between the number of dependents claimed on the taxpayer's return and one.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction to the department in a manner required by the department.

C. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deduction. The department shall present the annual report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

D. As used in this section, "dependent" means

"dependent" as defined in Section 152 of the Internal Revenue Code."

SECTION 52. Section 7-2-40 NMSA 1978 (being Laws 2021, Chapter 7, Section 1) is amended to read:

"7-2-40. DEDUCTION--INCOME FROM LEASING A LIQUOR LICENSE.--

A. Prior to January 1, 2026, a taxpayer who is a liquor license lessor and who held the license on June 30, 2021 may claim a deduction from net income in an amount equal to the gross receipts from sales of alcoholic beverages made by each liquor license lessee in an amount, if the liquor license is a dispenser's license and sales of alcoholic beverages for consumption off premises are less than fifty percent of total alcoholic beverage sales, not to exceed fifty thousand dollars ($50,000) for each of four taxable years.

B. Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of a deduction provided by this section that would have been claimed on a joint return.

C. A taxpayer may claim the deduction provided by this section in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the deduction. The

total deduction claimed in the aggregate by all members of the partnership or association with respect to the deduction shall not exceed the amount of the deduction that could have been claimed by a sole owner of the business.

D. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction to the department in a manner required by the department.

E. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the cost of the deduction. The department shall provide the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

F. As used in this section:

(1) "alcoholic beverage" means alcoholic beverage as defined in the Liquor Control Act;

(2) "dispenser's license" means a license issued pursuant to the provisions of the Liquor Control Act allowing the licensee to sell, offer for sale or have in the person's possession with the intent to sell alcoholic beverages

both by the drink for consumption on the licensed premises and in unbroken packages, including growlers, for consumption and not for resale off the licensed premises;

(3) "growler" means a clean, refillable, resealable container that has a liquid capacity that does not exceed one gallon and that is intended and used for the sale of beer, wine or cider;

(4) "liquor license" means a dispenser's license issued pursuant to Section 60-6A-3 NMSA 1978 or a dispenser's license issued pursuant to Section 60-6A-12 NMSA 1978 issued prior to July 1, 2021;

(5) "liquor license lessee" means a person that leases a liquor license from a liquor license lessor; and

(6) "liquor license lessor" means a person that leases a liquor license to a third party."

SECTION 53. Section 7-2-41 NMSA 1978 (being Laws 2024, Chapter 67, Section 24) is amended to read:

"7-2-41. DEDUCTION--SCHOOL SUPPLIES PURCHASED BY A PUBLIC SCHOOL TEACHER.--

A. A taxpayer who is not a dependent of another individual and is a public school teacher may claim a deduction from net income in an amount equal to the costs of school supplies purchased by the public school teacher in a taxable year, not to exceed:

(1) for a taxable year beginning on January

1, 2024 and prior to January 1, 2025, five hundred dollars ($500); and

(2) for a taxable year beginning on January 1, 2025 and prior to January 1, 2029, one thousand dollars ($1,000).

B. To claim a deduction pursuant to this section, a taxpayer shall submit to the department information required by the secretary establishing that the taxpayer is eligible to claim a deduction pursuant to this section.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction to the department in a manner required by the department.

D. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers approved by the department to receive the deduction, the aggregate amount of deductions approved and any other information necessary to evaluate the deduction. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

E. As used in this section:

(1) "public school teacher" means a person

who is licensed as a teacher pursuant to the Public School Code and who teaches at a public school, as that term is defined in the Public School Code; and

(2) "school supplies" means items purchased by a public school teacher and used by the students of the teacher in the teacher's classroom for educational purposes, including notebooks, paper, writing instruments, crayons, art supplies, rulers, maps and globes, but not including computers or other similar digital devices, watches, radios, digital music players, headphones, sporting equipment, portable or desktop telephones, cellular telephones or other electronic communication devices, copiers, office equipment, furniture or fixtures."

SECTION 54. Section 7-2A-9 NMSA 1978 (being Laws 1981, Chapter 37, Section 42, as amended) is amended to read:

"7-2A-9. TAXPAYER RETURNS--PAYMENT OF TAX.--

A. Every corporation deriving income from any business transaction, property or employment within this state, that is not exempt from tax under the Corporate Income and Franchise Tax Act and that is required by the laws of the United States to file a federal income tax return shall file a complete tax return with the department in form and content as prescribed by the secretary. [~~Except as provided in Subsection C of this section~~] A corporation that is required by the provisions of the Corporate Income and Franchise Tax Act to

file a return or pay a tax shall, on or before the due date of the corporation's federal corporate income tax return for the taxable year, file the return and pay the tax imposed for that year.

B. Every domestic or foreign corporation that is not exempt from tax under the Corporate Income and Franchise Tax Act, that is employed or engaged in the transaction of business in, into or from this state or that derives any income from property or employment within this state and every domestic or foreign corporation, regardless of whether it is engaged in active business, that has or exercises its corporate franchise in this state and that is not exempt from tax under the Corporate Income and Franchise Tax Act shall file a return in the form and content as prescribed by the secretary and pay the tax levied pursuant to Subsection B of Section 7-2A-3 NMSA 1978 in the amount for each corporation as specified in Section 7-2A-5.1 NMSA 1978. Returns and payment of tax for corporate franchise tax for a taxable year shall be filed and paid on the date specified in Subsection A [~~or C~~] of this section for payment of corporate income tax for the preceding taxable year.

[~~C. A corporation that is required by the provisions of the Corporate Income and Franchise Tax Act to file a return or pay a tax and that is approved by the department to use electronic media for filing and paying taxes shall, if using electronic media for filing and paying taxes,~~

~~file the return and pay the tax levied for that taxable year on or before the last day of the month in which the corporation's federal corporate income tax return is originally due for the taxable year. The due date provided by this subsection does not apply to corporations that have received a filing extension from New Mexico or an extension from the federal internal revenue service for the same taxable year.~~]"

SECTION 55. Section 7-2A-24 NMSA 1978 (being Laws 2009, Chapter 271, Section 2, as amended) is amended to read:

"7-2A-24. GEOTHERMAL GROUND-COUPLED HEAT PUMP CORPORATE INCOME TAX CREDIT.--

A. A taxpayer that files a New Mexico corporate income tax return for a taxable year beginning on or after January 1, 2024 and that purchases and installs after [~~the effective date of this section~~] May 15, 2024 but before December 31, 2034 a geothermal ground-coupled heat pump in a property owned by the taxpayer may claim against the taxpayer's corporate income tax liability, and the department may allow, a tax credit of up to thirty percent of the purchase and installation costs of the system. The credit provided in this section may be referred to as the "geothermal ground-coupled heat pump corporate income tax credit". The total geothermal ground-coupled heat pump corporate income tax credit allowed to a taxpayer shall not exceed nine thousand dollars ($9,000). The department shall allow a geothermal ground-coupled heat

pump corporate income tax credit only for geothermal ground-coupled heat pumps that are certified pursuant to Subsection C of this section and installed by a nationally accredited ground source heat pump installer [~~certified by the energy, minerals and natural resources department~~].

B. That portion of a geothermal ground-coupled heat pump corporate income tax credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is claimed shall be refunded to the taxpayer.

C. The energy, minerals and natural resources department shall adopt rules establishing procedures to provide certification of geothermal ground-coupled heat pumps for purposes of obtaining a geothermal ground-coupled heat pump corporate income tax credit. The rules shall address technical specifications and requirements relating to safety, building code and standards compliance, minimum system sizes, system applications and lists of eligible components. The energy, minerals and natural resources department may modify the specifications and requirements as necessary to maintain a high level of system quality and performance.

D. The maximum annual aggregate of credits that may be certified in a calendar year by the energy, minerals and natural resources department is four million dollars ($4,000,000). That department shall not certify a tax credit for which a taxpayer claims a 2021 sustainable building

corporate income tax credit using a geothermal ground-coupled heat pump as a component of qualification for the rating system certification level used in determining eligibility for that credit. Completed applications for the credit shall be considered in the order received [~~by the department~~]. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

E. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of~~] claim the credit [~~to the department~~] on forms and in a manner required by the department.

F. [~~The department shall compile an annual report on the tax credit provided by this section that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

G. As used in this section, "geothermal ground-

coupled heat pump" means a heating and refrigerating system that directly or indirectly utilizes available heat below the surface of the earth for distribution of heating and cooling or domestic hot water and that has either a minimum coefficient of performance of three and four-tenths or an efficiency ratio of sixteen or greater."

SECTION 56. Section 7-2A-24.1 NMSA 1978 (being Laws 2024, Chapter 67, Section 34) is amended to read:

"7-2A-24.1. GEOTHERMAL ELECTRICITY GENERATION CORPORATE INCOME TAX CREDIT.--

A. For taxable years ending prior to January 1, 2032, a taxpayer that holds an interest in a geothermal electricity generation facility may apply for, and the department may allow, a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act. The tax credit provided by this section may be referred to as the "geothermal electricity generation corporate income tax credit".

B. The amount of a tax credit allowed pursuant to this section shall be an amount equal to one and one-half cents ($0.015) per kilowatt-hour of electricity generated in New Mexico in a taxable year by the geothermal electricity generation facility in which the taxpayer holds an interest.

C. A taxpayer shall apply for certification of eligibility for the credit provided by this section from the

energy, minerals and natural resources department on forms and in the manner prescribed by that department. The total annual aggregate amount of geothermal electricity generation corporate income tax credits and geothermal electricity generation income tax credits that may be certified in any calendar year is five million dollars ($5,000,000). Completed applications shall be considered in the order received. Applications for certification received after this limitation has been met in a calendar year shall not be approved for that calendar year, but shall be considered for certification in the following calendar year. The application shall include proof that the taxpayer is eligible for certification, including that the geothermal electricity generation facility that produced the energy for which the taxpayer is claiming credit, the geothermal resources used by the geothermal electricity generation facility and the taxpayer's interest in the geothermal electricity generation facility are in accordance with the definitions set forth in this section. For taxpayers approved to receive the credit, the energy, minerals and natural resources department shall issue a certificate of eligibility stating the amount of credit to which the taxpayer is entitled and the taxable year in which the credit may be claimed. The certificate of eligibility shall be numbered for identification and declare the date of issuance and the amount of the tax credit allowed.

D. A taxpayer may claim a geothermal electricity

generation corporate income tax credit for the taxable year in which electricity was generated in New Mexico by a geothermal electricity generation facility in which the taxpayer holds an interest. To receive the credit provided by this section, a taxpayer shall apply to the department on forms and in the manner prescribed by the department. The application shall include a [~~certification made~~] certificate of eligibility issued pursuant to Subsection C of this section.

E. That portion of a credit that exceeds a taxpayer's tax liability in the taxable year in which the credit is claimed may be carried forward for up to three consecutive years.

F. A taxpayer allowed a tax credit pursuant to this section shall report the amount of the credit to the department in a manner required by that department.

G. [~~The department shall compile an annual report on the credit provided by this section that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the

tax credit.

H. As used in this section:

(1) "geothermal electricity generation facility" means a facility located in New Mexico that generates electricity from geothermal resources and:

(a) for new facilities, begins construction on or after January 1, 2025; or

(b) for existing facilities, on or after January 1, 2025, increases the amount of electricity generated from geothermal resources the facility generated prior to that date by at least one hundred percent;

(2) "geothermal resources" means the natural heat of the earth in excess of two hundred fifty degrees Fahrenheit or the energy, in whatever form, below the surface of the earth present in, resulting from, created by or that may be extracted from this natural heat in excess of two hundred fifty degrees Fahrenheit and all minerals in solution or other products obtained from naturally heated fluids, brines, associated gases and steam, in whatever form, found below the surface of the earth, but excluding oil, hydrocarbon gas and other hydrocarbon substances and excluding the heating and cooling capacity of the earth not resulting from the natural heat of the earth in excess of two hundred fifty degrees Fahrenheit as may be used for the heating and cooling of buildings through an on-site geoexchange heat pump or similar

on-site system; and

(3) "interest in a geothermal electricity generation facility" means title to a geothermal electricity generation facility; a leasehold interest in such facility; an ownership interest in a business or entity that is taxed for federal income tax purposes as a partnership that holds title to or a leasehold interest in such facility; or an ownership interest, through one or more intermediate entities that are each taxed for federal income tax purposes as a partnership, in a business that holds title to or a leasehold interest in such facility."

SECTION 57. Section 7-2A-26 NMSA 1978 (being Laws 2010, Chapter 84, Section 2, as amended) is amended to read:

"7-2A-26. AGRICULTURAL BIOMASS CORPORATE INCOME TAX CREDIT.--

A. A taxpayer that files a New Mexico corporate income tax return for a taxable year [~~beginning on or after January 1, 2011 and~~] ending prior to January 1, 2030 for a dairy or feedlot owned by the taxpayer may claim against the taxpayer's corporate income and franchise tax liability, and the department may allow, a tax credit equal to five dollars ($5.00) per wet ton of agricultural biomass transported from the taxpayer's dairy or feedlot to a facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use. The credit

provided in this section may be referred to as the "agricultural biomass corporate income tax credit".

[~~B. If the requirements of this section have been complied with, the department shall issue to the taxpayer a document granting an agricultural biomass corporate income tax credit. The document shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed pursuant to this section. The document may be submitted by the taxpayer with that taxpayer's corporate income tax return or may be sold, exchanged or otherwise transferred to another taxpayer. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.~~]

B. Subject to the limitations of Subsection C of this section, a taxpayer shall apply for certification of eligibility for the agricultural biomass corporate income tax credit from the energy, minerals and natural resources department on forms and in the manner prescribed by that department. Completed applications shall be considered in the order received. A dated certificate of eligibility shall be issued to the taxpayer providing the amount of the agricultural biomass corporate income tax credit for which the taxpayer is eligible and the taxable year in which the credit may be claimed. The energy, minerals and natural resources department shall adopt rules establishing procedures to provide

certification of transportation of agricultural biomass to a qualified facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use for purposes of obtaining an agricultural biomass corporate income tax credit.

C. The aggregate amount of agricultural biomass income tax credits and agricultural biomass corporate income tax credits that may be certified is five million dollars ($5,000,000) per calendar year, and applications for certification received after this limitation shall not be approved. Any remaining credits that remain unused in a taxable year may be available for certification for a maximum of four consecutive taxable years until the credits are fully utilized. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

[~~C. A~~] D. Any portion of the agricultural biomass corporate income tax credit that [~~remains unused in a taxable year may be carried forward for a maximum of four consecutive taxable years following the taxable year in which the credit originates until the credit is fully expended.~~

~~D. The energy, minerals and natural resources department shall adopt rules establishing procedures to provide certification of transportation of agricultural biomass to a~~

~~qualified facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use for purposes of obtaining an agricultural biomass corporate income tax credit. The rules may be modified as determined necessary by the energy, minerals and natural resources department to determine accurate recording of the quantity of agricultural biomass transported and used for the purpose allowable in this section~~] exceeds a taxpayer's corporate income tax liability in the taxable year in which the credit is being claimed may be carried forward for up to three consecutive taxable years. A certificate of eligibility for an agricultural biomass corporate income tax credit may be sold, exchanged or otherwise transferred to another taxpayer for the full value of the credit. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.

E. A taxpayer that claims an agricultural biomass corporate income tax credit shall not also claim an agricultural biomass income tax credit for transportation of the same agricultural biomass on which the claim for that agricultural biomass income tax credit is based.

[~~F. The department shall limit the annual combined total of all agricultural biomass income tax credits and all agricultural biomass corporate income tax credits allowed to a maximum of five million dollars ($5,000,000). Applications for~~

~~the credit shall be considered in the order received by the department.~~

~~G.~~] F. A taxpayer allowed a tax credit pursuant to this section shall [~~report the amount of~~] claim the credit [~~to the department~~] on forms and in a manner required by the department.

[~~H. The department shall compile an annual report on the agricultural biomass corporate income tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~]

G. The tax credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the tax credit.

[~~I.~~] H. As used in this section:

(1) "agricultural biomass" means wet manure meeting specifications established by the energy, minerals and natural resources department from either a dairy or feedlot commercial operation;

(2) "biocrude" means a nonfossil form of energy that can be transported and refined using existing

petroleum refining facilities and that is made from biologically derived feedstocks and other agricultural biomass;

(3) "feedlot" means an operation that fattens livestock for market; and

(4) "dairy" means a facility that raises livestock for milk production."

SECTION 58. Section 7-2A-28 NMSA 1978 (being Laws 2015, Chapter 130, Section 2, as amended) is amended to read:

"7-2A-28. 2015 SUSTAINABLE BUILDING CORPORATE INCOME TAX CREDIT.--

A. The tax credit provided by this section may be referred to as the "2015 sustainable building corporate income tax credit". The 2015 sustainable building corporate income tax credit shall be available for the construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico into a sustainable building or the permanent installation of manufactured housing, regardless of where the housing is manufactured, that is a sustainable building; provided that the construction, renovation or installation project is completed prior to April 1, 2023. The tax credit provided in this section may not be claimed with respect to the same sustainable building for which the 2015 sustainable building income tax credit, [~~provided in the Income Tax Act or~~] the 2021 sustainable building income tax credit [~~pursuant to the Income Tax Act~~] or the [~~Corporate Income and~~

~~Franchise Tax Act~~] 2021 sustainable building corporate income tax credit has been claimed.

B. The purpose of the 2015 sustainable building corporate income tax credit is to encourage the construction of sustainable buildings and the renovation of existing buildings into sustainable buildings.

C. A taxpayer that files a corporate income tax return [~~is eligible to be granted~~] may claim a 2015 sustainable building corporate income tax credit [~~by the department if the taxpayer submits a document issued pursuant to Subsection K of this section with the taxpayer's corporate income tax return~~] if the requirements of this section are met.

D. For taxable years ending on or before December 31, 2024, the 2015 sustainable building corporate income tax credit may be claimed with respect to a sustainable commercial building. The credit shall be calculated based on the certification level the building has achieved in the LEED green building rating system and the amount of qualified occupied square footage in the building, as indicated on the following chart:

LEED Rating Level	Qualified Occupied Square Footage	Tax Credit per Square Foot
LEED-NC Silver	First 10,000	$3.50
	Next 40,000	$1.75

	Over 50,000	
	up to 500,000	$ .70
LEED-NC Gold	First 10,000	$4.75
	Next 40,000	$2.00
	Over 50,000	
	up to 500,000	$1.00
LEED-NC Platinum	First 10,000	$6.25
	Next 40,000	$3.25
	Over 50,000	
	up to 500,000	$2.00
LEED-EB or CS Silver	First 10,000	$2.50
	Next 40,000	$1.25
	Over 50,000	
	up to 500,000	$ .50
LEED-EB or CS Gold	First 10,000	$3.35
	Next 40,000	$1.40
	Over 50,000	
	up to 500,000	$ .70
LEED-EB or CS		
Platinum	First 10,000	$4.40
	Next 40,000	$2.30
	Over 50,000	
	up to 500,000	$1.40
LEED-CI Silver	First 10,000	$1.40
	Next 40,000	$ .70

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = →bold, blue, highlight←
delete = →~~bold, red, highlight, strikethrough~~←

	Over 50,000	
	up to 500,000	$ .30
LEED-CI Gold	First 10,000	$1.90
	Next 40,000	$ .80
	Over 50,000	
	up to 500,000	$ .40
LEED-CI Platinum	First 10,000	$2.50
	Next 40,000	$1.30
	Over 50,000	
	up to 500,000	$ .80.

E. For taxable years ending on or before December 31, 2024, the 2015 sustainable building corporate income tax credit may be claimed with respect to a sustainable residential building. The credit shall be calculated based on the amount of qualified occupied square footage, as indicated on the following chart:

Rating System/Level	Qualified Occupied Square Footage	Tax Credit per Square Foot
LEED-H Silver or Build Green NM Silver	Up to 2,000	$3.00
LEED-H Gold or Build Green NM Gold	Up to 2,000	$4.50
LEED-H Platinum or Build Green NM Emerald	Up to 2,000	$6.50

Manufactured Housing	Up to 2,000	$3.00.

F. A person that is a building owner may apply for a certificate of eligibility for the 2015 sustainable building corporate income tax credit from the energy, minerals and natural resources department after the construction, installation or renovation of the sustainable building is complete. Completed applications shall be considered in the order received. If the energy, minerals and natural resources department determines that the building owner meets the requirements of this subsection and that the building with respect to which the tax credit application is made meets the requirements of this section as a sustainable residential building or a sustainable commercial building, the energy, minerals and natural resources department may issue a dated certificate of eligibility to the building owner providing the amount of credit for which the building owner is eligible and the taxable year in which the credit may be claimed, subject to the limitations in Subsection G of this section. The certificate shall include the rating system certification level awarded to the building, the amount of qualified occupied square footage in the building and a calculation of the maximum amount of 2015 sustainable building corporate income tax credit for which the building owner would be eligible. The energy, minerals and natural resources department may issue rules governing the procedure for administering the provisions of

this subsection. [~~If the certification level for the sustainable residential building is awarded on or after January 1, 2017 but prior to April 1, 2023, the energy, minerals and natural resources department may issue a certificate of eligibility to a building owner who is:~~

~~(1) the owner of the sustainable residential building at the time the certification level for the building is awarded; or~~

~~(2) the subsequent purchaser of a sustainable residential building with respect to which no tax credit has been previously claimed.~~]

G. Except as provided in Subsection H of this section, the energy, minerals and natural resources department may issue a certificate of eligibility only if the [~~total~~] aggregate amount of 2015 sustainable building tax corporate income credits represented by certificates of eligibility issued by the energy, minerals and natural resources department pursuant to this section and [~~pursuant to the Income Tax Act~~] Section 7-2-18.29 NMSA 1978 shall not exceed in any calendar year an aggregate amount of:

(1) one million two hundred fifty thousand dollars ($1,250,000) with respect to sustainable commercial buildings;

(2) three million three hundred seventy-five thousand dollars ($3,375,000) with respect to sustainable

residential buildings that are not manufactured housing; and

(3) three hundred seventy-five thousand dollars ($375,000) with respect to sustainable residential buildings that are manufactured housing.

H. For any taxable year that the energy, minerals and natural resources department determines that applications for sustainable building corporate income tax credits for any type of sustainable building pursuant to Paragraph (1), (2) or (3) of Subsection G of this section are less than the aggregate limit for that type of sustainable building for that taxable year, the energy, minerals and natural resources department shall allow the difference between the aggregate limit and the applications to be added to the aggregate limit of another type of sustainable building for which applications exceeded the aggregate limit for that taxable year. Any excess not used in a taxable year shall not be carried forward to subsequent taxable years. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

I. Installation of a solar thermal system or a photovoltaic system eligible for the solar market development tax credit pursuant to Section 7-2-18.14 or 7-2-18.31 NMSA 1978 may not be used as a component of qualification for the rating system certification level used in determining eligibility for

the 2015 sustainable building corporate income tax credit, unless a solar market development tax credit pursuant to Section 7-2-18.14 or 7-2-18.31 NMSA 1978 has not been claimed with respect to that system and the building owner and the taxpayer claiming the 2015 sustainable building corporate income tax credit certify that such a tax credit will not be claimed with respect to that system.

J. To [~~be eligible for~~] claim the 2015 sustainable building corporate income tax credit, the building owner shall provide to the [~~taxation and revenue~~] department a certificate of eligibility issued by the energy, minerals and natural resources department pursuant to the requirements of Subsection F of this section and any other information the [~~taxation and revenue~~] department may require to determine the amount of the tax credit for which the building owner is eligible.

[~~K. If the requirements of this section have been complied with, the department shall issue to the building owner a document granting a 2015 sustainable building tax credit. The document shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed pursuant to this section. The document may be submitted by the building owner with that taxpayer's income tax return, if applicable, or may be sold, exchanged or otherwise transferred to another taxpayer. The parties to such a transaction shall notify the department of the sale, exchange or transfer within~~

~~ten days of the sale, exchange or transfer.~~

~~L. If the approved amount of a 2015 sustainable building tax credit for a taxpayer in a taxable year represented by a document issued pursuant to Subsection K of this section is:~~

~~(1) less than one hundred thousand dollars ($100,000), a maximum of twenty-five thousand dollars ($25,000) shall be applied against the taxpayer's corporate income tax liability for the taxable year for which the credit is approved and the next three subsequent taxable years as needed depending on the amount of credit; or~~

~~(2) one hundred thousand dollars ($100,000) or more, increments of twenty-five percent of the total credit amount in each of the four taxable years, including the taxable year for which the credit is approved and the three subsequent taxable years, shall be applied against the taxpayer's corporate income tax liability.~~

~~M. If the sum of all~~]

K. Any portion of a 2015 sustainable building corporate income tax [~~credits that can be applied to a taxable year for a taxpayer, calculated according to Paragraph (1) or (2) of Subsection L of this section~~] credit that exceeds the taxpayer's corporate income tax liability for [~~that~~] the taxable year [~~the excess~~] in which the credit is claimed may be carried forward for [~~a period of~~] up to seven consecutive

taxable years.

[~~N.~~] L. A taxpayer that otherwise qualifies and claims a 2015 sustainable building corporate income tax credit with respect to a sustainable building owned by a partnership or other business association of which the taxpayer is a member may claim a credit only in proportion to that taxpayer's interest in the partnership or association. The total credit claimed in the aggregate by all members of the partnership or association with respect to the sustainable building shall not exceed the amount of the credit that could have been claimed by a sole owner of the property.

[~~O. The department shall compile an annual report on the 2015 sustainable building tax credit created pursuant to this section that shall include the number of taxpayers approved by the department to receive the tax credit, the aggregate amount of tax credits approved and any other information necessary to evaluate the effectiveness of the tax credit. Beginning in 2019 and every three years thereafter that the credit is in effect, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee~~]

M. The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the tax credit and whether the tax credit is performing the

purpose for which it was created.

[~~P.~~] N. For the purposes of this section:

(1) "build green New Mexico rating system" means the certification standards adopted by build green New Mexico in November 2014, which include water conservation standards;

(2) "LEED-CI" means the LEED rating system for commercial interiors;

(3) "LEED-CS" means the LEED rating system for the core and shell of buildings;

(4) "LEED-EB" means the LEED rating system for existing buildings;

(5) "LEED gold" means the rating in compliance with, or exceeding, the second-highest rating awarded by the LEED certification process;

(6) "LEED" means the most current leadership in energy and environmental design green building rating system guidelines developed and adopted by the United States green building council;

(7) "LEED-H" means the LEED rating system for homes;

(8) "LEED-NC" means the LEED rating system for new buildings and major renovations;

(9) "LEED platinum" means the rating in compliance with, or exceeding, the highest rating awarded by

the LEED certification process;

(10) "LEED silver" means the rating in compliance with, or exceeding, the third-highest rating awarded by the LEED certification process;

(11) "manufactured housing" means a multisectioned home that is:

(a) a manufactured home or modular home;

(b) a single-family dwelling with a heated area of at least thirty-six feet by twenty-four feet and a total area of at least eight hundred sixty-four square feet;

(c) constructed in a factory to the standards of the United States department of housing and urban development, the National Manufactured Housing Construction and Safety Standards Act of 1974 and the Housing and Urban Development Zone Code 2 or New Mexico construction codes up to the date of the unit's construction; and

(d) installed consistent with the Manufactured Housing Act and rules adopted pursuant to that act relating to permanent foundations;

(12) "qualified occupied square footage" means the occupied spaces of the building as determined by:

(a) the United States green building council for those buildings obtaining LEED certification;

(b) the administrators of the build green New Mexico rating system for those homes obtaining build

green New Mexico certification; and

(c) the United States environmental protection agency for ENERGY STAR-certified manufactured homes;

(13) "person" does not include state, local government, public school district or tribal agencies;

(14) "sustainable building" means either a sustainable commercial building or a sustainable residential building;

(15) "sustainable commercial building" means a multifamily dwelling unit, as registered and certified under the LEED-H or build green New Mexico rating system, that is certified by the United States green building council as LEED-H silver or higher or by build green New Mexico as silver or higher and has achieved a home energy rating system index of sixty or lower as developed by the residential energy services network or a building that has been registered and certified under the LEED-NC, LEED-EB, LEED-CS or LEED-CI rating system and that:

(a) is certified by the United States green building council at LEED silver or higher;

(b) achieves any prerequisite for and at least one point related to commissioning under LEED "energy and atmosphere", if included in the applicable rating system; and

(c) has reduced energy consumption beginning January 1, 2012, by sixty percent based on the

national average for that building type as published by the United States department of energy as substantiated by the United States environmental protection agency target finder energy performance results form, dated no sooner than the schematic design phase of development;

(16) "sustainable residential building" means:

(a) a building used as a single-family residence as registered and certified under the build green New Mexico or LEED-H rating systems that: 1) is certified by the United States green building council as LEED-H silver or higher or by build green New Mexico as silver or higher; 2) has achieved a home energy rating system index of sixty or lower as developed by the residential energy services network; 3) has indoor plumbing fixtures and water-using appliances that, on average, have flow rates equal to or lower than the flow rates required for certification by WaterSense; 4) if landscape area is available at the front of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; and 5) if landscape area is available at the rear of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; or

(b) manufactured housing that is ENERGY STAR-qualified by the United States environmental protection

agency;

(17) "tribal" means of, belonging to or created by a federally recognized Indian nation, tribe or pueblo; and

(18) "WaterSense" means a program created by the federal environmental protection agency that certifies water-using products that meet the environmental protection agency's criteria for efficiency and performance."

SECTION 59. Section 7-2A-28.1 NMSA 1978 (being Laws 2021, Chapter 84, Section 4, as amended) is amended to read:

"7-2A-28.1. 2021 SUSTAINABLE BUILDING CORPORATE INCOME TAX CREDIT.--

A. The tax credit provided by this section may be referred to as the "2021 sustainable building corporate income tax credit". For taxable years ending prior to January 1, 2028, a taxpayer that is a building owner and files a corporate income tax return [~~is eligible to be granted~~] may claim a 2021 sustainable building corporate income tax credit [~~by the department~~] if the requirements of this section are met. The 2021 sustainable building corporate income tax credit shall be available for the construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico, the permanent installation of manufactured housing, regardless of where the housing is manufactured, that is a sustainable building or the installation of energy-conserving products to

existing buildings in New Mexico, as provided in this section. The tax credit provided in this section may not be claimed with respect to the same sustainable building for which the 2021 sustainable building income tax credit, [~~provided in the Income Tax Act or~~] the 2015 sustainable building tax income credit [~~pursuant to the Income Tax Act~~] or the [~~Corporate Income and Franchise Tax Act~~] 2015 sustainable building corporate income tax credit has been claimed.

B. The amount of a 2021 sustainable building corporate income tax credit shall be determined as follows:

(1) for the construction of a new sustainable commercial building that is broadband ready and electric vehicle ready and is completed on or after January 1, 2022, the amount of credit shall be calculated:

(a) based on the certification level the building has achieved in the rating level and the amount of qualified occupied square footage in the building, as indicated on the following chart:

Rating Level	Qualified Occupied Square Footage	Tax Credit Per Square Foot
LEED-NC Platinum	First 10,000	$5.25
	Next 40,000	$2.25
	Over 50,000 up to 200,000	$1.00

LEED-EB or CS Platinum	First 10,000	$3.40
	Next 40,000	$1.30
	Over 50,000 up to 200,000	$0.35
LEED-CI Platinum	First 10,000	$1.50
	Next 40,000	$0.40
	Over 50,000 up to 200,000	$0.30
LEED-NC Gold	First 10,000	$3.00
	Next 40,000	$1.00
	Over 50,000 up to 200,000	$0.25
LEED-EB or -CS Gold	First 10,000	$2.00
	Next 40,000	$1.00
	Over 50,000 up to 200,000	$0.25
LEED-CI Gold	First 10,000	$0.90
	Next 40,000	$0.40
	Over 50,000 up to 200,000	$0.10; and

(b) with additional amounts based on the additional criteria and the amount of qualified occupied square footage, as indicated in the following chart:

Additional Criteria	Qualified Occupied	Tax Credit Per Square

	Square Footage	Foot
Fully Electric Building	First 50,000	$1.00
	Over 50,000 up to 200,000	$0.50
Zero Carbon, Energy, Waste or Water Certified	First 50,000	$0.25
	Over 50,000 up to 200,000	$0.10;

(2) for the renovation of a commercial building that was built at least ten years prior to the date of the renovation, has twenty thousand square feet or more of space in which temperature is controlled and is broadband ready and electric vehicle ready, the amount of credit shall be calculated by multiplying two dollars twenty-five cents ($2.25) by the amount of qualified occupied square footage in the building, up to a maximum of one hundred fifty thousand dollars ($150,000) per renovation; provided that the renovation reduces total energy and power costs by fifty percent when compared to the most current energy standard for buildings except low-rise residential buildings, as developed by the American society of heating, refrigerating and air-conditioning engineers;

(3) for the installation of the following energy-conserving products to an existing commercial building with less than twenty thousand square feet of space in which temperature is controlled that is broadband ready, the amount

of credit shall be based on the cost of the product installed, which shall include installation costs, and if the building is affordable housing, per product installed:

Product	Amount of Credit	
	Affordable Housing	Non-Affordable Housing
Energy Star Air Source Heat Pump	$2,000	$1,000
Energy Star Ground Source Heat Pump	$2,000	$1,000
Energy Star Windows and Doors	100% of product cost up to $1,000	50% of product cost up to $500
Insulation Improvements That Meet Rules of the Energy, Minerals and Natural Resources Department	100% of product cost up to $2,000	50% of product cost up to $1,000
Energy Star Heat Pump Water Heater	$700	$350
Electric Vehicle Ready	100% of product cost up to $3,000	50% of product cost up to $1,500;

(4) for the construction of a new sustainable residential building that is broadband ready and electric vehicle ready and is completed on or after January 1, 2022, the amount of credit shall be calculated:

(a) based on the certification level the building has achieved in the rating level and the amount of qualified occupied square footage in the building, as indicated on the following chart:

Rating Level	Qualified Occupied Square Footage	Tax Credit Per Square Foot
LEED-H Platinum	Up to 2,000	$5.50
LEED-H Gold	Up to 2,000	$3.80
Build Green Emerald	Up to 2,000	$5.50
Build Green Gold	Up to 2,000	$3.80
Manufactured Housing	Up to 2,000	$2.00; and

(b) with additional amounts based on the additional criteria and the amount of qualified occupied square footage, as indicated in the following chart:

Additional Criteria	Qualified Occupied Square Footage	Tax Credit Per Square Foot
Fully Electric Building	Up to 2,000	$1.00
Zero Carbon, Energy, Waste or Water Certified	Up to 2,000	$0.25; and

(5) for the installation of the following energy-conserving products to an existing residential building, the amount of credit shall be based on the cost of the product installed, which shall include installation costs, and if the building is affordable housing, [~~or the taxpayer is a low-income taxpayer~~] per product installed:

Product	Amount of Credit	
	Affordable Housing [~~and Low-Income~~]	Non-Affordable Housing [~~and Non-Low Income~~]
Energy Star Air Source Heat Pump	$2,000	$1,000
Energy Star Ground Source Heat Pump	$2,000	$1,000
Energy Star Windows and Doors	100% of product cost up to $1,000	50% of product cost up to $500
Insulation Improvements That Meet Rules of the Energy, Minerals and Natural Resources Department	100% of product cost up to $2,000	50% of product cost up to $1,000
Energy Star Heat Pump Water		

Heater	$700	$350
Electric Vehicle Ready	$1,000	$500.

C. A person that is a building owner may apply for a certificate of eligibility for the 2021 sustainable building corporate income tax credit from the energy, minerals and natural resources department on forms and in a manner prescribed by that department after the construction, installation or renovation of the sustainable building or installation of energy-conserving products in an existing building is complete. Completed applications shall be considered in the order received. If the energy, minerals and natural resources department determines that the building owner meets the requirements of this subsection and that the building with respect to which the application is made meets the requirements of this section for a 2021 sustainable building corporate income tax credit, the energy, minerals and natural resources department may issue a dated certificate of eligibility to the building owner, subject to the limitations in Subsection D of this section. The certificate shall include the rating system certification level awarded to the building, the amount of qualified occupied square footage in the building, a calculation of the [~~maximum~~] amount of 2021 sustainable building corporate income tax credit for which the building owner [~~would be~~] is eligible, the identification number, date of issuance and the first taxable year that the

credit shall be claimed. The energy, minerals and natural resources department may issue rules governing the procedure for administering the provisions of this subsection. [~~If the certification level for the sustainable residential building is awarded on or after January 1, 2022~~] The energy, minerals and natural resources department may issue a certificate of eligibility to a building owner that is:

(1) the owner of the sustainable residential building at the time the certification level for the building is awarded; or

(2) the subsequent purchaser of a sustainable residential building with respect to which no tax credit has been previously claimed.

D. Except as provided in Subsection E of this section, the energy, minerals and natural resources department may issue a certificate of eligibility only if the [~~total~~] aggregate amount of 2021 sustainable building corporate income tax credits represented by certificates of eligibility issued by the energy, minerals and natural resources department pursuant to this section and [~~pursuant to the Income Tax Act~~] Section 7-2-18.32 NMSA 1978 shall not exceed in any calendar year an aggregate amount of:

(1) one million dollars ($1,000,000) with respect to the construction of new sustainable commercial buildings;

(2) two million dollars ($2,000,000) with respect to the construction of new sustainable residential buildings that are not manufactured housing;

(3) two hundred fifty thousand dollars ($250,000) with respect to the construction of new sustainable residential buildings that are manufactured housing;

(4) one million dollars ($1,000,000) with respect to the renovation of large commercial buildings; and

(5) two million nine hundred thousand dollars ($2,900,000) with respect to the installation of energy-conserving products in existing commercial buildings pursuant to Paragraph (3) of Subsection B of this section and existing residential buildings pursuant to Paragraph (5) of Subsection B of this section.

E. For any taxable year that the energy, minerals and natural resources department determines that applications for sustainable building tax credits for any type of sustainable building pursuant to Subsection D of this section are less than the aggregate limit for that type of sustainable building for that taxable year, the energy, minerals and natural resources department shall allow the difference between the aggregate limit and the applications to be added to the aggregate limit of another type of sustainable building for which applications exceeded the aggregate limit for that taxable year. Any excess not used in a taxable year shall not

be carried forward to subsequent taxable years. The energy, minerals and natural resources department shall provide the department appropriate information for all certificates of eligibility in a secure manner on regular intervals agreed upon by both departments.

F. Installation of a solar thermal system or a photovoltaic system eligible for the new solar market development tax credit [~~pursuant to Section 7-2-18.31 NMSA 1978~~] shall not be used as a component of qualification for the rating system certification level used in determining eligibility for the 2021 sustainable building corporate income tax credit, unless a new solar market development tax credit [~~pursuant to Section 7-2-18.31 NMSA 1978~~] has not been claimed with respect to that system and the building owner and the taxpayer claiming the 2021 sustainable building tax credit certify that such a tax credit will not be claimed with respect to that system.

[~~G. To claim the 2021 sustainable building tax credit, the building owner shall provide to the taxation and revenue department a certificate of eligibility issued by the energy, minerals and natural resources department pursuant to the requirements of Subsection C of this section and any other information the taxation and revenue department may require.~~

~~H. If the approved amount of a 2021 sustainable building tax credit for a taxpayer in a taxable year~~

~~represented by a document issued pursuant to Subsection C of this section is:~~

~~(1) less than one hundred thousand dollars ($100,000), a maximum of twenty-five thousand dollars ($25,000) shall be applied against the taxpayer's corporate income tax liability for the taxable year for which the credit is approved and the next three subsequent taxable years as needed depending on the amount of credit; or~~

~~(2) one hundred thousand dollars ($100,000) or more, increments of twenty-five percent of the total credit amount in each of the four taxable years, including the taxable year for which the credit is approved and the three subsequent taxable years, shall be applied against the taxpayer's corporate income tax liability.~~

~~I. If the sum of all 2021 sustainable building tax credits that can be applied to a taxable year for a taxpayer, calculated according to Paragraph (1) or (2) of Subsection H of this section~~]

G. A taxpayer allowed a tax credit pursuant to this section shall claim the credit on forms and in a manner required by the department.

H. That portion of a 2021 sustainable building corporate income tax credit approved by the department that exceeds the taxpayer's corporate income tax liability for [~~that~~] the taxable year [~~the excess~~] in which the credit is

claimed may be carried forward for [~~a period of~~] up to seven consecutive taxable years. A certificate of eligibility for a 2021 sustainable building corporate income tax credit may be sold, exchanged or otherwise transferred to another taxpayer for the full value of the credit. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.

[~~J.~~] I. A taxpayer that otherwise qualifies and claims a 2021 sustainable building corporate income tax credit with respect to a sustainable building owned by a partnership or other business association of which the taxpayer is a member may claim a credit only in proportion to that taxpayer's interest in the partnership or association. The total credit claimed in the aggregate by all members of the partnership or association with respect to the sustainable building shall not exceed the amount of the credit that could have been claimed by a sole owner of the property.

[~~K. If the requirements of this section have been complied with, the department shall issue to the building owner a document granting a 2021 sustainable building tax credit. The document shall be numbered for identification and declare its date of issuance and the amount of the tax credit allowed pursuant to this section. The document may be submitted by the building owner with that taxpayer's income tax return, if applicable, or may be sold, exchanged or otherwise transferred~~

~~to another taxpayer. The parties to such a transaction shall notify the department of the sale, exchange or transfer within ten days of the sale, exchange or transfer.~~

~~L. The department and the energy, minerals and natural resources department shall compile an annual report on the 2021 sustainable building tax credit created pursuant to this section that shall include the number of taxpayers approved to receive the tax credit, the aggregate amount of tax credits approved and any other information necessary to evaluate the effectiveness of the tax credit. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee~~]

J. The tax credit provided by this section shall be included in the tax expenditure report pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the tax credit.

[~~M.~~] K. For the purposes of this section:

(1) "broadband ready" means a building with an internet connection capable of connecting to a broadband provider;

(2) "build green emerald" means the emerald level certification standard adopted by build green New Mexico, which includes water conservation standards and uses forty percent less energy than is required by the prescriptive path of the most current residential energy conservation code

promulgated by the construction industries division of the regulation and licensing department;

(3) "build green gold" means the gold level certification standard adopted by build green New Mexico, which includes water conservation standards and uses thirty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department;

(4) "building owner" means a person who holds fee simple interest in a property or a person who holds a leasehold interest in land owned by a federally recognized Indian nation, tribe or pueblo;

[~~(4)~~] (5) "electric vehicle ready" means a property that provides for commercial buildings at least ten percent of parking spaces and for residential buildings at least one parking space with one forty-ampere, two-hundred-eight-volt or two-hundred-forty-volt dedicated branch circuit for servicing electric vehicles that terminates in a suitable termination point, such as a receptacle or junction box, and is located in reasonably close proximity to the proposed location of the parking spaces;

[~~(5)~~] (6) "energy rating system index" means a numerical score given to a building where one hundred is equivalent to the 2006 international energy conservation code

and zero is equivalent to a net-zero home. As used in this paragraph, "net-zero home" means an energy-efficient home where, on a source energy basis, the actual annual delivered energy is less than or equal to the on-site renewable exported energy;

[~~(6)~~] (7) "Energy Star" means products and devices certified under the energy star program administered by the United States environmental protection agency and United States department of energy that meet the specified performance requirements at the installed locations;

[~~(7)~~] (8) "fully electric building" means a building that uses a permanent supply of electricity as the source of energy for all space heating, water heating, including pools and spas, cooking appliances and clothes drying appliances and, in the case of a new building, has no natural gas or propane plumbing installed in the building or, in the case of an existing building, has no connected natural gas or propane plumbing;

[~~(8)~~] (9) "LEED" means the most current leadership in energy and environmental design green building rating system guidelines developed and adopted by the United States green building council;

[~~(9)~~] (10) "LEED-CI" means the LEED rating system for commercial interiors;

[~~(10)~~] (11) "LEED-CS" means the LEED rating

system for the core and shell of buildings;

[~~(11)~~] (12) "LEED-EB" means the LEED rating system for existing buildings;

[~~(12)~~] (13) "LEED gold" means the rating in compliance with, or exceeding, the second-highest rating awarded by the LEED certification process;

[~~(13)~~] (14) "LEED-H" means the LEED rating system for homes;

[~~(14)~~] (15) "LEED-NC" means the LEED rating system for new buildings and major renovations;

[~~(15)~~] (16) "LEED platinum" means the rating in compliance with, or exceeding, the highest rating awarded by the LEED certification process;

[~~(16) "low-income taxpayer" means a taxpayer with an annual household adjusted gross income equal to or less than two hundred percent of the federal poverty level guidelines published by the United States department of health and human services;~~]

(17) "manufactured housing" means a multisectioned home that is:

(a) a manufactured home or modular home;

(b) a single-family dwelling with a heated area of at least thirty-six feet by twenty-four feet and a total area of at least eight hundred sixty-four square feet;

(c) constructed in a factory to the

standards of the United States department of housing and urban development, the National Manufactured Housing Construction and Safety Standards Act of 1974 and the Housing and Urban Development Zone Code 2 or New Mexico construction codes up to the date of the unit's construction; and

(d) installed consistent with the Manufactured Housing Act and rules adopted pursuant to that act relating to permanent foundations;

(18) "qualified occupied square footage" means the occupied spaces of the building as determined by:

(a) the United States green building council for those buildings obtaining LEED certification;

(b) the administrators of the build green New Mexico rating system for those homes obtaining build green New Mexico certification; and

(c) the United States environmental protection agency for Energy Star-certified manufactured homes;

(19) "person" does not include state, local government, public school district or tribal agencies;

(20) "sustainable building" means either a sustainable commercial building or a sustainable residential building;

(21) "sustainable commercial building" means:

(a) a commercial building that is certified as any LEED platinum or gold for commercial

buildings;

(b) a multifamily dwelling unit that is certified as LEED-H platinum or gold or build green emerald or gold and uses at least thirty percent less energy than is required by the prescriptive path of the most current applicable energy conservation code promulgated by the construction industries division of the regulation and licensing department for build green gold or LEED-H, or uses at least forty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department for build green emerald or LEED platinum; or

(c) a building that: 1) is certified at LEED-NC, LEED-EB, LEED-CS or LEED-CI platinum or gold levels; 2) achieves any prerequisite for and at least one point related to commissioning under the LEED energy and atmosphere category, if included in the applicable rating system; and 3) has reduced energy consumption beginning January 1, 2012 by forty percent based on the national average for that building type as published by the United States department of energy as substantiated by the United States environmental protection agency target finder energy performance results form, dated no sooner than the schematic design phase of development;

(22) "sustainable residential building"

means:

(a) a building used as a single-family residence that: 1) is certified as LEED-H platinum or gold or build green emerald or gold; 2) uses at least thirty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department for build green gold or LEED-H, or uses at least forty percent less energy than is required by the prescriptive path of the most current residential energy conservation code promulgated by the construction industries division of the regulation and licensing department for build green emerald or LEED platinum; 3) has indoor plumbing fixtures and water-using appliances that, on average, have flow rates equal to or lower than the flow rates required for certification by WaterSense; 4) if landscape area is available at the front of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; and 5) if landscape area is available at the rear of the property, has at least one water line outside the building below the frost line that may be connected to a drip irrigation system; or

(b) manufactured housing that is Energy Star-qualified;

(23) "tribal" means of, belonging to or

created by a federally recognized Indian nation, tribe or pueblo;

(24) "WaterSense" means a program created by the federal environmental protection agency that certifies water-using products that meet the environmental protection agency's criteria for efficiency and performance;

(25) "zero carbon certified" means a building that is certified as LEED zero carbon by achieving a carbon-dioxide-equivalent balance of zero for the building;

(26) "zero energy certified" means a building that is certified as LEED zero energy by achieving a source energy use balance of zero for the building;

(27) "zero waste certified" means a building that is certified as LEED zero waste by achieving green building certification incorporated's true zero waste certification at the platinum level; and

(28) "zero water certified" means a building that is certified as LEED zero water by achieving a potable water use balance of zero for the building."

SECTION 60. Section 7-2A-31 NMSA 1978 (being Laws 2021, Chapter 7, Section 2) is amended to read:

"7-2A-31. DEDUCTION--INCOME FROM LEASING A LIQUOR LICENSE.--

A. Prior to January 1, 2026, a taxpayer that is a liquor license lessor and that held the license on June 30,

2021 may claim a deduction from taxable income in an amount equal to the gross receipts from sales of alcoholic beverages made by each liquor license lessee in an amount, if the liquor license is a dispenser's license and sales of alcoholic beverages for consumption off premises are less than fifty percent of total alcoholic beverage sales, not to exceed fifty thousand dollars ($50,000) for each of four taxable years.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction to the department in a manner required by the department.

C. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the cost of the deduction. The department shall provide the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

D. As used in this section:

(1) "alcoholic beverage" means alcoholic beverage as defined in the Liquor Control Act;

(2) "dispenser's license" means a license

issued pursuant to the provisions of the Liquor Control Act allowing the licensee to sell, offer for sale or have in the person's possession with the intent to sell alcoholic beverages both by the drink for consumption on the licensed premises and in unbroken packages, including growlers, for consumption and not for resale off the licensed premises;

(3) "growler" means a clean, refillable, resealable container that has a liquid capacity that does not exceed one gallon and that is intended and used for the sale of beer, wine or cider;

(4) "liquor license" means a dispenser's license issued pursuant to Section 60-6A-3 NMSA 1978 or a dispenser's license issued pursuant to Section 60-6A-12 NMSA 1978 issued prior to July 1, 2021;

(5) "liquor license lessee" means a person that leases a liquor license from a liquor license lessor; and

(6) "liquor license lessor" means a person that leases a liquor license to a third party."

SECTION 61. Section 7-2C-12 NMSA 1978 (being Laws 1985, Chapter 106, Section 12, as amended) is amended to read:

"7-2C-12. ADMINISTRATIVE COSTS--CHARGES APPROPRIATED TO DEPARTMENT.--

A. The department shall charge claimant agencies an administrative fee of three percent of the debts for the claimant agencies pursuant to the Tax Refund Intercept Program

Act.

B. Money from the administrative fee authorized pursuant to Subsection A of this section [~~shall be withheld on all debts set off and collected by the department on or after July 1, 1997 and shall be distributed monthly to the New Mexico finance authority to be pledged irrevocably for the payment of the principal, interest and expenses or other obligations related to the bonds for the taxation and revenue information management systems project. That distribution shall continue until the earlier of December 31, 2005 or the date on which the New Mexico finance authority certifies to the department that all obligations for bonds issued pursuant to Section 12 of this 1997 act have been fully discharged or provision has been made for their discharge and directs the department to cease distributing the money from the fee pursuant to Subsection A of this section to the authority. Thereafter, the administrative fees are~~] is appropriated to the department for use in administering the Tax Refund Intercept Program Act."

SECTION 62. Section 7-2E-1.1 NMSA 1978 (being Laws 2007, Chapter 172, Section 2, as amended) is amended to read:

"7-2E-1.1. TAX CREDIT--RURAL JOB TAX CREDIT.--

A. The tax credit created by this section may be referred to as the "rural job tax credit". Every eligible employer may apply for, and the taxation and revenue department may approve, a tax credit for each qualifying job the employer

creates. The maximum tax credit amount with respect to each qualifying job is equal to:

(1) twenty-five percent of the first sixteen thousand dollars ($16,000) in wages paid for the qualifying job if the job is performed or based at a location in a tier one area; or

(2) twelve and one-half percent of the first sixteen thousand dollars ($16,000) in wages paid if the qualifying job is performed or based at a location in a tier two area.

B. The purpose of the rural job tax credit is to encourage businesses to start new businesses or expand existing businesses in rural areas of the state.

C. The amount of the rural job tax credit shall be six and one-fourth percent of the first sixteen thousand dollars ($16,000) in wages paid for the qualifying job in a qualifying period. The rural job tax credit may be claimed for each qualifying job for a maximum of:

(1) four qualifying periods for each qualifying job performed or based at a location in a tier one area; and

(2) two qualifying periods for each qualifying job performed or based at a location in a tier two area.

D. With respect to each qualifying job for which an

eligible employer seeks the rural job tax credit, the employer shall certify:

(1) the amount of wages paid to each eligible employee during each qualifying period;

(2) the number of weeks during the qualifying period the position was occupied;

(3) whether the qualifying job was in a tier one or tier two area;

(4) whether the application pertains to the first, second, third or fourth qualifying period, depending on whether the taxpayer is in a tier one or tier two area;

(5) the total number of employees employed by the employer at the job location on the day prior to the qualifying period and on the last day of the qualifying period;

(6) whether the eligible employer is receiving or is eligible to receive development training program assistance pursuant to Section 21-19-7 NMSA 1978; and

(7) whether the eligible employer has ceased business operations at any of its business locations in New Mexico.

E. The economic development department shall determine which employers are eligible employers and shall report the listing of eligible [~~businesses~~] employers to the taxation and revenue department in a manner and at times the departments shall agree upon.

F. To receive a rural job tax credit with respect to any qualifying period, an eligible employer shall apply to the taxation and revenue department once per calendar year on forms and in the manner the department may prescribe. The annual application shall include a certification made pursuant to Subsection D of this section and contain all qualifying periods that closed during the calendar year for which the application is made. Any qualifying period that did not close in the calendar year for which the application is made shall be denied by the department. The application for a calendar year shall be filed no later than December 31 of the following calendar year. If a taxpayer fails to file the annual application within the time limits provided in this section, the department shall deny the application. If all the requirements of this section have been complied with, the taxation and revenue department shall issue to the applicant a [~~document granting a tax credit~~] certificate of eligibility for the appropriate qualifying period. The [~~tax credit document~~] certificate of eligibility shall be numbered for identification and declare its date of issuance and the amount of rural job tax credit allowed for the respective jobs created. [~~The tax credit documents~~] A certificate of eligibility may be sold, exchanged or otherwise transferred [~~and may be carried forward for a period of three years from the date of issuance~~] to another taxpayer for the full value of the credit. The parties

to such a transaction to sell, exchange or transfer a rural job tax credit [~~document~~] shall notify the department of the transaction within ten days of the sale, exchange or transfer.

G. The [~~holder of the tax credit document~~] person entitled to claim the credit may claim all or a portion of the rural job tax credit [~~granted by the document~~] against the [~~holder's~~] person's modified combined tax liability, personal income tax liability or corporate income tax liability. Any [~~balance of~~] rural job tax credit [~~granted by the document~~] that exceeds the person's tax liability may be carried forward for up to three consecutive taxable years from the date of issuance of the [~~tax credit document~~] certificate of eligibility. No amount of rural job tax credit may be applied against a gross receipts tax or compensating tax imposed by a municipality or county.

H. Notwithstanding the provisions of Section 7-1-8 NMSA 1978, the taxation and revenue department may disclose to any person the balance of rural job tax credit remaining on any tax credit [~~document~~] certificate of eligibility and the balance of credit remaining [~~on that document~~] for any period.

I. The secretary of economic development [~~the secretary of taxation and revenue~~] and the secretary of workforce solutions or their designees shall annually evaluate the effectiveness of the rural job tax credit in stimulating economic development in the rural areas of New Mexico and make

a joint report of their findings to each session of the legislature so long as the rural job tax credit is in effect.

J. A qualifying job shall not be eligible for a rural job tax credit pursuant to this section if:

(1) the job is created due to a business merger, acquisition or other change in organization;

(2) the eligible employee was terminated from employment in New Mexico by another employer involved in the merger, acquisition or other change in organization; or

(3) the job is performed by:

(a) the person who performed the job or its functional equivalent prior to the business merger, acquisition or other change in organization; or

(b) a person replacing the person who performed the job or its functional equivalent prior to the business merger, acquisition or other change in organization.

[~~K. Notwithstanding Subsection J of this section, a qualifying job that was created by another employer and for which the rural job tax credit application was received by the taxation and revenue department prior to July 1, 2013 and is under review or has been approved shall remain eligible for the rural job tax credit for the balance of the qualifying periods for which the job qualifies by the new employer that results from a business merger, acquisition or other change in the organization.~~

~~L.~~] K. A job shall not be eligible for a rural job tax credit pursuant to this section if the job is created due to an eligible employer entering into a contract or becoming a subcontractor to a contract with a governmental entity that replaces one or more entities performing functionally equivalent services for the governmental entity in New Mexico unless the job is a qualifying job that was not being performed by an employee of the replaced entity.

L. The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the credit.

M. As used in this section:

(1) "dependent" means "dependent" as defined in 26 U.S.C. 152(a), as that section may be amended or renumbered;

(2) "eligible employee" means any individual other than an individual who:

(a) is a dependent of the employer;

(b) if the employer is an estate or trust, is a grantor, beneficiary or fiduciary of the estate or trust or is a dependent of a grantor, beneficiary or fiduciary of the estate or trust;

(c) if the employer is a corporation, is a dependent of an individual who owns, directly or indirectly,

more than fifty percent in value of the outstanding stock of the corporation;

(d) if the employer is an entity other than a corporation, estate or trust, is a dependent of an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity; or

(e) is working or has worked as an employee or as an independent contractor for an entity that, directly or indirectly, owns stock in a corporation of the eligible employer or other interest of the eligible employer that represents fifty percent or more of the total voting power of that entity or has a value equal to fifty percent or more of the capital and profits interests in the entity;

(3) "eligible employer" means an employer who is eligible for in-plant training assistance pursuant to Section 21-19-7 NMSA 1978;

(4) "metropolitan statistical area" means a metropolitan statistical area in New Mexico as determined by the United States bureau of the census;

(5) "modified combined tax liability" means the total liability for the reporting period for the gross receipts tax imposed by Section 7-9-4 NMSA 1978 together with any tax collected at the same time and in the same manner as that gross receipts tax, such as the compensating tax, the withholding tax, the interstate telecommunications gross

receipts tax, the surcharges imposed by Section 63-9D-5 NMSA 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978, minus the amount of any credit other than the rural job tax credit applied against any or all of these taxes or surcharges; but "modified combined tax liability" excludes all amounts collected with respect to a gross receipts tax or compensating tax imposed by a municipality or county;

(6) "new job" means a job that is occupied by an employee who has not been employed in New Mexico by the eligible employer in the three years prior to the date of hire;

(7) "qualifying job" means a new job that was created after July 1, 2000 and that was not created due to a change in organizational structure established by the employer that is occupied by an eligible employee for at least forty-four weeks of a qualifying period;

(8) "qualifying period" means the period of twelve months beginning on the day an eligible employee begins working in a qualifying job or the period of twelve months beginning on the anniversary of the day an eligible employee began working in a qualifying job;

(9) "rural area" means any part of the state other than:

(a) an H class county;

(b) the state fairgrounds;

(c) an incorporated municipality within

a metropolitan statistical area if the municipality's population is thirty thousand or more according to the most recent federal decennial census; and

(d) any area within ten miles of the exterior boundaries of a municipality described in Subparagraph (c) of this paragraph;

(10) "tier one area" means:

(a) any municipality within the rural area if the municipality's population according to the most recent federal decennial census is fifteen thousand or less; or

(b) any part of the rural area that is not within the exterior boundaries of a municipality;

(11) "tier two area" means any municipality within the rural area if the municipality's population according to the most recent federal decennial census is more than fifteen thousand; and

(12) "wages" means all compensation paid by an eligible employer to an eligible employee through the employer's payroll system, including those wages the employee elects to defer or redirect, such as the employee's contribution to 401(k) or cafeteria plan programs, but not including benefits or the employer's share of payroll taxes."

SECTION 63. Section 7-3-7 NMSA 1978 (being Laws 1961, Chapter 243, Section 8, as amended) is amended to read:

"7-3-7. STATEMENTS OF WITHHOLDING.--

A. Every employer shall file with the department an annual statement of withholding for each employee. The statement shall be in [~~a form~~] an electronic format prescribed by the department [~~except employers with twenty-five or more employees shall file statements using a department-approved electronic medium~~]. The statement shall be filed with the department on or before the last day of January of the year following that for which the statement is made. It shall include the total compensation paid the employee and the total amount of tax withheld for the calendar year or portion of a calendar year if the employee has worked less than a full calendar year.

B. Every payer shall file with the department an annual statement of withholding for each individual from whom some portion of a pension or an annuity has been deducted and withheld by that payer. The statement shall be in [~~a form~~] an electronic format prescribed by the department [~~except employers with twenty-five or more employees shall file statements using a department-approved electronic medium~~]. The statement shall be in a form prescribed by the department and shall be filed with the department on or before the last day of January of the year following that for which the statement is made. It shall include the total amount of pension or annuity paid to the individual and the amount of tax withheld for the calendar year.

C. Every person required to deduct and withhold tax from a payment of winnings that are subject to withholding shall file with the department an annual statement of withholding for each wagerer from whom some portion of a payment of winnings has been deducted and withheld by that person. The statement shall be filed using a department-approved electronic medium and shall be filed with the department on or before the last day of January of the year following that for which the statement is made. It shall include the total amount of winnings paid to the individual and the amount of tax withheld for the calendar year. The department may also require any person who is required to submit an information return to the internal revenue service regarding the winnings of another person to submit copies of the return to the department."

SECTION 64. Section 7-3-13 NMSA 1978 (being Laws 2010, Chapter 53, Section 7) is amended to read:

"7-3-13. WITHHOLDING [~~INFORMATION~~] RETURN REQUIRED [~~PENALTY~~].--

A. An employer [~~that has more than fifty employees and is not required to file an unemployment insurance tax form with the workforce solutions department~~] or a payor shall file quarterly a withholding [~~information~~] return with the department on or before the [~~last day of the month~~] twenty-fifth day of the month following the close of the calendar

quarter when the taxes were required to be withheld.

B. The quarterly withholding [~~information~~] return required by this section shall contain all information required by the department, including:

(1) each employee's or payee's social security number;

(2) each employee's or payee's name;

(3) each employee's or payee's gross wages, pensions or annuity payments;

(4) each employee's or payee's state income tax withheld; and

(5) the workers' compensation fees due on behalf of each employee or payee.

C. Each quarterly withholding [~~information~~] return shall be filed with the department using a department-approved electronic medium.

[~~D. Any employer or payor required to file the quarterly withholding information return who fails to do so by the due date or to file the return in accordance with Subsection C of this section is subject to a penalty in the amount of fifty dollars ($50.00).~~]"

SECTION 65. Section 7-3A-9 NMSA 1978 (being Laws 2003, Chapter 86, Section 12, as amended) is amended to read:

"7-3A-9. INTERPRETATION OF ACT--ADMINISTRATION AND ENFORCEMENT OF ACT [~~REPORT TO LEGISLATURE~~].--

A. The department shall interpret the provisions of the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act.

B. The department shall administer and enforce the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act, and the Tax Administration Act applies to the administration and enforcement of the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act.

[~~C. No later than December 1 of each year, the department shall submit a report to the legislature showing:~~

~~(1) the total amount of taxes withheld by remitters and paid to the department during the previous calendar year pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act; and~~

~~(2) the amount of taxes withheld by remitters pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act that were credited against income taxes or corporate income taxes by remittees during the previous calendar year.~~]"

SECTION 66. Section 7-9-9 NMSA 1978 (being Laws 1966, Chapter 47, Section 9, as amended) is amended to read:

"7-9-9. LIABILITY OF USER FOR PAYMENT OF COMPENSATING TAX.--Any person in New Mexico initially using property in New Mexico on the value of which compensating tax is payable but has not been paid is liable to the state for payment of the

compensating tax, but this liability is discharged if the buyer has paid the compensating tax to the seller for payment over to the department."

SECTION 67. Section 7-9-18.1 NMSA 1978 (being Laws 1987, Chapter 264, Section 13 and Laws 1987, Chapter 304, Section 1) is amended to read:

"7-9-18.1. EXEMPTION--GROSS RECEIPTS TAX--[~~FOOD STAMPS~~] SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS.--Exempted from the gross receipts tax are the receipts of a taxpayer who is approved for participation in the [~~food stamp~~] supplemental nutrition assistance program authorized by U.S.C. Title 7, Chapter 51, as that chapter may be amended or renumbered, from the lawful acceptance and deposit with a financial institution of [~~food stamps~~] benefits issued by the United States department of agriculture pursuant to the [~~food stamp~~] supplemental nutrition assistance program."

SECTION 68. Section 7-9-43 NMSA 1978 (being Laws 1966, Chapter 47, Section 13, as amended) is amended to read:

"7-9-43. NONTAXABLE TRANSACTION CERTIFICATES AND OTHER EVIDENCE REQUIRED TO ENTITLE PERSONS TO DEDUCTIONS.--

A. Except as provided in Subsection B of this section, a person may establish entitlement to a deduction from gross receipts allowed pursuant to the Gross Receipts and Compensating Tax Act by obtaining in good faith a properly executed nontaxable transaction certificate from the purchaser.

Nontaxable transaction certificates shall contain the information and be in a form prescribed by the department. The department by [~~regulation~~] rule may deem to be nontaxable transaction certificates documents issued by other states or the multistate tax commission to taxpayers not required to be registered in New Mexico. Only buyers or lessees who have a registration number or have applied for a registration number and have not been refused one under Subsection C of Section 7-1-12 NMSA 1978 shall execute nontaxable transaction certificates issued by the department. If the seller or lessor has been given an identification number for tax purposes by the department, the seller or lessor shall disclose that identification number to the buyer or lessee prior to or upon acceptance of a nontaxable transaction certificate.

B. Except as provided in Subsection C of this section, a person who does not comply with Subsection A of this section may establish entitlement to a deduction from gross receipts by presenting alternative evidence that demonstrates the facts necessary to support entitlement to the deduction, but the burden of proof is on that person. Alternative evidence includes:

(1) invoices or contracts that identify the nature of the transaction;

(2) documentation as to the purchaser's use or disposition of the property or service;

(3) a statement from the purchaser indicating that the purchaser sold or intends to resell the property or service purchased from the seller, either by itself or in combination with other property or services, in the ordinary course of business. The statement from the purchaser shall include:

(a) the seller's name;

(b) the date of the invoice or date of the transaction;

(c) the invoice number or a copy of the invoice;

(d) a copy of the purchase order, if available;

(e) the amount of purchase; and

(f) a description of the property or service purchased or leased; or

(4) any other evidence that demonstrates the facts necessary to establish entitlement to the deduction.

C. Subsection B of this section does not apply to sellers of electricity or fuels that are parties to an agreement with the department pursuant to Section 7-1-21.1 NMSA 1978 regarding the deduction pursuant to Subsection B of Section 7-9-46 NMSA 1978.

D. When a person accepts in good faith a properly executed nontaxable transaction certificate from the purchaser,

the properly executed nontaxable transaction certificate shall be conclusive evidence that the proceeds from the transaction are deductible from the person's gross receipts.

E. To exercise the privilege of executing appropriate nontaxable transaction certificates, a buyer or lessee shall apply to the department for permission to execute nontaxable transaction certificates, except with respect to documents issued by other states or the multistate tax commission that the department has deemed to be nontaxable transaction certificates.

F. If a person has accepted in good faith a properly executed nontaxable transaction certificate, but the purchaser has not employed the property or service purchased in the nontaxable manner or has provided materially false or inaccurate information on the nontaxable transaction certificate, the purchaser shall be liable for an amount equal to any tax, penalty and interest that the seller would have been required to pay if the seller had not complied with Subsection A of this section.

G. Any person who knowingly or willfully provides false or inaccurate information on a nontaxable transaction certificate, to obtain a nontaxable transaction certificate or as alternative evidence provided in support of a claim for a deduction, may be subject to prosecution under Sections 7-1-72 and 7-1-73 NMSA 1978."

SECTION 69. Section 7-9-46 NMSA 1978 (being Laws 1969, Chapter 144, Section 36, as amended) is amended to read:

"7-9-46. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS RECEIPTS--SALES TO MANUFACTURERS AND MANUFACTURING SERVICE PROVIDERS.--

A. Receipts from selling tangible personal property may be deducted from gross receipts or from governmental gross receipts if the sale is made to a person engaged in the business of manufacturing who delivers a nontaxable transaction certificate to the seller [~~or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978~~]. The buyer must incorporate the tangible personal property as an ingredient or component part of the product that the buyer is in the business of manufacturing.

B. Receipts from selling a manufacturing consumable to a manufacturer or a manufacturing service provider may be deducted from gross receipts or from governmental gross receipts if the buyer delivers a nontaxable transaction certificate to the seller or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978; provided that if the seller is a utility company, an agreement with the department pursuant to Section 7-1-21.1 NMSA 1978 and a nontaxable transaction certificate shall be required.

C. Receipts from selling or leasing qualified equipment may be deducted from gross receipts if the sale is

made to, or the lease is entered into with, a person engaged in the business of manufacturing or a manufacturing service provider who delivers a nontaxable transaction certificate to the seller or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978; provided that a manufacturer or manufacturing service provider delivering a nontaxable transaction certificate or alternative evidence with respect to the qualified equipment shall not claim an investment credit pursuant to the Investment Credit Act for that same equipment.

D. The purpose of the deductions provided in this section is to encourage manufacturing businesses to locate in New Mexico and to reduce the tax burden, including reducing pyramiding, on the tangible personal property that is consumed in the manufacturing process and that is purchased by manufacturing businesses in New Mexico.

[~~E. The department shall annually report to the revenue stabilization and tax policy committee the aggregate amount of deductions taken pursuant to this section, the number of taxpayers claiming each of the deductions and any other information that is necessary to determine that the deductions are performing the purposes for which they are enacted.~~

~~F.~~] E. A taxpayer [~~deducting gross receipts~~] allowed a deduction pursuant to this section shall report the amount deducted separately for each deduction provided in this section and attribute the amount of the deduction to the

appropriate authorization provided in this section in a manner required by the department [~~that facilitates the evaluation by the legislature of the benefit to the state of these deductions~~].

F. The deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deductions.

G. As used in this section:

(1) "manufacturing consumable" means tangible personal property, other than qualified equipment or an ingredient or component part of a manufactured product, that is incorporated into, destroyed, depleted or transformed in the process of manufacturing a product, including electricity, fuels, water, manufacturing aids and supplies, chemicals, gases and other tangibles used to manufacture a product;

(2) "manufacturing operation" means a plant operated by a manufacturer or manufacturing service provider that employs personnel to perform production tasks to produce goods, in conjunction with machinery and equipment; and

(3) "qualified equipment" means machinery, equipment and tools, including component, repair, replacement and spare parts thereof, that are used directly in the manufacturing process of a manufacturing operation. "Qualified equipment" includes computer hardware and software used

directly in the manufacturing process of a manufacturing operation but excludes any motor vehicle that is required to be registered in this state pursuant to the Motor Vehicle Code."

SECTION 70. Section 7-9-56.3 NMSA 1978 (being Laws 2003, Chapter 232, Section 1, as amended) is amended to read:

"7-9-56.3. DEDUCTION--GROSS RECEIPTS--TRADE-SUPPORT COMPANY IN A BORDER ZONE.--

A. The receipts of a trade-support company may be deducted from gross receipts if:

(1) the trade-support company first locates in New Mexico within twenty miles of a port of entry on New Mexico's border with Mexico [~~on or after July 1, 2003 but before July 1, 2013 or~~] on or after January 1, 2016 but before January 1, 2021;

(2) the receipts are received by the company within a five-year period beginning on the date the trade-support company locates in New Mexico and the receipts are derived from its business activities and operations at its border zone location; and

(3) the trade-support company employs at least two employees in New Mexico.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

C. [~~The department shall compile an annual report~~

~~on the deduction created pursuant to this section that shall include the number of taxpayers approved by the department to receive the deduction, the aggregate amount of deductions approved and any other information necessary to evaluate the effectiveness of the deduction. Beginning in 2016 and every four years thereafter that the deduction is in effect, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deduction.

D. As used in this section:

(1) "dependent" means "dependent" as defined in 26 U.S.C. 152(a), as that section may be amended or renumbered;

(2) "employee" means an individual, other than an individual who:

(a) is a dependent of the employer;

(b) if the employer is an estate or trust, is a grantor, beneficiary or fiduciary of the estate or trust or is a dependent of a grantor, beneficiary or fiduciary of the estate or trust;

(c) if the employer is a corporation, is a dependent of an individual who owns, directly or indirectly,

more than fifty percent in value of the outstanding stock of the corporation; or

(d) if the employer is an entity other than a corporation, estate or trust, is a dependent of an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity;

(3) "port of entry" means an international port of entry in New Mexico at which customs services are provided by United States customs and border protection; and

(4) "trade-support company" means a customs brokerage firm or a freight forwarder."

SECTION 71. Section 7-9-62 NMSA 1978 (being Laws 1969, Chapter 144, Section 52, as amended) is amended to read:

"7-9-62. DEDUCTION--GROSS RECEIPTS TAX--AGRICULTURAL IMPLEMENTS--AIRCRAFT MANUFACTURERS--VEHICLES THAT ARE NOT REQUIRED TO BE REGISTERED--AIRCRAFT PARTS AND MAINTENANCE SERVICES--REPORTING REQUIREMENTS.--

A. Except for receipts deductible under Subsection B of this section, fifty percent of the receipts from selling agricultural implements, farm tractors, aircraft or vehicles that are not required to be registered under the Motor Vehicle Code may be deducted from gross receipts; provided that, with respect to agricultural implements, the sale is made to a person who states in writing that the person is regularly engaged in the business of farming or ranching. Any deduction

allowed under Section 7-9-71 NMSA 1978 must be taken before the deduction allowed by this subsection is computed.

B. Receipts of an aircraft manufacturer or affiliate from selling aircraft or from selling aircraft flight support, pilot training or maintenance training services may be deducted from gross receipts. Any deduction allowed under Section 7-9-71 NMSA 1978 must be taken before the deduction allowed by this subsection is computed.

C. Receipts from selling aircraft parts or maintenance services for aircraft or aircraft parts may be deducted from gross receipts. Any deduction allowed under Section 7-9-71 NMSA 1978 must be taken before the deduction allowed by this subsection is computed.

D. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

E. [~~The department shall compile an annual report on the deductions provided by this section that shall include the number of taxpayers approved by the department to receive the deductions, the aggregate amount of deductions approved and any other information necessary to evaluate the effectiveness of the deductions. Beginning in 2019 and every five years thereafter that the deductions are in effect, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative~~

~~finance committee~~] The deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deductions.

F. As used in this section:

(1) "affiliate" means a business entity that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the aircraft manufacturer;

(2) "agricultural implement" means a tool, utensil or instrument that is depreciable for federal income tax purposes and that is:

(a) designed to irrigate agricultural crops above ground or below ground at the place where the crop is grown; or

(b) designed primarily for use with a source of motive power, such as a tractor, in planting, growing, cultivating, harvesting or processing agricultural crops at the place where the crop is grown; in raising poultry or livestock; or in obtaining or processing food or fiber, such as eggs, milk, wool or mohair, from living poultry or livestock at the place where the poultry or livestock are kept for this purpose;

(3) "aircraft manufacturer" means a business entity that in the ordinary course of business designs and

builds private or commercial aircraft certified by the federal aviation administration;

(4) "business entity" means a corporation, limited liability company, partnership, limited partnership, limited liability partnership or real estate investment trust, but does not mean an individual or a joint venture;

(5) "control" means equity ownership in a business entity that:

(a) represents at least fifty percent of the total voting power of that business entity; and

(b) has a value equal to at least fifty percent of the total equity of that business entity; and

(6) "flight support" means providing navigation data, charts, weather information, online maintenance records and other aircraft or flight-related information and the software needed to access the information."

SECTION 72. Section 7-9-62.1 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 4, Section 2, as amended) is amended to read:

"7-9-62.1. DEDUCTION--GROSS RECEIPTS TAX--AIRCRAFT SALES AND SERVICES--REPORTING REQUIREMENTS.--

A. Receipts from the sale of or from maintaining, refurbishing, remodeling or otherwise modifying a commercial or military carrier over ten thousand pounds gross landing weight may be deducted from gross receipts.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

C. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers approved by the department to receive the deduction, the aggregate amount of deductions approved and any other information necessary to evaluate the effectiveness of the deduction. Beginning in 2019 and every five years thereafter that the deduction is in effect, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deduction."

SECTION 73. Section 7-9-73.2 NMSA 1978 (being Laws 1998, Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as amended) is amended to read:

"7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN--CANNABIS.--

A. Receipts from the sale of prescription drugs and oxygen and oxygen services provided by a licensed medicare durable medical equipment provider and cannabis products that

are sold in accordance with the Lynn and Erin Compassionate Use Act may be deducted from gross receipts and governmental gross receipts.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department. The deduction shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

[~~B.~~] C. For the purposes of this section, "prescription drugs" means insulin and substances that are:

(1) dispensed by or under the supervision of a licensed pharmacist or by a physician or other person authorized under state law to do so;

(2) prescribed for a specified person by a person authorized under state law to prescribe the substance; and

(3) subject to the restrictions on sale contained in Subparagraph 1 of Subsection (b) of 21 USCA 353."

SECTION 74. Section 7-9-73.3 NMSA 1978 (being Laws 2014, Chapter 26, Section 1, as amended) is amended to read:

"7-9-73.3. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL GROSS RECEIPTS TAX--DURABLE MEDICAL EQUIPMENT--MEDICAL SUPPLIES.--

A. Prior to July 1, 2030, receipts from the sale or

rental of durable medical equipment and medical supplies may be deducted from gross receipts and governmental gross receipts.

B. The purpose of the deduction provided in this section is to help protect jobs and retain businesses in New Mexico that sell or rent durable medical equipment and medical supplies.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

D. The deduction provided in this section shall be taken only by a taxpayer participating in the New Mexico medicaid program whose gross receipts are no less than ninety percent derived from the sale or rental of durable medical equipment, medical supplies or infusion therapy services, including the medications used in infusion therapy services.

E. [~~Acceptance of~~] Claiming a deduction provided by this section is authorization by the taxpayer receiving the deduction for the department to reveal return information [~~to the revenue stabilization and tax policy committee and the legislative finance committee necessary to analyze the effectiveness and cost of the deduction and whether the deduction is performing the purpose for which it was created.~~

~~F. The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers approved by the department to receive the~~

~~deduction, the aggregate amount of deductions approved and any other information necessary to evaluate the effectiveness of the deduction. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the effectiveness and cost of the deduction and whether the deduction is performing the purpose for which it was created~~] necessary to comply with the requirements of Section 7-1-84 NMSA 1978.

F. The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

G. As used in this section:

(1) "durable medical equipment" means a medical assistive device or other equipment that:

(a) can withstand repeated use;

(b) is primarily and customarily used to serve a medical purpose and is not useful to an individual in the absence of an illness, injury or other medical necessity, including improved functioning of a body part;

(c) is appropriate for use at home exclusively by the eligible recipient for whom the durable medical equipment is prescribed; and

(d) is prescribed by a physician or

other person licensed by the state to prescribe durable medical equipment;

(2) "infusion therapy services" means the administration of prescribed medication through a needle or catheter;

(3) "medical supplies" means items for a course of medical treatment, including nutritional products, that are:

(a) necessary for an ongoing course of medical treatment;

(b) disposable and cannot be reused; and

(c) prescribed by a physician or other person licensed by the state to prescribe medical supplies; and

(4) "prescribe" means to authorize the use of an item or substance for a course of medical treatment."

SECTION 75. Section 7-9-77.1 NMSA 1978 (being Laws 1998, Chapter 96, Section 1, as amended by Laws 2022, Chapter 43, Section 1 and by Laws 2022, Chapter 49, Section 1) is amended to read:

"7-9-77.1. DEDUCTION--GROSS RECEIPTS TAX--CERTAIN MEDICAL AND HEALTH CARE SERVICES.--

A. Receipts of a health care practitioner or an association of health care practitioners from payments by the United States government, or any agency thereof, or from a medicare administrative contractor for medical and other health

services provided by a health care practitioner to medicare beneficiaries pursuant to the provisions of Title 18 of the federal Social Security Act may be deducted from gross receipts.

B. Receipts of a hospice or nursing home from payments by the United States government, or any agency thereof, or from a medicare administrative contractor for medical and other health and palliative services provided by the hospice or nursing home to medicare beneficiaries pursuant to the provisions of Title 18 of the federal Social Security Act may be deducted from gross receipts.

C. Receipts of a health care practitioner or an association of health care practitioners from payments by a third-party administrator of the federal TRICARE program for medical and other health services provided by physicians and osteopathic physicians to covered beneficiaries may be deducted from gross receipts.

D. Receipts of a health care practitioner or an association of health care practitioners from payments by or on behalf of the Indian health service of the United States department of health and human services for medical and other health services provided by physicians and osteopathic physicians to covered beneficiaries may be deducted from gross receipts.

E. Receipts of a clinical laboratory from payments

by the United States government, or any agency thereof, or from a medicare administrative contractor for medical services provided by the clinical laboratory to medicare beneficiaries pursuant to the provisions of Title 18 of the federal Social Security Act may be deducted from gross receipts.

F. Receipts of a home health agency from payments by the United States government, or any agency thereof, or from a medicare administrative contractor for medical, other health and palliative services provided by the home health agency to medicare beneficiaries pursuant to the provisions of Title 18 of the federal Social Security Act may be deducted from gross receipts.

G. Prior to July 1, 2032, receipts of a dialysis facility from payments by the United States government, or any agency thereof, or from a medicare administrative contractor for medical and other health services provided by the dialysis facility to medicare beneficiaries pursuant to the provisions of Title 18 of the federal Social Security Act may be deducted from gross receipts.

H. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department. A taxpayer who has receipts that are deductible pursuant to this section and Section 7-9-93 NMSA 1978 shall deduct the receipts under this section prior to calculating the receipts that may be deducted

pursuant to Section 7-9-93 NMSA 1978.

I. [~~The department shall compile an annual report on the deductions created pursuant to this section that shall include the number of taxpayers that claimed each deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deductions. The department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee~~] The deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deductions and whether the deductions are providing a benefit to the state.

J. For the purposes of this section:

(1) "association of health care practitioners" means a corporation, unincorporated business entity or other legal entity organized by, owned by or employing one or more health care practitioners; provided that the entity is not:

(a) an organization granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as that section may be amended or renumbered; or

(b) a health maintenance organization,

hospital, hospice, nursing home or an entity that is solely an outpatient facility or intermediate care facility licensed pursuant to the [~~Public Health Act~~] Health Care Code;

(2) "clinical laboratory" means a laboratory accredited pursuant to 42 USCA 263a;

(3) "dialysis facility" means a facility that provides outpatient maintenance dialysis services or home dialysis training and support services, including a facility considered by the federal centers for medicare and medicaid services to be an independent or hospital-based facility that includes a self-care dialysis unit that furnishes only self-dialysis services;

(4) "health care practitioner" means:

(a) an athletic trainer licensed pursuant to the Athletic Trainer Practice Act;

(b) an audiologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;

(c) a chiropractic physician licensed pursuant to the Chiropractic Physician Practice Act;

(d) a counselor or therapist practitioner licensed pursuant to the Counseling and Therapy Practice Act;

(e) a dentist licensed pursuant to the Dental Health Care Act;

(f) a doctor of oriental medicine licensed pursuant to the Acupuncture and Oriental Medicine Practice Act;

(g) an independent social worker licensed pursuant to the Social Work Practice Act;

(h) a massage therapist licensed pursuant to the Massage Therapy Practice Act;

(i) a naprapath licensed pursuant to the Naprapathic Practice Act;

(j) a nutritionist or dietitian licensed pursuant to the Nutrition and Dietetics Practice Act;

(k) an occupational therapist licensed pursuant to the Occupational Therapy Act;

(l) an optometrist licensed pursuant to the Optometry Act;

(m) an osteopathic physician licensed pursuant to the Medical Practice Act;

(n) a pharmacist licensed pursuant to the Pharmacy Act;

(o) a physical therapist licensed pursuant to the Physical Therapy Act;

(p) a physician licensed pursuant to the Medical Practice Act;

(q) a [~~podiatrist~~] podiatric physician licensed pursuant to the Podiatry Act;

(r) a psychologist licensed pursuant to the Professional Psychologist Act;

(s) a radiologic technologist licensed pursuant to the Medical Imaging and Radiation Therapy Health and Safety Act;

(t) a registered nurse licensed pursuant to the Nursing Practice Act;

(u) a respiratory care practitioner licensed pursuant to the Respiratory Care Act; and

(v) a speech-language pathologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;

(5) "home health agency" means a for-profit entity that is licensed by the [~~department of~~] health care authority and certified by the federal centers for medicare and medicaid services as a home health agency and certified to provide medicare services;

(6) "hospice" means a for-profit entity licensed by the [~~department of~~] health care authority as a hospice and certified to provide medicare services;

(7) "medicare administrative contractor" means a third-party administrator operating under contract with the federal centers for medicare and medicaid services to process medicare claims and make medicare fee-for-service payments for medicare fee-for-service beneficiaries;

(8) "nursing home" means a for-profit entity licensed by the [~~department of~~] health care authority as a nursing home and certified to provide medicare services; and

(9) "TRICARE program" means the program defined in 10 U.S.C. 1072(7)."

SECTION 76. Section 7-9-77.2 NMSA 1978 (being Laws 2024, Chapter 67, Section 13) is amended to read:

"7-9-77.2. DEDUCTIONS--GROSS RECEIPTS--CHILD CARE ASSISTANCE THROUGH A LICENSED CHILD CARE ASSISTANCE PROGRAM--PRE-KINDERGARTEN SERVICES BY FOR-PROFIT PRE-KINDERGARTEN PROVIDERS.--

A. Receipts from the sale of child care assistance services by a taxpayer pursuant to a contract or grant with the early childhood education and care department to provide such services through a licensed child care assistance program may be deducted from gross receipts.

B. Receipts of for-profit pre-kindergarten providers for the sale of pre-kindergarten services pursuant to the Pre-Kindergarten Act may be deducted from gross receipts.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

D. [~~The department shall compile an annual report on the deductions provided by this section that shall include the number of taxpayers that claimed each deduction, the~~

~~aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deductions. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the~~] The deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deductions.

E. As used in this section:

(1) "child care assistance" means "child care assistance" or "early childhood care assistance", as those terms are defined in the Early Childhood Care Accountability Act; and

(2) "licensed child care assistance program" means "licensed child care program", "licensed early childhood care program" or "licensed exempt child care program", as those terms are defined in the Early Childhood Care Accountability Act."

SECTION 77. Section 7-9-83 NMSA 1978 (being Laws 1993, Chapter 364, Section 1, as amended) is amended to read:

"7-9-83. DEDUCTION--GROSS RECEIPTS TAX--JET FUEL.--

[~~A. From July 1, 2003 through June 30, 2017, fifty-five percent of the receipts from the sale of fuel specially prepared and sold for use in turboprop or jet-type engines as determined by the department may be deducted from gross~~

~~receipts.~~

~~B. After June 30, 2017~~] Forty percent of the receipts from the sale of fuel specially prepared and sold for use in turboprop or jet-type engines as determined by the department may be deducted from gross receipts."

SECTION 78. Section 7-9-84 NMSA 1978 (being Laws 1993, Chapter 364, Section 2, as amended) is amended to read:

"7-9-84. DEDUCTION--COMPENSATING TAX--JET FUEL.--

[~~A. From July 1, 2003 through June 30, 2017, fifty-five percent of the value of the fuel specially prepared and sold for use in turboprop or jet-type engines as determined by the department may be deducted in computing the compensating tax due.~~

~~B. After June 30, 2017~~] Forty percent of the value of the fuel specially prepared and sold for use in turboprop or jet-type engines as determined by the department may be deducted in computing the compensating tax due."

SECTION 79. Section 7-9-90 NMSA 1978 (being Laws 1999, Chapter 231, Section 3, as amended) is amended to read:

"7-9-90. DEDUCTIONS--GROSS RECEIPTS TAX--SALES OF URANIUM HEXAFLUORIDE AND ENRICHMENT OF URANIUM.--

A. Receipts from selling uranium hexafluoride and from providing the service of enriching uranium may be deducted from gross receipts.

B. [~~The department shall annually report to the~~

~~revenue stabilization and tax policy committee aggregate amounts of deductions taken pursuant to this section, the number of taxpayers claiming the deduction and any other information that is necessary to determine that the deduction is performing a purpose that is beneficial to the state~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

C. A taxpayer [~~deducting gross receipts~~] allowed a deduction pursuant to this section shall report the amount deducted separately and attribute the amount of the deduction to the authorization provided in this section in a manner required by the department that facilitates the evaluation by the legislature for the benefit to the state of this deduction."

SECTION 80. Section 7-9-91 NMSA 1978 (being Laws 2001, Chapter 135, Section 1) is amended to read:

"7-9-91. DEDUCTION--COMPENSATING TAX--CONTRIBUTIONS OF INVENTORY TO CERTAIN ORGANIZATIONS AND GOVERNMENTAL AGENCIES.--

A. Except as provided otherwise in Subsection D of this section, the value of tangible personal property that is removed from inventory and contributed to organizations that have been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the Internal Revenue Code of

1986, as amended, may be deducted in computing the compensating tax due, provided that the contribution is deductible for federal income tax purposes by the person from whose inventory the property was withdrawn or, if the person from whose inventory the property was withdrawn is a pass-through entity as that term is defined in Section [~~7-3-2~~] 7-3A-2 NMSA 1978, the contribution is deductible by the owner or owners of the pass-through entity.

B. Except as provided otherwise in Subsection D of this section, the value of tangible personal property that is removed from inventory and contributed to the United States or New Mexico or any governmental unit or subdivision, agency, department or instrumentality thereof may be deducted in computing the compensating tax due.

C. Except as provided otherwise in Subsection D of this section, the value of tangible personal property that is removed from inventory and contributed to an Indian tribe, nation or pueblo or any governmental subdivision, agency, department or instrumentality thereof for use on that Indian reservation or pueblo grant may be deducted in computing the compensating tax due.

D. Unless contrary to federal law, the deduction provided by this section does not apply to:

(1) a contribution of metalliferous mineral ore;

(2) a contribution of tangible personal property that is or will be incorporated into a metropolitan redevelopment project created under the Metropolitan Redevelopment Code;

(3) a contribution of tangible personal property that will become an ingredient or component part of a construction project; or

(4) a contribution of tangible personal property utilized or produced in the performance of a service.

E. For purposes of this section:

(1) "inventory" means tangible personal property held for sale or lease in the ordinary course of business; and

(2) "contributed" or "contribution" means a transfer of ownership without consideration. Public acknowledgment of the contribution does not constitute consideration for the purpose of this section."

SECTION 81. Section 7-9-93 NMSA 1978 (being Laws 2004, Chapter 116, Section 6, as amended) is amended to read:

"7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR SERVICES PROVIDED BY HEALTH CARE PRACTITIONER OR ASSOCIATION OF HEALTH CARE PRACTITIONERS.--

A. Receipts of a health care practitioner or an association of health care practitioners for commercial contract services or medicare part C services paid by a managed

care organization or health care insurer may be deducted from gross receipts if the services are within the scope of practice of the health care practitioner providing the service. Receipts from fee-for-service payments by a health care insurer may not be deducted from gross receipts.

B. Prior to July 1, 2028, receipts from a copayment or deductible paid by an insured or enrollee to a health care practitioner or an association of health care practitioners for commercial contract services pursuant to the terms of the insured's health insurance plan or enrollee's managed care health plan may be deducted from gross receipts if the services are within the scope of practice of the health care practitioner providing the service.

C. The deductions provided by this section shall be applied only to gross receipts remaining after all other allowable deductions available under the Gross Receipts and Compensating Tax Act have been taken.

D. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

E. [~~The department shall compile an annual report on the deductions provided by this section that shall include the number of taxpayers that claimed the deductions, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the~~

~~deductions. The department shall present the report to the revenue stabilization and tax policy committee and the legislative finance committee~~] The deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the cost of the deductions.

F. As used in this section:

(1) "association of health care practitioners" means a corporation, unincorporated business entity or other legal entity organized by, owned by or employing one or more health care practitioners; provided that the entity is not:

(a) an organization granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as that section may be amended or renumbered; or

(b) a health maintenance organization, hospital, hospice, nursing home or an entity that is solely an outpatient facility or intermediate care facility licensed pursuant to the Public Health Act;

(2) "commercial contract services" means health care services performed by a health care practitioner pursuant to a contract with a managed care organization or health care insurer other than those health care services

provided for medicare patients pursuant to Title 18 of the federal Social Security Act or for medicaid patients pursuant to Title 19 or Title 21 of the federal Social Security Act;

(3) "copayment" means a fixed dollar amount that a health care insurer or managed care health plan requires an insured or enrollee to pay upon incurring an expense for receiving medical services;

(4) "deductible" means the amount of covered charges an insured or enrollee is required to pay in a plan year for commercial contract services before the insured's health insurance plan or enrollee's managed care health plan begins to pay for applicable covered charges;

(5) "fee-for-service" means payment for health care services by a health care insurer for covered charges under an indemnity insurance plan;

(6) "health care insurer" means a person that:

(a) has a valid certificate of authority in good standing pursuant to the New Mexico Insurance Code to act as an insurer, health maintenance organization or nonprofit health care plan or prepaid dental plan; and

(b) contracts to reimburse licensed health care practitioners for providing basic health services to enrollees at negotiated fee rates;

(7) "health care practitioner" means:

(a) a chiropractic physician licensed pursuant to the provisions of the Chiropractic Physician Practice Act;

(b) a dentist or dental hygienist licensed pursuant to the Dental Health Care Act;

(c) a doctor of oriental medicine licensed pursuant to the provisions of the Acupuncture and Oriental Medicine Practice Act;

(d) an optometrist licensed pursuant to the provisions of the Optometry Act;

(e) an osteopathic physician licensed pursuant to the provisions of the Medical Practice Act;

(f) a physical therapist licensed pursuant to the provisions of the Physical Therapy Act;

(g) a physician or physician assistant licensed pursuant to the provisions of the Medical Practice Act;

(h) a podiatric physician licensed pursuant to the provisions of the Podiatry Act;

(i) a psychologist licensed pursuant to the provisions of the Professional Psychologist Act;

(j) a registered lay midwife registered by the department of health;

(k) a registered nurse or licensed practical nurse licensed pursuant to the provisions of the

Nursing Practice Act;

(l) a registered occupational therapist licensed pursuant to the provisions of the Occupational Therapy Act;

(m) a respiratory care practitioner licensed pursuant to the provisions of the Respiratory Care Act;

(n) a speech-language pathologist or audiologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;

(o) a professional clinical mental health counselor, marriage and family therapist or professional art therapist licensed pursuant to the provisions of the Counseling and Therapy Practice Act who has obtained a master's degree or a doctorate;

(p) an independent social worker licensed pursuant to the provisions of the Social Work Practice Act; and

(q) a clinical laboratory that is accredited pursuant to 42 U.S.C. Section 263a but that is not a laboratory in a physician's office or in a hospital defined pursuant to 42 U.S.C. Section 1395x;

(8) "managed care health plan" means a health care plan offered by a managed care organization that provides for the delivery of comprehensive basic health care services

and medically necessary services to individuals enrolled in the plan other than those services provided to medicare patients pursuant to Title 18 of the federal Social Security Act or to medicaid patients pursuant to Title 19 or Title 21 of the federal Social Security Act;

(9) "managed care organization" means a person that provides for the delivery of comprehensive basic health care services and medically necessary services to individuals enrolled in a plan through its own employed health care providers or by contracting with selected or participating health care providers. "Managed care organization" includes only those persons that provide comprehensive basic health care services to enrollees on a contract basis, including the following:

(a) health maintenance organizations;

(b) preferred provider organizations;

(c) individual practice associations;

(d) competitive medical plans;

(e) exclusive provider organizations;

(f) integrated delivery systems;

(g) independent physician-provider organizations;

(h) physician hospital-provider organizations; and

(i) managed care services organizations;

and

(10) "medicare part C services" means services performed pursuant to a contract with a managed health care provider for medicare patients pursuant to Title 18 of the federal Social Security Act."

SECTION 82. Section 7-9-94 NMSA 1978 (being Laws 2005, Chapter 104, Section 23, as amended) is amended to read:

"7-9-94. DEDUCTION--GROSS RECEIPTS--MILITARY TRANSFORMATIONAL ACQUISITION PROGRAMS.--

A. Receipts from transformational acquisition programs performing research and development, test and evaluation at New Mexico major range and test facility bases pursuant to contracts entered into with the United States department of defense may be deducted from gross receipts through June 30, 2025.

B. As used in this section, "transformational acquisition program" means a military acquisition program authorized by the office of the secretary of defense force transformation and not physically tested in New Mexico on or before July 1, 2005.

C. The deduction provided in this section does not apply to receipts of a prime contractor operating facilities designated as a national laboratory by act of congress and is not applicable to current force programs as of July 1, 2005.

D. [~~The department shall compile an annual report~~

~~on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deduction. No later than December 1 of each year that the deduction is in effect, the department shall compile and present the annual report to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the cost and benefit to the state~~] A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department. The deduction shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction."

SECTION 83. Section 7-9-95 NMSA 1978 (being Laws 2005, Chapter 104, Section 25) is amended to read:

"7-9-95. DEDUCTION--GROSS RECEIPTS TAX--SALES OF CERTAIN TANGIBLE PERSONAL PROPERTY--LIMITED PERIOD.--Receipts from the sale at retail of the following types of tangible personal property may be deducted if the sale of the property occurs during the period beginning at 12:01 a.m. on the [~~first~~] last Friday in [~~August~~] July and ending at midnight on the following Sunday:

A. an article of clothing or footwear designed to be worn on or about the human body if the sales price of the

article is less than one hundred dollars ($100) except:

(1) any special clothing or footwear that is primarily designed for athletic activity or protective use and that is not normally worn except when used for the athletic activity or protective use for which it is designed; and

(2) accessories, including jewelry, handbags, luggage, umbrellas, wallets, watches and similar items worn or carried on or about the human body, without regard to whether worn on the body in a manner characteristic of clothing;

B. a desktop, laptop or notebook computer if the sales price of the computer does not exceed one thousand dollars ($1,000) and any associated monitor, speaker or set of speakers, printer, keyboard, microphone or mouse if the sales price of the device does not exceed five hundred dollars ($500); and

C. school supplies that are items normally used by students in a standard classroom for educational purposes, including notebooks, paper, writing instruments, crayons, art supplies, rulers, book bags, backpacks, handheld calculators, maps and globes, but not including watches, radios, compact disc players, headphones, sporting equipment, portable or desktop telephones, copiers, office equipment, furniture or fixtures."

SECTION 84. Section 7-9-103.1 NMSA 1978 (being Laws 2012, Chapter 12, Section 2) is amended to read:

"7-9-103.1. DEDUCTION--GROSS RECEIPTS TAX--CONVERTING ELECTRICITY.--

A. Receipts from the transmission of electricity where voltage source conversion technology is employed to provide such services and from ancillary services may be deducted from gross receipts.

B. [~~The department shall report annually to the interim revenue stabilization and tax policy committee on the expansion of voltage source conversion technology use in the transmission of electricity in New Mexico and the use of the deduction provided in this section~~] A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department. The deduction shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

C. As used in this section, "ancillary services" means services that are supplied from or in connection with facilities employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system."

SECTION 85. Section 7-9-103.2 NMSA 1978 (being Laws 2012, Chapter 12, Section 3) is amended to read:

"7-9-103.2. DEDUCTION--GROSS RECEIPTS--ELECTRICITY EXCHANGE.--

A. Receipts from operating a market or exchange for the sale or trading of electricity, rights to electricity and derivative products and from providing ancillary services may be deducted from gross receipts.

B. [~~The department shall report annually to the interim revenue stabilization and tax policy committee on use of the deduction provided in this section~~] A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department. The deduction shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

C. Claiming a deduction provided by this section is authorization by the taxpayer receiving the deduction for the department to reveal return information necessary to comply with the requirements of Section 7-1-84 NMSA 1978.

[~~C.~~] D. As used in this section, "ancillary services" means services that are supplied from or in connection with facilities employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system."

SECTION 86. Section 7-9-110.3 NMSA 1978 (being Laws 2011, Chapter 60, Section 3 and Laws 2011, Chapter 61, Section 3, as amended) is amended to read:

"7-9-110.3. PURPOSE AND REQUIREMENTS OF LOCOMOTIVE FUEL

DEDUCTION.--

A. The purpose of the deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts and from compensating tax is to encourage the construction, renovation, maintenance and operation of railroad locomotive refueling facilities and other railroad capital investments in New Mexico.

B. To be eligible for the deduction on fuel loaded or used by a common carrier in a locomotive engine from compensating tax, the fuel shall be used or loaded by a common carrier that:

(1) after July 1, 2011, made a capital investment of one hundred million dollars ($100,000,000) or more in new construction or renovations at the railroad locomotive refueling facility in which the fuel is loaded or used; or

(2) on or after July 1, 2012, made a capital investment of fifty million dollars ($50,000,000) or more in new railroad infrastructure improvements, including railroad facilities, track, signals and supporting railroad network, located in New Mexico; provided that the new railroad infrastructure improvements are not required by a regulatory agency to correct problems, such as regular or preventive maintenance, specifically identified by that agency as requiring necessary corrective action.

C. To be eligible for the deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts, a common carrier shall deliver an appropriate nontaxable transaction certificate to the seller and the sale shall be made to a common carrier that:

(1) after July 1, 2011, made a capital investment of one hundred million dollars ($100,000,000) or more in new construction or renovations at the railroad locomotive refueling facility in which the fuel is sold; or

(2) on or after July 1, 2012, made a capital investment of fifty million dollars ($50,000,000) or more in new railroad infrastructure improvements, including railroad facilities, track, signals and supporting railroad network, located in New Mexico; provided that the new railroad infrastructure improvements are not required by a regulatory agency to correct problems, such as regular or [~~preventative~~] preventive maintenance, specifically identified by that agency as requiring necessary corrective action.

D. The economic development department shall promulgate rules for the issuance of a certificate of eligibility for the purposes of claiming a deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts or compensating tax. A common carrier may request a certificate of eligibility from the economic development department to provide to the taxation and revenue

department to establish eligibility for a nontaxable transaction certificate for the deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts. The taxation and revenue department shall issue nontaxable transaction certificates to a common carrier upon the presentation of a certificate of eligibility obtained from the economic development department pursuant to this subsection.

E. The economic development department shall keep a record of temporary and permanent jobs from all railroad activity where a capital investment is made by a common carrier that claims a deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts or from compensating tax. The economic development department and the taxation and revenue department shall estimate the amount of state revenue that is attributable to all railroad activity where a capital investment is made by a common carrier that claims a deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts or from compensating tax.

F. The economic development department [~~and the taxation and revenue department~~] shall [~~compile an annual~~] report [~~with the number of taxpayers who claim the deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts and from compensating tax~~] the number of

jobs created as a result of [~~that~~] the deduction [~~the amount of that deduction approved, the net revenue to the state as a result of that deduction~~] and any other information required by the legislature to aid in evaluating the effectiveness of [~~that~~] the deduction. A taxpayer who claims a deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts or from compensating tax shall provide the economic development department [~~and the taxation and revenue department~~] with the information required to compile that report. [~~The economic development department and the taxation and revenue department shall present that report before the legislative interim revenue stabilization and tax policy committee and the legislative finance committee by November of each year.~~] Notwithstanding any other section of law to the contrary, the economic development department and the taxation and revenue department may disclose the number of [~~applicants for the deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts and from compensating tax~~] taxpayers claiming the deduction, the amount of the deduction [~~approved~~] claimed, the number of employees of the taxpayer and any other information required by the legislature or the taxation and revenue department to aid in evaluating the effectiveness of [~~that~~] the deduction.

G. [~~An appropriate legislative committee shall review the effectiveness of the deduction for each taxpayer who~~

~~claims the deduction on fuel loaded or used by a common carrier in a locomotive engine from gross receipts and from compensating tax every six years beginning in 2019~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction."

SECTION 87. Section 7-9-112.1 NMSA 1978 (being Laws 2024, Chapter 67, Section 39) is amended to read:

"7-9-112.1. DEDUCTIONS--GROSS RECEIPTS TAX--COMPENSATING TAX--GEOTHERMAL ELECTRICITY GENERATION-RELATED SALES AND USE.--

A. Prior to July 1, 2032, receipts from the following sales may be deducted from gross receipts; provided that the sale is made to a person who holds an interest in a geothermal electricity generation facility and the person delivers an appropriate nontaxable transaction certificate to the seller or lessor or provides alternative evidence pursuant to Section 7-9-43 NMSA 1978:

(1) selling tangible personal property installed as part of, or services rendered in connection with, constructing and equipping a geothermal electricity generation facility;

(2) selling tangible personal property installed as part of a system used for the distribution of electricity generated from a geothermal electricity generation facility; and

(3) selling or leasing tangible personal property or selling services that are construction plant costs.

B. Prior to July 1, 2032, the value of:

(1) tangible personal property installed as part of, or services rendered in connection with, constructing and equipping a geothermal electricity generation facility may be deducted in computing compensating tax due;

(2) tangible personal property installed as part of a system used for the distribution of electricity generated from a geothermal electricity generation facility may be deducted in computing compensating tax due; and

(3) construction plant costs purchased by a person who holds an interest in a geothermal electricity generation facility may be deducted in computing compensating tax due.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

D. [~~The department shall compile an annual report on the deductions provided by this section that shall include the number of taxpayers that claimed the deductions, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deductions. The department shall present the annual report to the revenue stabilization and tax policy committee and the~~

~~legislative finance committee~~] The deductions provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deductions.

E. As used in this section:

(1) "construction plant costs" means actual expenditures for the development and construction of a geothermal electricity generation facility, including the drilling of wells to at least twelve thousand feet; permitting; site characterization and assessment; engineering; design; site and equipment acquisition; raw materials; and fuel supply development used directly and exclusively in the facility;

(2) "geothermal electricity generation facility" means a facility located in New Mexico that generates electricity from geothermal resources and:

(a) for a new facility, begins construction on or after January 1, 2025; or

(b) for an existing facility, on or after January 1, 2025, increases the amount of electricity generated from geothermal resources the facility generated prior to that date by at least one hundred percent;

(3) "geothermal resources" means the natural heat of the earth in excess of two hundred fifty degrees Fahrenheit or the energy, in whatever form, below the surface of the earth present in, resulting from, created by or that may

be extracted from this natural heat in excess of two hundred fifty degrees Fahrenheit and all minerals in solution or other products obtained from naturally heated fluids, brines, associated gases and steam, in whatever form, found below the surface of the earth, but excluding oil, hydrocarbon gas and other hydrocarbon substances and excluding the heating and cooling capacity of the earth not resulting from the natural heat of the earth in excess of two hundred fifty degrees Fahrenheit as may be used for the heating and cooling of buildings through an on-site geoexchange heat pump or similar on-site system; and

(4) "interest in a geothermal electricity generation facility" means title to a geothermal electricity generation facility; a leasehold interest in such facility; an ownership interest in a business or entity that is taxed for federal income tax purposes as a partnership that holds title to or a leasehold interest in such facility; or an ownership interest, through one or more intermediate entities that are each taxed for federal income tax purposes as a partnership, in a business that holds title to or a leasehold interest in such facility."

SECTION 88. Section 7-9-115 NMSA 1978 (being Laws 2015 (1st S.S.), Chapter 2, Section 9, as amended) is amended to read:

"7-9-115. DEDUCTION--GROSS RECEIPTS TAX--GOODS AND

SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY AND SATELLITES.--

A. Prior to January 1, 2031, receipts from the sale by a qualified contractor of qualified research and development services and qualified directed energy and satellite-related inputs may be deducted from gross receipts when sold pursuant to a contract with the United States department of defense.

B. The purposes of the deduction allowed in this section are to promote new and sophisticated technology, enhance the viability of directed energy and satellite projects, attract new projects and employers to New Mexico and increase high-technology employment opportunities in New Mexico.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

D. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deduction. Beginning in 2017 and each year thereafter that the deduction is in effect, the department and the economic development department shall present the annual report to the revenue stabilization and tax policy committee and the~~

~~legislative finance committee~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deduction and whether the deduction is performing the purpose for which it was created.

E. As used in this section:

(1) "directed energy" means a system, including related services, that enables the use of the frequency spectrum, including radio waves, light and x-rays;

(2) "inputs" means systems, subsystems, components, prototypes and demonstrators or products and services involving optics, photonics, electronics, advanced materials, nanoelectromechanical and microelectromechanical systems, fabrication materials and test evaluation and computer control systems related to directed energy or satellites;

(3) "qualified contractor" means a person other than an organization designated as a national laboratory by act of congress or an operator of national laboratory facilities in New Mexico; provided that the operator may be a qualified contractor with respect to the operator's receipts not connected with operating the national laboratory;

(4) "qualified directed energy and satellite-related inputs" means inputs supplied to the department of defense pursuant to a contract with that department entered into on or after January 1, 2016;

(5) "qualified research and development services" means research and development services related to directed energy or satellites provided to the department of defense pursuant to a contract with that department entered into on or after January 1, 2016; and

(6) "satellite" means composite systems assembled and packaged for use in space, including launch vehicles and related products and services."

SECTION 89. Section 7-9-116 NMSA 1978 (being Laws 2018, Chapter 46, Section 1, as amended) is amended to read:

"7-9-116. DEDUCTION--GROSS RECEIPTS TAX--RETAIL SALES BY CERTAIN BUSINESSES.--

A. Prior to July 1, 2025, receipts from the sale at retail of the following types of tangible personal property may be deducted if the sales price of the property is less than five hundred dollars ($500) and:

(1) the sale occurs during the period beginning at 12:01 a.m. on the first Saturday after Thanksgiving and ending at midnight on the same Saturday;

(2) the sale is for:

(a) an article of clothing or footwear designed to be worn on or about the human body;

(b) accessories, including jewelry, handbags, book bags, backpacks, luggage, wallets, watches and similar items worn or carried on or about the human body,

without regard to whether worn on the body in a manner characteristic of clothing;

(c) sporting goods and camping equipment;

(d) tools used for home improvement, gardening and automotive maintenance and repair;

(e) books, journals, paper, writing instruments, art supplies, greeting cards and postcards;

(f) works of art, including any painting, drawing, print, photograph, sculpture, pottery or ceramics, carving, textile, basketry, artifact, natural specimen, rare book, authors' papers, objects of historical or technical interest or other article of intrinsic cultural value;

(g) floral arrangements and indoor plants;

(h) cosmetics and personal grooming items;

(i) musical instruments;

(j) cookware and small home appliances for residential use;

(k) bedding, towels and bath accessories;

(l) furniture;

(m) a toy or game that is a physical

item, product or object clearly intended and designed to be used by children or families in play;

(n) a video game or video game console and any associated accessories for the video game console; or

(o) home electronics such as computers, phones, tablets, stereo equipment and related electronics accessories; and

(3) the sale is made by a seller that carries on a trade or business in New Mexico, maintains its primary place of business in New Mexico, as determined by the department, and employed no more than ten employees at any one time during the previous fiscal year.

B. Receipts for sales made by a business that operates under a franchise agreement may not be deducted pursuant to this section.

C. The purpose of the deduction provided by this section is to increase sales at small local businesses.

D. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

E. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the~~

~~deduction. The department shall present the annual report to the revenue stabilization and tax policy committee and the legislative finance committee~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the effectiveness and cost of the deduction and whether the deduction is performing the purpose for which it was created."

SECTION 90. Section 7-9-119 NMSA 1978 (being Laws 2021, Chapter 7, Section 3) is amended to read:

"7-9-119. DEDUCTION--SALES MADE BY DISPENSER'S LICENSE HOLDER.--

A. Prior to January 1, 2026, a liquor license holder who held the license on June 30, 2021 may deduct from gross receipts the following receipts, for each dispenser's license for which sales of alcoholic beverages for consumption off premises are less than fifty percent of total alcoholic beverage sales, up to fifty thousand dollars ($50,000) of receipts from the sale of alcoholic beverages for taxable years 2022 through 2025.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

C. [~~The department shall compile an annual report on the deduction provided by this section that shall include the number of taxpayers that claimed the deduction, the~~

~~aggregate amount of deductions claimed and any other information necessary to evaluate the effectiveness of the deduction. The department shall compile and present the report to the revenue stabilization and tax policy committee and the legislative finance committee~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978 with an analysis of the cost of the deduction.

D. As used in this section:

(1) "alcoholic beverage" means alcoholic beverage as defined in the Liquor Control Act;

(2) "dispenser's license" means a license issued pursuant to the provisions of the Liquor Control Act allowing the licensee to sell, offer for sale or have in the person's possession with the intent to sell alcoholic beverages both by the drink for consumption on the licensed premises and in unbroken packages, including growlers, for consumption and not for resale off the licensed premises;

(3) "growler" means a clean, refillable, resealable container that has a liquid capacity that does not exceed one gallon and that is intended and used for the sale of beer, wine or cider; and

(4) "liquor license holder" means a person that holds a retailer's license issued pursuant to Section 60-6A-2 NMSA 1978, a special dispenser's license issued

pursuant to Section 60-6A-3 NMSA 1978 or a dispenser's license issued pursuant to Section 60-6A-12 NMSA 1978 issued prior to July 1, 2021."

SECTION 91. Section 7-9A-5 NMSA 1978 (being Laws 1979, Chapter 347, Section 5, as amended) is amended to read:

"7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT.--

A. The investment credit provided for in the Investment Credit Act may be claimed by a taxpayer carrying on a manufacturing operation in New Mexico in an amount equal to:

(1) the product of the sum of the compensating tax rate and [~~beginning July 1, 2021~~] any municipal or county compensating tax rate multiplied by the value of the qualified equipment; or

(2) if the sale is subject to the gross receipts tax, the product of the sum of the state gross receipts tax rate and [~~beginning July 1, 2021~~] any municipal or county local option gross receipts tax rates multiplied by the seller's gross receipts from the sale of the qualified equipment.

B. If the purchase or the introduction into New Mexico of the qualified equipment is not subject to the gross receipts tax or compensating tax, the rate to determine the amount of the credit shall be equal to [~~a~~] the rate of [~~five and one-eighth percent~~] the state gross receipts tax."

SECTION 92. Section 7-9C-7 NMSA 1978 (being Laws 1992,

Chapter 50, Section 7 and also Laws 1992, Chapter 67, Section 7, as amended) is amended to read:

"7-9C-7. DEDUCTION--SALE OF A SERVICE FOR RESALE.--[~~A.~~] Receipts from providing an interstate telecommunications service in this state that will be used by other persons in providing telephone or telegraph services to the final user may be deducted from interstate telecommunications gross receipts if the sale is made to a person who is subject to the interstate telecommunications gross receipts tax or to the gross receipts tax or the compensating tax.

[~~B. Receipts during the period July 1, 1998 through June 30, 2000 from providing leased telephone lines, telecommunications services, internet access services or computer programming that will be used by other persons in providing internet access and related services to the final user may be deducted from interstate telecommunications gross receipts if the sale is made to a person who is subject to the interstate telecommunications gross receipts tax, the gross receipts tax or the compensating tax.~~]"

SECTION 93. Section 7-9G-1 NMSA 1978 (being Laws 2004, Chapter 15, Section 1, as amended) is amended to read:

"7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING HIGH-WAGE JOBS.--

A. A taxpayer that is an eligible employer may apply for, and the department may allow, a tax credit for each

new high-wage job. The credit provided in this section may be referred to as the "high-wage jobs tax credit".

B. The purpose of the high-wage jobs tax credit is to provide an incentive for [~~urban and rural~~] businesses to create and fill new high-wage jobs in New Mexico.

C. The high-wage jobs tax credit may be claimed and allowed in an amount equal to eight and one-half percent of the wages distributed to an eligible employee in a new high-wage job but shall not exceed twelve thousand seven hundred fifty dollars ($12,750) per job per qualifying period. The high-wage jobs tax credit may be claimed by an eligible employer for each new high-wage job performed for the year in which the new high-wage job is created and for consecutive qualifying periods.

D. To receive a high-wage jobs tax credit, a taxpayer shall file [~~an~~] a completed application for approval of the credit with the department once per calendar year on forms and in the manner prescribed by the department. The annual application shall contain the certification required by Subsection K of this section and shall contain all qualifying periods that closed during the calendar year for which the application is made. Any qualifying period that did not close in the calendar year for which the application is made shall be denied by the department. The application for a calendar year shall be filed no later than December 31 of the following calendar year. If a taxpayer fails to file the annual

application within the time limits provided in this section, the application shall be denied by the department. [~~The department shall make a determination on the application within one hundred eighty days of the date on which the application was filed.~~]

E. A new high-wage job shall not be eligible for a credit pursuant to this section for the initial qualifying period unless the eligible employer's total number of employees with threshold jobs on the last day of the initial qualifying period at the location at which the job is performed or based is at least one more than the number of threshold jobs on the day prior to the date the new high-wage job was created. A new high-wage job shall not be eligible for a credit pursuant to this section for a consecutive qualifying period unless the total number of threshold jobs at a location at which the job is performed or based on the last day of that qualifying period is greater than or equal to the number of threshold jobs at that same location on the last day of the initial qualifying period for the new high-wage job.

F. If a consecutive qualifying period for a new high-wage job does not meet the wage, occupancy and residency requirements, then the qualifying period is ineligible.

G. Except as provided in Subsection H of this section, a new high-wage job shall not be eligible for a credit pursuant to this section if:

(1) the new high-wage job is created due to a business merger or acquisition or other change in business organization;

(2) the eligible employee was terminated from employment in New Mexico by another employer involved in the business merger or acquisition or other change in business organization with the taxpayer; and

(3) the new high-wage job is performed by:

(a) the person who performed the job or its functional equivalent prior to the business merger or acquisition or other change in business organization; or

(b) a person replacing the person who performed the job or its functional equivalent prior to a business merger or acquisition or other change in business organization.

H. A new high-wage job that was created by another employer and for which an application for the high-wage jobs tax credit was received and is under review by the department prior to the time of the business merger or acquisition or other change in business organization shall remain eligible for the high-wage jobs tax credit for the balance of the consecutive qualifying periods. The new employer that results from a business merger or acquisition or other change in business organization may only claim the high-wage jobs tax credit for the balance of the consecutive qualifying periods

for which the new high-wage job is otherwise eligible.

I. A new high-wage job shall not be eligible for a credit pursuant to this section if the job is created due to an eligible employer entering into a contract or becoming a subcontractor to a contract with a governmental entity that replaces one or more entities performing functionally equivalent services for the governmental entity unless the job is a new high-wage job that was not being performed by an employee of the replaced entity.

J. A new high-wage job shall not be eligible for a credit pursuant to this section if the eligible employer has more than one business location in New Mexico from which it conducts business and the requirements of Subsection E of this section are satisfied solely by moving the job from one business location of the eligible employer in New Mexico to another business location of the eligible employer in New Mexico.

K. With respect to each annual application for a high-wage jobs tax credit, the employer shall certify and include:

(1) the amount of wages paid to each eligible employee in a new high-wage job during the qualifying period;

(2) the number of weeks each position was occupied during the qualifying period;

(3) whether the new high-wage job was in a

municipality with a population of sixty thousand or more or with a population of less than sixty thousand according to the most recent federal decennial census and whether the job was in the unincorporated area of a county;

(4) which qualifying period the application pertains to for each eligible employee;

(5) the total number of employees employed by the employer at the job location on the day prior to the qualifying period and on the last day of the qualifying period;

(6) the total number of threshold jobs performed or based at the eligible employer's location on the day prior to the qualifying period and on the last day of the qualifying period;

(7) for an eligible employer that has more than one business location in New Mexico from which it conducts business, the total number of threshold jobs performed or based at each business location of the eligible employer in New Mexico on the day prior to the qualifying period and on the last day of the qualifying period;

(8) whether the eligible employer is receiving or is eligible to receive development training program assistance pursuant to Section 21-19-7 NMSA 1978;

(9) whether the eligible employer has ceased business operations at any of its business locations in New Mexico; and

(10) whether the application is precluded by Subsection O of this section.

L. Any person who willfully submits a false, incorrect or fraudulent certification required pursuant to Subsection K of this section shall be subject to all applicable penalties under the Tax Administration Act, except that the amount on which the penalty is based shall be the total amount of credit requested on the application for approval.

M. Except as provided in Subsection N of this section, an approved high-wage jobs tax credit shall be claimed against the taxpayer's modified combined tax liability and shall be filed with the return due immediately following the date of the credit approval. If the credit exceeds the taxpayer's modified combined tax liability, the excess shall be refunded to the taxpayer.

N. If the taxpayer ceases business operations in New Mexico while an application for credit approval is pending or after an application for credit has been approved for any qualifying period for a new high-wage job, the department shall not grant an additional high-wage jobs tax credit to that taxpayer except as provided in Subsection O of this section and shall extinguish any amount of credit approved for that taxpayer that has not already been claimed against the taxpayer's modified combined tax liability.

O. A taxpayer that has received a high-wage jobs

tax credit shall not submit a new application for the credit for a minimum of two calendar years from the closing date of the last qualifying period for which the taxpayer received the credit if the taxpayer lost eligibility to claim the credit from a previous application pursuant to Subsection N of this section.

P. The economic development department and the taxation and revenue department shall report to the appropriate interim legislative committee each year the cost of the high-wage jobs tax credit to the state and its impact on company recruitment and job creation.

Q. As used in this section:

(1) "benefits" means all remuneration for work performed that is provided to an employee in whole or in part by the employer, other than wages, including the employer's contributions to insurance programs, health care, medical, dental and vision plans, life insurance, employer contributions to pensions, such as a 401(k), and employer-provided services, such as child care, offered by an employer to the employee;

(2) "consecutive qualifying period" means each of the three qualifying periods successively following the qualifying period in which the new high-wage job was created;

(3) "department" means the taxation and revenue department;

(4) "dependent" means "dependent" as defined in 26 U.S.C. 152(a), as that section may be amended or renumbered;

(5) "domicile" means the sole place where an individual has a true, fixed, permanent home. It is the place where the individual has a voluntary, fixed habitation of self and family with the intention of making a permanent home;

(6) "eligible employee" means an individual who is employed in New Mexico by an eligible employer and who is a resident of New Mexico; "eligible employee" does not include an individual who:

(a) is a dependent of the employer;

(b) if the employer is an estate or trust, is a grantor, beneficiary or fiduciary of the estate or trust or is a dependent of a grantor, beneficiary or fiduciary of the estate or trust;

(c) if the employer is a corporation, is a dependent of an individual who owns, directly or indirectly, more than fifty percent in value of the outstanding stock of the corporation; or

(d) if the employer is an entity other than a corporation, estate or trust, is a dependent of an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity;

(7) "eligible employer" means an employer

that, during the applicable qualifying period, would be eligible for development training program assistance under the fiscal year 2019 policies defining development training program eligibility developed by the industrial training board in accordance with Section 21-19-7 NMSA 1978;

(8) "modified combined tax liability" means the total liability for the reporting period for the gross receipts tax imposed by Section 7-9-4 NMSA 1978 together with any tax collected at the same time and in the same manner as the gross receipts tax, such as the compensating tax, the withholding tax, the interstate telecommunications gross receipts tax, the surcharges imposed by Section 63-9D-5 NMSA 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978, minus the amount of any credit other than the high-wage jobs tax credit applied against any or all of these taxes or surcharges; but "modified combined tax liability" excludes all amounts collected with respect to local option gross receipts taxes;

(9) "new high-wage job" means a new job created in New Mexico by an eligible employer on or after July 1, 2004 and prior to July 1, 2026 that is occupied for at least forty-four weeks of a qualifying period by an eligible employee who is paid wages calculated for the qualifying period to be at least:

(a) [~~for a new high-wage job created~~

~~prior to July 1, 2015: 1) forty thousand dollars ($40,000) if the job is performed or based in or within ten miles of the external boundaries of a municipality with a population of sixty thousand or more according to the most recent federal decennial census or in a class H county; and 2) twenty-eight thousand dollars ($28,000) if the job is performed or based in a municipality with a population of less than sixty thousand according to the most recent federal decennial census or in the unincorporated area, that is not within ten miles of the external boundaries of a municipality with a population of sixty thousand or more, of a county other than a class H county; and~~

~~(b) for a new high-wage job created on or after July 1, 2015: 1)~~] sixty thousand dollars ($60,000) if the job is performed or based in or within ten miles of the external boundaries of a municipality with a population of sixty thousand or more according to the most recent federal decennial census or in a class H county; and

[~~2)~~] (b) forty thousand dollars ($40,000) if the job is performed or based in a municipality with a population of less than sixty thousand according to the most recent federal decennial census or in the unincorporated area, that is not within ten miles of the external boundaries of a municipality with a population of sixty thousand or more, of a county other than a class H county;

(10) "new job" means a job that is occupied by an employee who has not been employed in New Mexico by the eligible employer in the three years prior to the date of hire;

(11) "qualifying period" means the period of twelve months beginning on the day an eligible employee begins working in a new high-wage job or the period of twelve months beginning on the anniversary of the day an eligible employee began working in a new high-wage job;

(12) "resident" means a natural person whose domicile is in New Mexico at the time of hire or within one hundred eighty days of the date of hire;

(13) "threshold job" means a job that is occupied for at least forty-four weeks of a calendar year by an eligible employee and that meets the wage requirements for a "new high-wage job"; and

(14) "wages" means all compensation paid by an eligible employer to an eligible employee through the employer's payroll system, including those wages that the employee elects to defer or redirect or the employee's contribution to a 401(k) or cafeteria plan program, but "wages" does not include benefits or the employer's share of payroll taxes, social security or medicare contributions, federal or state unemployment insurance contributions or workers' compensation."

SECTION 94. Section 7-13-3.5 NMSA 1978 (being Laws 1997,

Chapter 192, Section 3) is amended to read:

"7-13-3.5. BOND REQUIRED OF TAXPAYERS.--

A. Except as provided in Subsection H of this section, every taxpayer shall file with the department a bond on a form approved by the attorney general with a surety company authorized by the [~~state corporation~~] public regulation commission to transact business in this state as a surety and upon which bond the taxpayer is the principal obligor and the state the obligee. The bond shall be conditioned upon the prompt filing of true reports and the payment by the taxpayer to the department of all taxes levied by the Gasoline Tax Act, together with all applicable penalties and interest thereon.

B. In lieu of the bond, the taxpayer may elect to file with the department cash or bonds of the United States or New Mexico or of any political subdivision of the state.

C. The total amount of the bond, cash or securities required of any taxpayer shall be fixed by the department and may be increased or reduced by the department at any time, subject to the limitations provided in this section.

D. In fixing the total amount of the bond, cash or securities required of any taxpayer required to post bond, the department shall require an equivalent in total amount to at least two times the amount of the department's estimate of the taxpayer's monthly gasoline tax, determined in such manner as the secretary may deem proper; provided, however, the total

amount of bond, cash or securities required of a taxpayer shall never be less than one thousand dollars ($1,000).

E. In the event the department decides that the amount of the existing bond, cash or securities is insufficient to insure payment to this state of the amount of the gasoline tax and any penalties and interest for which the taxpayer is or may at any time become liable, [~~then~~] the taxpayer, upon written demand of the department mailed to the last known address of the taxpayer as shown on the records of the department, shall file an additional bond, cash or securities in the manner, form and amount determined by the department to be necessary to secure at all times the payment by the taxpayer of all taxes, penalties and interest due under the Gasoline Tax Act.

F. A surety on a bond furnished by a taxpayer as required by this section shall be released and discharged from all liability accruing on the bond after the expiration of ninety days from the date upon which the surety files with the department a written request to be released and discharged; provided, however, that such request shall not operate to release or discharge the surety from any liability already accrued or that shall accrue before the expiration of the ninety-day period, unless a new bond is filed during the ninety-day period, in which case the previous bond may be canceled as of the effective date of the new bond. On receipt

of notice of such request, the department promptly shall notify the taxpayer who furnished the bond that the taxpayer, on or before the expiration of the ninety-day period, shall file with the department a new bond with a surety satisfactory to the department in the amount and form required in this section.

G. The taxpayer required to file bond with or provide cash or securities to the department in accordance with this section and who is required by another state law to file another bond with or provide cash or securities to the department may elect to file a combined bond or provide cash or securities applicable to the provisions of both this section and the other law, with the approval of the secretary. The amount of the combined bond, cash or securities shall be determined by the department and the form of the combined bond shall be approved by the attorney general.

H. [~~Every taxpayer who, for the twenty-four month period immediately preceding July 1, 1994, has not been a delinquent taxpayer pursuant to the Gasoline Tax Act is exempt from the requirement pursuant to this section to file a bond.~~] A taxpayer required to file a bond pursuant to the provisions of this section who, for a twenty-four consecutive month period, [~~ending after July 1, 1994~~] has not been a delinquent taxpayer pursuant to the Gasoline Tax Act may request to be exempt from the requirement to file a bond beginning with the first day of the first month following the end of the twenty-

four month period. If a taxpayer exempted pursuant to this subsection subsequently becomes a delinquent taxpayer under the Gasoline Tax Act, the department may terminate the exemption and require the filing of a bond in accordance with this section. If the department terminates the exemption, the termination shall not be effective any earlier than ten days after the date the department notifies the taxpayer in writing of the termination."

SECTION 95. Section 7-13A-3 NMSA 1978 (being Laws 1990, Chapter 124, Section 16, as amended) is amended to read:

"7-13A-3. IMPOSITION AND RATE OF FEE--DENOMINATION AS "PETROLEUM PRODUCTS LOADING FEE".--

A. For the privilege of loading gasoline or special fuel from a rack at a refinery or pipeline terminal in this state into a cargo tank, there is imposed a fee on the distributor at a rate [~~provided in Subsection C of this section~~] of one hundred fifty dollars ($150) per load on each gallon of gasoline or special fuel loaded in New Mexico on which the petroleum products loading fee has not been previously paid. The fee imposed by this section may be referred to as the "petroleum products loading fee".

B. For the privilege of importing gasoline or special fuel into this state for resale or consumption in this state there is imposed a fee [~~determined~~] as provided in Subsection [~~C~~] A of this section on each load of gasoline or

special fuel imported into New Mexico for resale or consumption on which the petroleum products loading fee has not been previously paid. For the purposes of this section, "load" means eight thousand gallons of gasoline or special fuel. To determine how many loads a person is to report under the provisions of this section, the person shall divide by eight thousand the total gallons of gasoline reported for the purposes of Section 7-13-3 NMSA 1978 as adjusted under the provisions of Section 7-13-4 NMSA 1978 and the total gallons of special fuels received in New Mexico less any gallons exempted under Section 7-13A-4 NMSA 1978. Loads shall be calculated to the nearest one-hundredth of a load.

[~~C. The fee imposed by this section is and may be referred to as the "petroleum products loading fee" and shall be one hundred fifty dollars ($150) per load or whichever of the following applies:~~

~~(1) in the event the secretary of environment certifies that the unobligated balance of the corrective action fund at the end of the prior fiscal year equals or exceeds eighteen million dollars ($18,000,000), the fee shall be set at forty dollars ($40.00) per load;~~

~~(2) in the event the secretary of environment certifies that the unobligated balance of the corrective action fund at the end of the prior fiscal year exceeds twelve million dollars ($12,000,000) but is less than eighteen million dollars~~

~~($18,000,000), the fee shall be set at eighty dollars ($80.00) per load;~~

~~(3) in the event the secretary of environment certifies that the unobligated balance of the corrective action fund at the end of the prior fiscal year exceeds six million dollars ($6,000,000) but is less than twelve million dollars ($12,000,000), the fee shall be set at one hundred twenty dollars ($120) per load; and~~

~~(4) in the event the secretary of environment certifies that the unobligated balance of the corrective action fund at the end of the prior fiscal year is less than six million dollars ($6,000,000), the fee shall be set at one hundred fifty dollars ($150) per load.~~

~~D. The amount of the petroleum products loading fee set pursuant to Paragraph (1), (2), (3) or (4) of Subsection C of this section shall be imposed on the first day of the month following expiration of ninety days after the end of the fiscal year for which the certification was made.~~

~~E. As used in this section, "unobligated balance of the corrective action fund" means corrective action fund equity less all known or anticipated liabilities against the fund.~~]"

SECTION 96. Section 7-13A-5 NMSA 1978 (being Laws 1990, Chapter 124, Section 18, as amended) is amended to read:

"7-13A-5. DEDUCTION--GASOLINE OR SPECIAL FUELS RETURNED--BIODIESEL FOR SUBSEQUENT BLENDING OR RESALE BY A RACK

OPERATOR.--

A. Refunds and allowances made to buyers for gasoline or special fuels returned to the refiner, pipeline terminal operator or distributor or amounts of gasoline or special fuels, the payment for which has not been collected and has been determined to be uncollectible pursuant to [~~provisions of regulations~~] rules issued by the secretary may be deducted from gallons used to determine loads for the purposes of calculating the petroleum products loading fee. If such a payment is subsequently collected, the gallons represented shall be included in determining loads. The deduction under the provisions of this section shall not be allowed if the petroleum products loading fee has not been paid previously on the petroleum products that were returned to the seller or the sale of which created an uncollectible debt.

B. Biodiesel, as defined in the Special Fuels Supplier Tax Act, loaded in or imported into New Mexico and delivered to a rack operator for subsequent blending or resale by a rack operator may be deducted from gallons used to determine loads for the purposes of calculating the petroleum products loading fee.

C. A taxpayer that deducts an amount of biodiesel pursuant to Subsection B of this section shall report the deducted amount separately with the taxpayer's return in a manner prescribed by the department.

D. [~~The department shall calculate the aggregate amount, in dollars, of the difference between the amount of the petroleum products loading fee that would have been collected in a fiscal year if not for the deduction allowed pursuant to Subsection B of this section and the amount of the petroleum products loading fee actually collected. The department shall compile an annual report that includes the aggregate amount, the number of taxpayers that deducted an amount of biodiesel pursuant to Subsection B of this section and any other information necessary to evaluate the deduction. Beginning in 2019 and every five years thereafter, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the costs and benefits to the state~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction.

E. For purposes of this section, "rack operator" means the operator of a refinery in this state or the owner of special fuel stored at a pipeline terminal in this state."

SECTION 97. Section 7-16A-9.4 NMSA 1978 (being Laws 2013, Chapter 109, Section 3) is amended to read:

"7-16A-9.4. REPORTING REQUIREMENTS--SPECIAL FUEL DEDUCTION--BIODIESEL.--

A. A taxpayer that deducts an amount of special fuel that is biodiesel from the total amount of special fuel received in New Mexico pursuant to Paragraph (2) of Subsection H of Section 7-16A-10 NMSA 1978 shall report the deducted amount separately with the taxpayer's return in a manner prescribed by the department.

B. [~~The department shall calculate the aggregate amount, in dollars, of the difference between the amount of special fuel excise tax that would have been collected in a fiscal year if not for the deduction allowed pursuant to Paragraph (2) of Subsection H of Section 7-16A-10 NMSA 1978 and the amount of special fuel excise tax actually collected. The department shall compile an annual report that includes the aggregate amount, the number of taxpayers that deducted an amount of special fuel pursuant to Paragraph (2) of Subsection H of Section 7-16A-10 NMSA 1978 and any other information necessary to evaluate the deduction. Beginning in 2017 and every five years thereafter, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the costs and benefits of the deduction to the state.~~] The deduction provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the deduction."

SECTION 98. Section 7-16A-13.1 NMSA 1978 (being Laws 2001, Chapter 43, Section 2, as amended by Laws 2006, Chapter 73, Section 1 and by Laws 2006, Chapter 74, Section 2) is amended to read:

"7-16A-13.1. CLAIM FOR REFUND OF SPECIAL FUEL EXCISE TAX PAID ON SPECIAL FUEL.--

A. Upon the submission of proof satisfactory to the department, a user of special fuel may submit and the department may allow a claim for refund of tax paid on special fuel used to propel a vehicle authorized by contract with the public education department or with a public school district as a school bus, to propel a vehicle off-road, to operate auxiliary equipment by a power take-off from the main engine or transmission of a vehicle or to operate a non-automotive apparatus mounted on a vehicle when the special fuel used for such purposes and the special fuel used to propel the vehicle on the highways are drawn from a common supply tank. The vehicle must be registered with the department. The user must be registered with the department for purposes of reporting and paying gross receipts tax.

B. No person may submit claims for refund pursuant to the provisions of this section more frequently than quarterly. No claim for refund may be submitted or allowed on less than one hundred gallons.

C. The department may prescribe the documents

necessary to support a claim for refund pursuant to the provisions of this section. The department may prescribe the use of types of monitoring or measuring equipment.

[~~D. This section applies to special fuel purchased on or after July 1, 2001, except for the refund for special fuel used to propel a school bus, which applies to special fuel purchased on or after July 1, 2005.~~]"

SECTION 99. Section 7-16A-15 NMSA 1978 (being Laws 1992, Chapter 51, Section 15, as amended) is amended to read:

"7-16A-15. BOND REQUIRED OF SUPPLIER.--

A. Except as provided in Subsection H of this section, every supplier shall file with the department a bond on a form approved by the attorney general with a surety company authorized by the [~~state corporation~~] public regulation commission to transact business in this state as a surety and upon which bond the supplier is the principal obligor and the state the obligee. The bond shall be conditioned upon the prompt filing of true reports and the payment by the supplier to the department of all taxes levied by the Special Fuels Supplier Tax Act, together with all applicable penalties and interest thereon.

B. In lieu of the bond, the supplier may elect to file with the department cash or bonds of the United States or New Mexico or of any political subdivision of the state.

C. The total amount of the bond, cash or securities

required of any supplier shall be fixed by the department and may be increased or reduced by the department at any time, subject to the limitations provided in this section.

D. In fixing the total amount of the bond, cash or securities required of any supplier required to post bond, the department shall require an equivalent in total amount to at least two times the amount of the department's estimate of the supplier's monthly [~~special fuel excise~~] tax, determined in such manner as the secretary may deem proper; provided, however, the total amount of bond, cash or securities required of a supplier shall never be less than one thousand dollars ($1,000).

E. In the event the department decides that the amount of the existing bond, cash or securities is insufficient to insure payment to this state of the amount of the [~~special fuel excise~~] tax and any penalties and interest for which the supplier is or may at any time become liable, [~~then~~] the supplier shall [~~forthwith~~], upon written demand of the department mailed to the last known address of the supplier as shown on the records of the department, file an additional bond, cash or securities in the manner, form and amount determined by the department to be necessary to secure at all times the payment by the supplier of all taxes, penalties and interest due pursuant to the Special Fuels Supplier Tax Act.

F. Any surety on any bond furnished by any supplier

as required by this section shall be released and discharged from all liability accruing on the bond after the expiration of ninety days from the date upon which the surety files with the department a written request to be released and discharged; provided, however, the request shall not operate to release or discharge the surety from any liability already accrued or that shall accrue before the expiration of the ninety-day period, unless a new bond is filed during the ninety-day period, in which case the previous bond may be canceled as of the effective date of the new bond. On receipt of notice of such request, the department shall notify promptly the supplier who furnished the bond that the supplier shall, on or before the expiration of the ninety-day period, file with the department a new bond with a surety satisfactory to the department in the amount and form required in this section.

G. The supplier required to file bond with or provide cash or securities to the department in accordance with this section and who is required by any other state law to file another bond with or provide cash or securities to the department may elect to file a combined bond or provide cash or securities applicable to the provisions of both this section and the other law, with the approval of the secretary. The amount of the combined bond, cash or securities shall be determined by the department and the form of the combined bond shall be approved by the attorney general.

H. [~~On July 1, 1994, every supplier who, for the twenty-four month period immediately preceding that date, has not been a delinquent taxpayer under the Special Fuels Supplier Tax Act or the Special Fuels Tax Act is exempt from the requirement pursuant to this section to file a bond.~~] A supplier required to file a bond pursuant to the provisions of this section who, for a twenty-four consecutive month period **SFC→,←SFC** [~~ending after July 1, 1994~~] has not been a delinquent taxpayer pursuant to [~~either~~] the Special Fuels Supplier Tax Act [~~or the Special Fuels Tax Act~~] may request to be exempt from the requirement to file a bond beginning with the first day of the first month following the end of the twenty-four month period. If a supplier exempted pursuant to this subsection subsequently becomes a delinquent taxpayer pursuant to the Special Fuels Supplier Tax Act, the department may terminate the exemption and require the filing of a bond in accordance with this section. If the department terminates the exemption, the termination shall not be effective any earlier than ten days after the date the department notifies the supplier in writing of the termination."

SECTION 100. Section 7-16B-4 NMSA 1978 (being Laws 1995, Chapter 16, Section 4, as amended) is amended to read:

"7-16B-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS ALTERNATIVE FUEL EXCISE TAX.--

A. For the privilege of distributing alternative

fuel in this state, there is imposed an excise tax at a rate provided in Subsection C of this section on each gallon of alternative fuel distributed in New Mexico.

B. The tax imposed by this section may be called the "alternative fuel excise tax".

C. For each gallon of alternative fuel distributed in New Mexico, the tax imposed by Subsection A of this section shall be:

[~~(1) for the period beginning January 1, 1996 and ending December 31, 1997, three cents ($0.03) per gallon;~~

~~(2) for the period beginning January 1, 1998 and ending December 31, 1999, six cents ($0.06) per gallon;~~

~~(3) for the period beginning January 1, 2000 and ending December 31, 2001, nine cents ($0.09) per gallon;~~

~~(4) for the period beginning January 1, 2002 and ending June 30, 2014, twelve cents ($0.12) per gallon; and~~

~~(5) for the period beginning July 1, 2014 and thereafter~~

~~(a)~~] (1) for alternative fuel that is compressed natural gas, thirteen and three-tenths cents ($.133) per gallon;

[~~(b)~~] (2) for alternative fuel that is liquefied natural gas, twenty and six-tenths cents ($.206) per gallon; and

[~~(c)~~] (3) for alternative fuel not described

in [~~Subparagraph (a) or (b) of this~~] Paragraph (1) or (2) of this subsection, twelve cents ($.12) per gallon.

D. Alternative fuel purchased for distribution shall not be subject to the alternative fuel excise tax at the time of purchase or acquisition, but the tax shall be due on any alternative fuel at the time it is dispensed or delivered into the supply tank of a motor vehicle that is operated on the highways of this state."

SECTION 101. Section 7-19-11 NMSA 1978 (being Laws 1979, Chapter 397, Section 2, as amended) is amended to read:

"7-19-11. DEFINITIONS.--As used in the Supplemental Municipal Gross Receipts Tax Act:

A. "department" [~~or "division"~~] means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

B. "governing body" means the city council or city commission of a municipality;

C. "municipality" means any incorporated city, town or village having previously qualified to impose and did impose the tax pursuant to the provisions of the Supplemental Municipal Gross Receipts Tax Act in effect prior to [~~this 1997 act~~] the enactment of Laws 1997, Chapter 219;

D. "person" means an individual or any other legal entity;

E. "refunding bonds" means bonds issued pursuant to the provisions of the Supplemental Municipal Gross Receipts Tax Act to refund supplemental municipal gross receipts tax bonds issued pursuant to the provisions of that act;

F. "state gross receipts tax" means the gross receipts tax imposed under the Gross Receipts and Compensating Tax Act; and

G. "supplemental municipal gross receipts tax" means the tax authorized to be imposed under the Supplemental Municipal Gross Receipts Tax Act."

SECTION 102. Section 7-19-12 NMSA 1978 (being Laws 1979, Chapter 397, Section 3, as amended) is amended to read:

"7-19-12. AUTHORIZATION TO IMPOSE SUPPLEMENTAL MUNICIPAL GROSS RECEIPTS TAX--AUTHORIZATION FOR ISSUANCE OF SUPPLEMENTAL MUNICIPAL GROSS RECEIPTS BONDS--ELECTION REQUIRED.--

A. The majority of the members elected to the governing body of a municipality may enact an ordinance imposing an excise tax on any person engaging in business in the municipality for the privilege of engaging in business in the municipality. This tax is to be referred to as the "supplemental municipal gross receipts tax". The rate of the tax shall not exceed one percent of the gross receipts of the person engaging in business and shall be imposed in one-fourth percent increments if less than one percent.

B. The governing body of a municipality enacting an

ordinance imposing the tax authorized in Subsection A of this section shall submit the question of imposing such tax and the question of the issuance of supplemental municipal gross receipts bonds in an amount not to exceed nine million dollars ($9,000,000), for which the revenue from the supplemental municipal gross receipts tax is dedicated, to the qualified electors of the municipality at a regular or special election.

C. The questions referred to in Subsection B of this section shall be submitted to a vote of the qualified electors of the municipality as two separate ballot questions, which shall be substantially in the following form:

(1) "Shall the municipality be authorized to issue supplemental municipal gross receipts bonds in an amount of not exceeding _____ dollars for the purpose of constructing and equipping and otherwise acquiring a municipal water supply system?

For _____ Against _____"; and

(2) "Shall the municipality impose an excise tax for the privilege of engaging in business in the municipality which shall be known as the "supplemental municipal gross receipts tax" and which shall be imposed at a rate of _____ percent of the gross receipts of the person engaging in business, the proceeds of which are dedicated to the payment of supplemental municipal gross receipts bonds?

For _____ Against _____".

D. Only those voters who are registered electors who reside within the municipality shall be permitted to vote on these two questions. The procedures for conducting the election shall be substantially the same as the applicable provisions in Sections 3-30-1, 3-30-6 and 3-30-7 NMSA 1978 relating to municipal debt.

E. If at an election called pursuant to this section a majority of the voters voting on each of the two questions [~~vote~~] votes in the affirmative on each [~~such~~] question, [~~then~~] the ordinance imposing the supplemental municipal gross receipts tax shall be approved. If at such election a majority of the voters voting on such questions [~~fail~~] fails to approve any of the questions, [~~then~~] the ordinance imposing the tax shall be disapproved and the questions required to be submitted by Subsection B of this section shall not be submitted to the voters for a period of one year from the date of the election.

F. Except as provided in Subsection G of this section, any ordinance enacted under the provisions of this section shall include an effective date of [~~either~~] the first July 1 [~~or January 1, whichever date occurs first~~] after the expiration of at least [~~five~~] three months from the date of the election. A certified copy of any ordinance imposing a supplemental municipal gross receipts tax shall be mailed to the [~~division~~] department within five days after the ordinance

is adopted by the approval by the electorate. Any ordinance repealing the imposition of a tax under the provisions of the Supplemental Municipal Gross Receipts Tax Act shall become effective on [~~either~~] the first July 1 [~~or January 1~~] after the expiration of at least [~~five~~] three months from the date the ordinance is repealed by the governing body.

G. [~~Nothing in this section is intended to or does alter the effectiveness or validity of any actions taken in accordance with Subsection G of Section 80 of Chapter 20 of Laws 1986~~] If the governor declares a state of emergency, or if there is an unforeseen occurrence that would cause a municipality's reserves to drop below the amount required by the local government division of the department of finance and administration, as certified by the division, an ordinance imposing a tax or an increment of a tax may become effective on the first January 1 after the expiration of at least three months after such a declaration or event and notification to the department."

SECTION 103. Section 7-19-13 NMSA 1978 (being Laws 1979, Chapter 397, Section 4) is amended to read:

"7-19-13. ORDINANCE [~~MUST~~] SHALL CONFORM TO CERTAIN PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT AND REQUIREMENTS OF THE [~~DIVISION~~] DEPARTMENT.--

A. Any ordinance imposing a supplemental municipal gross receipts tax shall adopt by reference the same

definitions and the same provisions relating to exemptions and deductions as are contained in the Gross Receipts and Compensating Tax Act then in effect and as it may be amended from time to time.

B. The governing body of any municipality imposing or increasing the supplemental municipal gross receipts tax [~~must~~] shall adopt the language of the model ordinance furnished to the municipality by the [~~division~~] department for the portion of the ordinance relating to the tax."

SECTION 104. Section 7-19-14 NMSA 1978 (being Laws 1979, Chapter 397, Section 5, as amended) is amended to read:

"7-19-14. SPECIFIC EXEMPTIONS.--No supplemental municipal gross receipts tax shall be imposed on the gross receipts arising from [~~A. prior to July 1, 2021, transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the municipality to another point outside the municipality; or B.~~] a business located outside the boundaries of a municipality on land owned by that municipality for which a gross receipts tax distribution is made pursuant to Section 7-1-6.4 NMSA 1978."

SECTION 105. Section 7-19-16 NMSA 1978 (being Laws 1979, Chapter 397, Section 7) is amended to read:

"7-19-16. INTERPRETATION OF ACT--ADMINISTRATION AND ENFORCEMENT OF TAX.--

A. The [~~division~~] department shall interpret the

provisions of the Supplemental Municipal Gross Receipts Tax Act.

B. The [~~division~~] department shall administer and enforce the collection of the supplemental municipal gross receipts tax, and the Tax Administration Act applies to the administration and enforcement of the tax."

SECTION 106. Section 7-19D-3 NMSA 1978 (being Laws 1993, Chapter 346, Section 3) is amended to read:

"7-19D-3. EFFECTIVE DATE OF ORDINANCE.--

A. Except as provided in Subsection B of this section, an ordinance imposing, amending or repealing a tax or an increment of tax authorized by the Municipal Local Option Gross Receipts and Compensating Taxes Act shall be effective on the first July 1 [~~or January 1, whichever date occurs first~~] after the expiration of at least three months from the date the adopted ordinance is mailed or delivered to the department.

B. If the governor declares a state of emergency, or if there is an unforeseen occurrence that would cause a municipality's reserves to drop below the amount required by the local government division of the department of finance and administration, as certified by the division, an ordinance imposing a tax or an increment of a tax may become effective on the first January 1 after the expiration of at least three months after such a declaration or event and notification to the department.

C. The ordinance imposing, amending or repealing a tax or an increment of tax shall include [~~that~~] the effective date."

SECTION 107. Section 7-19D-5 NMSA 1978 (being Laws 1993, Chapter 346, Section 5, as amended) is amended to read:

"7-19D-5. SPECIFIC EXEMPTIONS.--No tax authorized by the provisions of the Municipal Local Option Gross Receipts and Compensating Taxes Act shall be imposed on the gross receipts arising from [~~A. prior to July 1, 2021, transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the municipality to another point outside the municipality; or B.~~] a business located outside the boundaries of a municipality on land owned by that municipality for which a state gross receipts tax distribution is made pursuant to Section 7-1-6.4 NMSA 1978."

SECTION 108. Section 7-19D-17 NMSA 1978 (being Laws 2012, Chapter 58, Section 1, as amended) is amended to read:

"7-19D-17. FEDERAL WATER PROJECT GROSS RECEIPTS TAX--AUTHORIZATION--USE OF REVENUE--REFERENDUM.--

A. A majority of the members of the governing body of a municipality may enact an ordinance imposing an excise tax on any person engaging in business in the municipality for the privilege of engaging in business. The rate of the tax shall not exceed one-fourth percent of the gross receipts of the

person engaging in business. An ordinance enacting the tax authorized by this section is subject to a positive referendum.

B. The tax imposed pursuant to this section may be referred to as the "federal water project gross receipts tax".

C. The governing body of a municipality, at the time of enacting an ordinance imposing the rate of the tax authorized in this section, shall dedicate the revenue for the repayment of loan obligations to the federal government for the construction, expansion, operation and maintenance of a water delivery system and for the expansion, operation and maintenance of that water delivery system after the loan obligation to the federal government is retired or repaid. The revenue from the federal water project gross receipts tax shall not be dedicated to repay revenue bonds or any other form of bonds.

D. An ordinance imposing the federal water project gross receipts tax shall not go into effect until an election is held and a majority of the voters of the municipality voting in the election votes in favor of imposing the tax. The governing body shall adopt a resolution calling for an election within seventy-five days of the date the ordinance is adopted on the question of imposing the tax. The question shall be submitted to the voters of the municipality as a separate question at a regular local election or at a special election called for that purpose by the governing body. An election

shall be called, conducted and canvassed as provided in the Local Election Act. If a majority of the voters voting on the question approves the ordinance imposing the federal water project gross receipts tax, then the ordinance shall become effective on [~~January 1 or~~] July 1 in accordance with the provisions of the Municipal Local Option Gross Receipts and Compensating Taxes Act. If the question of imposing the federal water project gross receipts tax fails, the governing body shall not again propose the imposition of the tax for a period of one year from the date of the election.

[~~E. A municipality that imposed a federal water project gross receipts tax pursuant to this section shall not also impose a municipal capital outlay gross receipts tax.~~

~~F.~~] E. As used in this section, "municipality" means an incorporated municipality that has a population pursuant to the most recent federal decennial census of greater than twenty thousand but less than twenty-five thousand and is located in a class B county."

SECTION 109. Section 7-20E-3 NMSA 1978 (being Laws 1993, Chapter 354, Section 3, as amended) is amended to read:

"7-20E-3. OPTIONAL REFERENDUM SELECTION--EFFECTIVE DATE OF ORDINANCE.--

A. The governing body of a county imposing a tax or an increment of tax authorized by the County Local Option Gross Receipts and Compensating Taxes Act or any other county local

option gross receipts tax act that is subject to optional referendum selection shall select, when enacting the ordinance imposing the tax, one of the following referendum options:

(1) except as provided in Subsection C of this section, the ordinance imposing the tax or increment of tax shall go into effect on July 1 [~~or January 1~~] in accordance with the provisions of the County Local Option Gross Receipts and Compensating Taxes Act, but an election may be called in the county on the question of approving or disapproving that ordinance as follows:

(a) an election shall be called when: 1) in a county having a referendum provision in its charter, a petition requesting such an election is filed pursuant to the requirements of that provision in the charter and signed by the number of registered voters in the county equal to the number of registered voters required in its charter to seek a referendum; and 2) in all other counties, a petition requesting such an election is filed with the county clerk within sixty days of enactment of the ordinance by the governing body and the petition has been signed by a number of registered voters in the county equal to at least five percent of the number of the voters in the county who were registered to vote in the most recent general election;

(b) the signatures on the petition requesting an election shall be verified by the county clerk.

If the petition is verified by the county clerk as containing the required number of signatures of registered voters, the governing body shall adopt a resolution calling an election on the question of approving or disapproving the ordinance. The election shall be held within sixty days after the date the petition is verified by the county clerk, or it may be held in conjunction with a general election if that election occurs within sixty days after the date of the verification. The election shall be called, held, conducted and canvassed in substantially the same manner as provided by law for general elections; and

(c) if a majority of the registered voters voting on the question approves the ordinance, the ordinance shall go into effect on July 1 or January 1 in accordance with the provisions of the County Local Option Gross Receipts and Compensating Taxes Act. If at such an election a majority of the registered voters voting on the question disapproves the ordinance, the ordinance imposing the tax shall be deemed repealed and the question of imposing the tax or increment of tax shall not be considered again by the governing body for a period of one year from the date of the election; or

(2) the ordinance imposing the tax or increment of tax shall not go into effect until after an election is held and a simple majority of the registered voters of the county voting on the question votes in favor of imposing

the tax or increment of tax. The governing body shall adopt a resolution calling for an election within seventy-five days of the date the ordinance is adopted on the question of imposing the tax or increment of tax. Such question may be submitted to the voters and voted upon as a separate question at any general election or at any special election called for that purpose by the governing body. The election upon the question shall be called, held, conducted and canvassed in substantially the same manner as may be provided by law for general elections. If the question of imposing the tax or increment of tax fails, the governing body shall not again propose the tax or increment of tax for a period of one year after the election.

B. Except as provided in Subsection C of this section, an ordinance imposing, amending or repealing a tax or an increment of tax authorized by the County Local Option Gross Receipts and Compensating Taxes Act shall be effective on the first July 1 [~~or January 1, whichever date occurs first~~] after the expiration of at least three months from the date the adopted ordinance is mailed or delivered to the department.

C. If the governor declares a state of emergency, or if there is an unforeseen occurrence that would cause a county's reserves to drop below the amount required by the local government division of the department of finance and administration, as certified by the division, an ordinance imposing a tax or an increment of a tax may become effective on

the first January 1 after the expiration of at least three months after such a declaration or event and notification to the department.

D. The ordinance imposing, amending or repealing a tax or an increment of tax shall include [~~that~~] the effective date."

SECTION 110. Section 7-20E-13 NMSA 1978 (being Laws 1987, Chapter 45, Section 3, as amended) is amended to read:

"7-20E-13. SPECIAL COUNTY HOSPITAL GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE--ORDINANCE REQUIREMENTS.--

A. The majority of the members of the governing body may enact an ordinance imposing an excise tax on any person engaging in business in the county for the privilege of engaging in business. The rate of the tax shall be one-eighth [~~of one~~] percent of the gross receipts of the person engaging in business. The tax shall be imposed for a period of not more than five years from the effective date of the ordinance imposing the tax. Having once enacted an ordinance under this section, the governing body may enact subsequent ordinances for succeeding periods of not more than five years; provided that each such ordinance meets the requirements of the County Local Option Gross Receipts and Compensating Taxes Act with respect to the tax imposed by this section.

B. The tax imposed by this section may be referred to as the "special county hospital gross receipts tax".

C. For the purposes of this section, "county" means:

(1) a county:

(a) having a population of more than ten thousand but less than ten thousand six hundred, according to the last federal decennial census or any subsequent decennial census, and having a net taxable value for rate-setting purposes for the 1986 property tax year or any subsequent year of more than eighty-two million dollars ($82,000,000) but less than eighty-two million three hundred thousand dollars ($82,300,000);

(b) that has imposed a rate of one dollar fifty cents ($1.50) to each one thousand dollars ($1,000) of net taxable value of property as defined in the Property Tax Code for property taxation purposes in the county and to each one thousand dollars ($1,000) of the assessed value of products severed and sold in the school district as determined under the Oil and Gas Ad Valorem Production Tax Act and the Oil and Gas Production Equipment Ad Valorem Tax Act or has made an appropriation of funds or has imposed another tax that produces an amount not less than the revenue that would be produced by applying a rate of one dollar fifty cents ($1.50) to each one thousand dollars ($1,000) of net taxable value of property as defined in the Property Tax Code for property taxation purposes in the school district and to each one

thousand dollars ($1,000) of the assessed value of products severed and sold in the school district as determined under the Oil and Gas Ad Valorem Production Tax Act and the Oil and Gas Production Equipment Ad Valorem Tax Act. The proceeds of any tax imposed or appropriation made shall be dedicated for current operations and maintenance of a hospital owned and operated by the county or operated and maintained by another party pursuant to a lease with the county; and

(c) having qualified at any time under this definition shall continue to be qualified as a county and authorized to implement the provisions of this section; and

(2) a class B county having a population of more than seventeen thousand five hundred but less than nineteen thousand according to the 1990 federal decennial census and having a net taxable value for property tax rate-setting purposes of under three hundred million dollars ($300,000,000).

D. The governing body of a county described in Paragraph (1) of Subsection C of this section shall, at the time of enacting an ordinance imposing the rate of the tax authorized in Subsection A of this section, dedicate the revenue for current operations and maintenance of a hospital owned and operated by the county or operated and maintained by another party pursuant to a lease with the county, and the use of these proceeds shall be for the care and maintenance of sick

and indigent persons and shall be an expenditure for a public purpose. In any election held, the ballot shall clearly state the purpose to which the revenue will be dedicated, and the revenue shall be used by the county for that purpose.

E. The governing body of a county described in Paragraph (2) of Subsection C of this section shall, at the time of enacting an ordinance imposing the rate of the tax authorized in Subsection A of this section, dedicate the revenue for county ambulance transport costs or for operation of a rural health clinic. In any election held, the ballot shall clearly state the purposes to which the revenue will be dedicated, and the revenue shall be used by the county for those purposes.

F. Any ordinance enacted under the provisions of Subsection A of this section shall include an effective date of [~~either~~] July 1 [~~or January 1~~] in accordance with the provisions of the County Local Option Gross Receipts and Compensating Taxes Act.

G. The ordinance shall not go into effect until after an election is held and a simple majority of the qualified electors of the county voting in the election votes in favor of imposing the special county hospital gross receipts tax. The governing body shall adopt a resolution calling for an election within seventy-five days of the date the ordinance is adopted on the question of imposing the tax. The question

may be submitted to the qualified electors and voted upon as a separate question in a general election or in any special election called for that purpose by the governing body. A special election upon the question shall be called, held, conducted and canvassed in substantially the same manner as provided by law for general elections. If the question of imposing a special county hospital gross receipts tax fails, the governing body shall not again propose a special county hospital gross receipts tax for a period of one year after the election. A certified copy of any ordinance imposing a special county hospital gross receipts tax shall be mailed to the department within five days after the ordinance is adopted in any election called for that purpose.

H. A single election may be held on the question of imposing a special county hospital gross receipts tax as authorized in this section [~~on the question of imposing a special county hospital gasoline tax as authorized in the Special County Hospital Gasoline Tax Act~~] and on the question of imposing a mill levy pursuant to the Hospital Funding Act."

SECTION 111. Section 7-20E-18 NMSA 1978 (being Laws 1991, Chapter 212, Section 7, as amended) is amended to read:

"7-20E-18. COUNTY HEALTH CARE GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE RATE.--

A. The majority of the members of the governing body of any county may enact an ordinance imposing an excise

tax at a rate of one-sixteenth percent of the gross receipts of any person engaging in business in the county for the privilege of engaging in business in the county. Any ordinance imposing an excise tax pursuant to this section shall not be subject to a referendum. The governing body of a county shall, at the time of enacting an ordinance imposing the tax, dedicate the revenue to the county-supported medicaid fund. This tax is to be referred to as the "county health care gross receipts tax".

B. In addition to the imposition of the county health care gross receipts tax authorized by Subsection A of this section, the majority of the members of the governing body of a county having a population of more than five hundred thousand persons according to the most recent federal decennial census may enact an ordinance imposing an additional one-sixteenth percent increment of county health care gross receipts tax; provided that the imposition of the additional increment shall be for a period that ends no later than June 30, 2009. To continue an increment after June 30, 2009 or beyond any five-year period for which the increment has been imposed, the members of the governing body shall review the need for the increment and if the majority of the members vote in favor of continuing the increment imposed pursuant to this subsection, the increment shall be imposed for an additional period of five years. The governing body of the county shall, at the time of enacting an ordinance imposing the additional

increment of county health care gross receipts tax, dedicate the revenue to the support of indigent patients.

C. Any ordinance enacted pursuant to the provisions of Subsection A or B of this section shall include an effective date of [~~either~~] July 1 [~~or January 1~~] in accordance with the provisions of the County Local Option Gross Receipts and Compensating Taxes Act."

SECTION 112. Section 7-20E-26 NMSA 1978 (being Laws 2007, Chapter 346, Section 1) is amended to read:

"7-20E-26. WATER AND SANITATION GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE--RATE--ELECTION--USE OF REVENUE.--

A. An excise tax imposed by a governing body pursuant to this section may be referred to as the "water and sanitation gross receipts tax". The water and sanitation gross receipts tax shall be imposed by a governing body as set forth in this section, contingent upon a majority of the voters voting in an election on the question of whether to impose a water and sanitation gross receipts tax voting in favor of the imposition.

B. Upon receipt of a resolution adopted and submitted by the board of directors of a water and sanitation district that requests the governing body to impose a water and sanitation gross receipts tax on behalf of the water and sanitation district, a governing body shall enact an ordinance imposing a water and sanitation gross receipts tax in that

water and sanitation district. The ordinance shall impose the tax at a rate of one-fourth percent on a person engaging in business within the area of the county located within the water and sanitation district for the privilege of engaging in business within that water and sanitation district within the county.

C. The governing body, at the time of enacting an ordinance imposing a water and sanitation gross receipts tax authorized pursuant to Subsection A of this section, shall dedicate the revenue only for the operation of the water and sanitation district for which the tax is imposed. The tax shall be imposed for six years from the date on which the water and sanitation gross receipts tax goes into effect.

D. Within sixty days of the date the ordinance is adopted by the governing body, the governing body shall adopt a resolution calling for an election on the question of whether to impose a water and sanitation gross receipts tax. The question shall be submitted to the voters of the water and sanitation district requesting the county to impose the tax. A special election shall be called, conducted and canvassed in substantially the same manner as provided by law for general elections. If a majority of the voters voting on the question approves the ordinance imposing the water and sanitation gross receipts tax, then the ordinance shall become effective in accordance with the provisions of the County Local Option Gross

Receipts and Compensating Taxes Act on [~~either January 1 or~~] the first July 1 following the election approving the imposition of the tax, except as provided in Subsection E of this section. If the question of imposing the water and sanitation gross receipts tax fails, a resolution from the board of directors of the water and sanitation district initiating the request to the county to impose a water and sanitation gross receipts tax may not again be submitted to the governing body for a period of one year from the date of the election.

E. If the governor declares a state of emergency, or if there is an unforeseen occurrence that would cause a district's reserves to drop below the amount required by the local government division of the department of finance and administration, as certified by the division, an ordinance imposing a tax or an increment of a tax may become effective on the first January 1 after the expiration of at least three months after such a declaration or event and notification to the department.

[~~E.~~] F. The proceeds from the water and sanitation gross receipts tax shall be administered by the governing body and disbursed by the county treasurer to the appropriate water and sanitation district in amounts and for the purposes authorized in this section and as set out in the resolution submitted by the board of directors to the governing body. An

agreement shall be entered into between the water and sanitation district and the governing body that sets out the responsibilities of both parties regarding administration, distribution and use of the revenue from the water and sanitation gross receipts tax."

SECTION 113. Section 7-26-2 NMSA 1978 (being Laws 1977, Chapter 102, Section 4, as amended) is amended to read:

"7-26-2. DEFINITIONS.--As used in the Severance Tax Act:

A. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

B. "natural resource" means timber and any metalliferous or nonmetalliferous mineral product, combination or compound thereof but does not include oil, natural gas, liquid hydrocarbon, individually or any combination thereof, or carbon dioxide;

C. "severer" means any person engaging in the business of severing natural resources that the person owns or any person who is the owner of natural resources and has another person perform the severing of such natural resources;

D. "severing" means mining, quarrying, extracting, felling or producing any natural resources in New Mexico;

E. "owner", when used in connection with the severing of any of the natural resources covered by the

Severance Tax Act under any lease or contract with the state or United States, includes any person having the right to sever those resources; and

F. [~~"director" or~~] "secretary" means the secretary of taxation and revenue."

SECTION 114. Section 7-29-2 NMSA 1978 (being Laws 1959, Chapter 52, Section 2, as amended) is amended to read:

"7-29-2. DEFINITIONS.--As used in the Oil and Gas Severance Tax Act:

A. [~~"commission"~~] "department" [~~"division" or "oil and gas accounting division"~~] means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

B. "production unit" means a unit of property designated by the department from which products of common ownership are severed;

C. "severance" means the taking from the soil **SFC→**~~, produced water, tank bottoms or an oil-water separator~~**←SFC** of any product **SFC→**~~, including accumulations of product,~~**←SFC** in any manner whatsoever;

D. "value" means the actual price received for products at the production unit, except as otherwise provided in the Oil and Gas Severance Tax Act;

E. "product" or "products" means oil, including

crude SFC→~~oil~~←SFC , slop SFC→~~oil, sediment oil~~←SFC or skim oil and condensate; natural gas; liquid hydrocarbon, including ethane, propane, isobutene, normal butane and pentanes plus, individually or any combination thereof; and non-hydrocarbon gases, including carbon dioxide and helium;

F. "operator" means any person:

(1) engaged in the severance of products from a production unit; or

(2) owning an interest in any product at the time of severance who receives a portion or all of such product for the person's interest;

G. "primary recovery" means the displacement of oil and of other liquid hydrocarbons removed from natural gas at or near the wellhead from an oil well or pool as classified by the oil conservation division of the energy, minerals and natural resources department pursuant to Paragraph (11) of Subsection B of Section 70-2-12 NMSA 1978 into the wellbore by means of the natural pressure of the oil well or pool, including [~~but not limited to~~] artificial lift;

H. "purchaser" means a person who is the first purchaser of SFC→~~:~~←SFC

SFC→~~(1)~~←SFC a product after severance from a production unit, except as otherwise provided in the Oil and Gas Severance Tax Act; SFC→~~or~~←SFC

SFC→~~(2) slop oil, sediment oil or skim oil~~

~~and condensate, including the first purchaser of slop oil, sediment oil or skim oil from a person other than an operator or at a production unit;~~←SFC

I. "person" means any individual, estate, trust, receiver, business trust, corporation, firm, co-partnership, cooperative, joint venture, association or other group or combination acting as a unit, and the plural as well as the singular number;

J. "interest owner" means a person owning an entire or fractional interest of whatsoever kind or nature in the products at the time of severance from a production unit, or who has a right to a monetary payment that is determined by the value of such products;

K. "new production natural gas well" means a producing crude oil or natural gas well proration unit that begins its initial natural gas production on or after May 1, 1987 as determined by the oil conservation division of the energy, minerals and natural resources department;

L. "qualified enhanced recovery project", prior to January 1, 1994, means the use or the expanded use of carbon dioxide, when approved by the oil conservation division of the energy, minerals and natural resources department pursuant to the Enhanced Oil Recovery Act, for the displacement of oil and of other liquid hydrocarbons removed from natural gas at or near the wellhead from an oil well or pool classified by the

oil conservation division pursuant to Paragraph (11) of Subsection B of Section 70-2-12 NMSA 1978;

M. "qualified enhanced recovery project", on and after January 1, 1994, means the use or the expanded use of any process approved by the oil conservation division of the energy, minerals and natural resources department pursuant to the Enhanced Oil Recovery Act for the displacement of oil and of other liquid hydrocarbons removed from natural gas at or near the wellhead from an oil well or pool classified by the oil conservation division pursuant to Paragraph (11) of Subsection B of Section 70-2-12 NMSA 1978, other than a primary recovery process; the term includes [~~but is not limited to~~] the use of a pressure maintenance process, a water flooding process and immiscible, miscible, chemical, thermal or biological process or any other related process;

N. "production restoration project" means the use of any process for returning to production a natural gas or oil well that had thirty days or less of production in any period of twenty-four consecutive months beginning on or after January 1, 1993, as approved and certified by the oil conservation division of the energy, minerals and natural resources department pursuant to the Natural Gas and Crude Oil Production Incentive Act;

O. "well workover project" means any procedure undertaken by the operator of a natural gas or crude oil well

that is intended to increase the production from the well and that has been approved and certified by the oil conservation division of the energy, minerals and natural resources department pursuant to the Natural Gas and Crude Oil Production Incentive Act;

P. "stripper well property" means a crude oil or natural gas producing property that is assigned a single production unit number by the department and is certified by the oil conservation division of the energy, minerals and natural resources department pursuant to the Natural Gas and Crude Oil Production Incentive Act to have produced in the preceding calendar year:

(1) if a crude oil producing property, an average daily production of less than ten barrels of oil per eligible well per day;

(2) if a natural gas producing property, an average daily production of less than sixty thousand cubic feet of natural gas per eligible well per day; or

(3) if a property with wells that produce both crude oil and natural gas, an average daily production of less than ten barrels of oil per eligible well per day, as determined by converting the volume of natural gas produced by the well to barrels of oil by using a ratio of six thousand cubic feet to one barrel of oil;

Q. "average annual taxable value" means as

applicable:

(1) the average of the taxable value per one thousand cubic feet, determined pursuant to Section 7-31-5 NMSA 1978, of all natural gas produced in New Mexico for the specified calendar year as determined by the department; or

(2) the average of the taxable value per barrel, determined pursuant to Section 7-31-5 NMSA 1978, of all oil produced in New Mexico for the specified calendar year as determined by the department;

R. "tax" means the oil and gas severance tax;

SFC→~~[and]~~←SFC SFC→and←SFC

S. "volume" means the quantity of product severed reported using:

(1) oil, condensate and slop oil in barrels; and

(2) natural gas, liquid hydrocarbons, helium and carbon dioxide in thousand cubic feet at a pressure base of fifteen and twenty-five thousandths pounds per square inch

SFC→~~;~~←SFC SFC→."←SFC

SFC→~~T. "sediment oil" means an accumulation of products that is not merchantable other than through an oil and gas lease;~~

~~U. "skim oil" means oil or condensate recovered from a produced water gathering system prior to injection or other disposal of the water;~~

~~V. "slop oil" means floating oil and solids that accumulate on the surface of an oil-water separator;~~

~~W. "oil-water separator" means wastewater treatment equipment used to separate oil from water consisting of a separation tank, including the forebay and other separator basins, skimmers, weirs, grit chambers and sludge hoppers. "Oil-water separator" includes slop oil facilities and associated tanks, storage vessels and auxiliary equipment located between individual drain systems and the oil-water separator. "Oil-water separator" does not include storage vessels or auxiliary equipment that do not come in contact with or store oily wastewater; and~~

~~X. "produced water" means a fluid that is an incidental byproduct from drilling for or the production of products."~~ ←SFC

SECTION 115. Section 7-29-4 NMSA 1978 (being Laws 1980, Chapter 62, Section 5, as amended) is amended to read:

"7-29-4. OIL AND GAS SEVERANCE TAX IMPOSED--COLLECTION--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--

A. There is imposed and shall be collected by the department a tax on all products that are severed and sold, except as provided in Subsection B of this section. The measure of the tax and the rates are:

(1) on natural gas severed and sold, except

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = →bold, blue, highlight←
delete = →bold, red, highlight, strikethrough←

as provided in Paragraphs (4), (6) and (7) of this subsection, three and three-fourths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978;

(2) on oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead, except as provided in Paragraphs (3), (5), (8) and (9) of this subsection, **SFC→**~~and on slop oil, sediment oil and skim oil, wherever removed or recovered,~~**←SFC** three and three-fourths percent of taxable value determined pursuant to Section 7-29-4.1 NMSA 1978;

(3) on oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead produced from a qualified enhanced recovery project, one and seven-eighths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-eight dollars ($28.00) per barrel;

(4) on the natural gas from a well workover project that is certified by the oil conservation division of the energy, minerals and natural resources department in its approval of the well workover project, two and forty-five hundredths percent of the taxable value determined pursuant to

Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-four dollars ($24.00) per barrel;

(5) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a well workover project that is certified by the oil conservation division of the energy, minerals and natural resources department in its approval of the well workover project, two and forty-five hundredths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-four dollars ($24.00) per barrel;

(6) on the natural gas from a stripper well property, one and seven-eighths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided the average annual taxable value of natural gas was equal to or less than one dollar fifteen cents ($1.15) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year

in which the tax rate is to be imposed;

(7) on the natural gas from a stripper well property, two and thirteen-sixteenths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the average annual taxable value of natural gas was greater than one dollar fifteen cents ($1.15) per thousand cubic feet but not more than one dollar thirty-five cents ($1.35) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(8) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, one and seven-eighths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the average annual taxable value of oil was equal to or less than fifteen dollars ($15.00) per barrel in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(9) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, two and thirteen-sixteenths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the average annual taxable value of oil was greater than fifteen dollars ($15.00) per barrel but not more than eighteen dollars ($18.00) per barrel

in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed; and

(10) on carbon dioxide, helium and non-hydrocarbon gases, three and three-fourths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978.

B. The tax imposed in Subsection A of this section shall not be imposed on:

(1) natural gas severed and sold from a production restoration project during the first ten years of production following the restoration of production, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to each fiscal year in which the tax exemption is to be effective, was less than twenty-four dollars ($24.00) per barrel; and

(2) oil and other liquid hydrocarbons removed from natural gas at or near the wellhead from a production restoration project during the first ten years of production following the restoration of production, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to each fiscal year in which the tax

exemption is to be effective, was less than twenty-four dollars ($24.00) per barrel.

C. Every interest owner shall be liable for the tax to the extent of [~~his~~] the interest owner's interest in such products. Any Indian tribe, Indian pueblo or Indian shall be liable for the tax to the extent authorized or permitted by law.

D. The tax imposed by this section may be referred to as the "oil and gas severance tax"."

SECTION 116. Section 7-29-5 NMSA 1978 (being Laws 1959, Chapter 52, Section 8) is amended to read:

"7-29-5. PRODUCTS ON WHICH TAX HAS BEEN LEVIED--[~~REGULATION BY COMMISSION~~] DEPARTMENT RULE.--[~~This~~] The tax shall not be levied more than once on the same product. Reporting of products on which [~~this~~] the tax has been paid shall be subject to [~~the regulation of the commission~~] department rule."

SECTION 117. Section 7-29-6 NMSA 1978 (being Laws 1959, Chapter 52, Section 9) is amended to read:

"7-29-6. OPERATOR OR PURCHASER TO WITHHOLD INTEREST OWNER'S TAX--[~~COMMISSION~~] DEPARTMENT MAY REQUIRE WITHHOLDING OF TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR PURCHASER TO BE REIMBURSED.--

A. Any operator making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the

value of products from a production unit shall withhold from such payment the amount of tax due from the interest owner.

B. Any purchaser who, by express or implied agreement with the operator, makes a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit, shall withhold from such payment the amount of tax due from the interest owner.

C. The [~~commission~~] department may require any purchaser making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit to withhold from such payment the amount of tax due from the interest owner.

D. Any operator or purchaser who pays any tax due from an interest owner shall be entitled to reimbursement from the interest owner for the tax so paid and may take credit for such amount from any monetary payment to the interest owner for the value of products."

SECTION 118. Section 7-29-7 NMSA 1978 (being Laws 1959, Chapter 52, Section 10, as amended) is amended to read:

"7-29-7. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL INFORMATION.--Each operator shall, in the form and manner required by the [~~division, make~~] department, file a return [~~to~~] with the [~~division~~] department showing the total value, volume and kind of products sold from each production unit for each calendar month. All taxes due or to be remitted by the

operator shall accompany this return. The return shall be filed on or before the twenty-fifth day of the second month after the calendar month for which the return is required. Any additional report or information the [~~division~~] department may deem necessary for the proper administration of the Oil and Gas Severance Tax Act may be required."

SECTION 119. Section 7-29-8 NMSA 1978 (being Laws 1959, Chapter 52, Section 11, as amended) is amended to read:

"7-29-8. PURCHASER'S REPORT--TAX REMITTANCE--ADDITIONAL INFORMATION.--Each purchaser shall, in the form and manner required by the [~~division, make~~] department, file a return to the [~~division~~] department showing the total value, volume and kind of products purchased by [~~him~~] the purchaser from each production unit for each calendar month. All taxes due or to be remitted by the purchaser shall accompany this return. The return shall be filed on or before the twenty-fifth day of the second month after the calendar month for which the return is required. Any additional reports or information the [~~division~~] department may deem necessary for the proper administration of the Oil and Gas Severance Tax Act may be required."

SECTION 120. Section 7-29-23 NMSA 1978 (being Laws 1991, Chapter 9, Section 36) is amended to read:

"7-29-23. ADVANCE PAYMENT REQUIRED.--

A. Any person required to make payment of tax pursuant to Section 7-29-7 or 7-29-8 NMSA 1978 shall make the

advance payment required by this section.

B. For the purposes of this section:

(1) "advance payment" means the payment required to be made by this section in addition to any oil and gas severance tax, penalty or interest due; and

(2) "average tax" means the aggregate amount of tax, [~~net of~~] less any refunds or credits, paid by a person [~~during~~] for the twelve-month period ending [~~March 31~~] the last day of February pursuant to the Oil and Gas Severance Tax Act divided by the number of months during that period for which the person made payment.

C. Each year, prior to July 1, [~~each person required to pay tax pursuant to the Oil and Gas Severance Tax Act shall compute the average tax for the period ending March 31 of that year~~] the department shall compute the advance payment required to be made pursuant to this section, compute the average tax for the filing periods February through January of the subsequent year for each person required to pay tax pursuant to the Oil and Gas Severance Tax Act and provide a tax statement to each person required to pay tax pursuant to the Oil and Gas Severance Tax Act. The average tax calculated for a year shall be used during the twelve-month period beginning with July of that year and ending with June of the following year as the basis for making the advance payments required by Subsection D of this section.

D. [~~Every month, beginning with July 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Severance Tax Act and after receiving the tax statement provided by the department, a person required to pay tax in a month pursuant to the Oil and Gas Severance Tax Act shall pay, in addition to any amount of tax, interest or penalty due, an advance payment in an amount equal to the applicable average tax, except:

(1) if the person is making a final return under the Oil and Gas Severance Tax Act, no advance payment pursuant to this subsection is due for that return; and

(2) as provided in Subsection F of this section.

E. [~~Every month, beginning with tax payments due in August 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Severance Tax Act and after receiving the tax statement provided by the department, a person required to pay tax pursuant to the Oil and Gas Severance Tax Act may claim a credit equal to the amount of advance payment made in the previous month, except as provided in Subsection F of this section.

F. If, in any [~~month~~] year, a person is not required to pay tax pursuant to the Oil and Gas Severance Tax

Act, that person is not required to pay the advance payment and may not claim a credit pursuant to Subsection E of this section; provided that, in any succeeding [~~month~~] year when the person has liability under the Oil and Gas Severance Tax Act, the person may claim a credit for any advance payment made and not credited.

G. In the event that the date by which a person is required to pay the tax pursuant to the Oil and Gas Severance Tax Act is accelerated to a date earlier than the twenty-fifth day of the second month following the month of production, the advance payment provision contained in this section is [~~null and~~] void and any money held as advance payments shall be credited to the taxpayers' accounts."

SFC→~~SECTION 121. Section 7-30-2 NMSA 1978 (being Laws 1959, Chapter 53, Section 2, as amended) is amended to read:~~

~~"7-30-2. DEFINITIONS.--As used in the Oil and Gas Conservation Tax Act:~~

~~A. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;~~

~~B. "production unit" means a unit of property designated by the department from which products of common ownership are severed;~~

~~C. "severance" means the taking from the soil,~~

~~produced water, tank bottoms or an oil-water separator of any product, including accumulations of product, in any manner whatsoever;~~

~~D. "value" means the actual price received for products at the production unit, except as otherwise provided in the Oil and Gas Conservation Tax Act;~~

~~E. "product" or "products" means oil, including crude oil, sediment oil, slop oil or skim oil and condensate; natural gas; liquid hydrocarbon, including ethane, propane, isobutene, normal butane and pentanes plus, individually or any combination thereof; and non-hydrocarbon gases, including carbon dioxide and helium;~~

~~F. "operator" means any person:~~

~~(1) engaged in the severance of products from a production unit; or~~

~~(2) owning an interest in any product at the time of severance who receives a portion or all of such product for the person's interest;~~

~~G. "purchaser" means a person who is the first purchaser of:~~

~~(1) a product after severance from a production unit, except as otherwise provided in the Oil and Gas Conservation Tax Act; or~~

~~(2) slop oil, sediment oil or skim oil and~~

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = →bold, blue, highlight←
~~delete~~ = →bold, red, highlight, strikethrough←

~~condensate, including the first purchaser of slop oil, sediment oil or skim oil from a person other than an operator or at a production unit;~~

~~H. "person" means any individual, estate, trust, receiver, business trust, corporation, firm, copartnership, cooperative, joint venture, association or other group or combination acting as a unit, and the plural as well as the singular number;~~

~~I. "interest owner" means a person owning an entire or fractional interest of whatsoever kind or nature in the products at the time of severance from a production unit or who has a right to a monetary payment that is determined by the value of such products;~~

~~J. "tax" means the oil and gas conservation tax;~~

~~[and]~~

~~K. "volume" means the quantity of product severed reported using:~~

~~(1) oil, condensate and slop oil in barrels;~~ ~~and~~

~~(2) natural gas, liquid hydrocarbons, helium and carbon dioxide in thousand cubic feet at a pressure base of fifteen and twenty-five thousandths pounds per square inch;~~

~~L. "sediment oil" means an accumulation of products that is not merchantable other than through an oil and gas~~

~~lease;~~

~~M. "skim oil" means oil or condensate recovered from a produced water gathering system prior to injection or other disposal of the water;~~

~~N. "slop oil" means floating oil and solids that accumulate on the surface of an oil-water separator;~~

~~O. "oil-water separator" means wastewater treatment equipment used to separate oil from water consisting of a separation tank, including the forebay and other separator basins, skimmers, weirs, grit chambers and sludge hoppers. "Oil-water separator" includes slop oil facilities and associated tanks, storage vessels and auxiliary equipment located between individual drain systems and the oil-water separator. "Oil-water separator" does not include storage vessels or auxiliary equipment that do not come in contact with or store oily wastewater; and~~

~~P. "produced water" means a fluid that is an incidental byproduct from drilling for or the production of products."~~

~~SECTION 122. Section 7-30-4 NMSA 1978 (being Laws 1959, Chapter 53, Section 4, as amended) is amended to read:~~

~~"7-30-4. OIL AND GAS CONSERVATION TAX LEVIED--COLLECTED BY DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--~~

~~A. There is levied and shall be collected by the department a tax on all products that are severed and sold to a purchaser from any location. The measure and rate of the tax shall be nineteen-hundredths percent of the taxable value of sold products. Every interest owner shall be liable for this tax to the extent of the owner's interest in the value of the products or to the extent of the owner's interest as may be measured by the value of the products. An Indian tribe, Indian pueblo or Indian shall be liable for this tax to the extent authorized or permitted by law.~~

~~B. When the average price of west Texas intermediate crude in the previous quarter exceeds seventy dollars ($70.00) per barrel, an additional tax to that provided pursuant to Subsection A of this section is levied and shall be collected by the department on oil that is severed and sold in the ensuing quarter. The measure and rate of the total tax on oil shall be twenty-four hundredths percent of the taxable value of the sold product. Every interest owner shall be liable for this tax to the extent of the owner's interest in the value of the products or to the extent of the owner's interest as may be measured by the value of the products. An Indian tribe, Indian pueblo or Indian shall be liable for this tax to the extent authorized or permitted by law."**←SFC**

SECTION SFC→~~123.~~←SFC SFC→121.←SFC Section 7-30-9 NMSA

1978 (being Laws 1959, Chapter 53, Section 9, as amended) is amended to read:

"7-30-9. OPERATOR OR PURCHASER TO WITHHOLD INTEREST OWNER'S TAX--DEPARTMENT MAY REQUIRE WITHHOLDING OF TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR PURCHASER TO BE REIMBURSED.--

A. Any operator making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit shall withhold from such payment the amount of tax due from the interest owner.

B. Any purchaser who, by express or implied agreement with the operator, makes a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit shall withhold from such payment the amount of tax due from the interest owner.

C. The department may require any purchaser making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit to withhold from such payment the amount of tax due from the interest owner.

D. Any operator or purchaser who pays any tax due from an interest owner shall be entitled to reimbursement from the interest owner for the tax so paid and may take credit for such amount from any monetary payment to the interest owner for the value of products."

SECTION SFC→~~124.~~←SFC SFC→122.←SFC Section 7-30-27 NMSA 1978 (being Laws 1991, Chapter 9, Section 37) is amended to read:

"7-30-27. ADVANCE PAYMENT REQUIRED.--

A. Any person required to make payment of tax pursuant to Section 7-30-10 or 7-30-11 NMSA 1978 shall make the advance payment required by this section.

B. For the purposes of this section:

(1) "advance payment" means the payment required to be made by this section in addition to any oil and gas conservation tax, penalty or interest due; and

(2) "average tax" means the aggregate amount of tax, [~~net of~~] less any refunds or credits, paid by a person [~~during~~] for the twelve-month period ending [~~March 31~~] the last day of February pursuant to the Oil and Gas Conservation Tax Act divided by the number of months during that period for which the person made payment.

C. Each year, prior to July 1, [~~each person required to pay tax pursuant to the Oil and Gas Conservation Tax Act shall compute the average tax for the period ending March 31 of that year~~] the department shall compute the advance payment required to be made pursuant to this section, compute the average tax for the filing periods February through January of the subsequent year for each person required to pay tax pursuant to the Oil and Gas Conservation Tax Act and provide a

tax statement to each person required to pay tax pursuant to the Oil and Gas Conservation Tax Act. The average tax calculated for a year shall be used during the twelve-month period beginning with July of that year and ending with June of the following year as the basis for making the advance payments required by Subsection D of this section.

D. [~~Every month, beginning with July 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Conservation Tax Act and after receiving the tax statement provided by the department, a person required to pay tax in a month pursuant to the Oil and Gas Conservation Tax Act shall pay, in addition to any amount of tax, interest or penalty due, an advance payment in an amount equal to the applicable average tax, except:

(1) if the person is making a final return under the Oil and Gas Conservation Tax Act, no advance payment pursuant to this subsection is due for that return; and

(2) as provided in Subsection F of this section.

E. [~~Every month, beginning with tax payments due in August 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Conservation Tax Act and after receiving the tax statement provided by the department, a

person required to pay tax pursuant to the Oil and Gas Conservation Tax Act may claim a credit equal to the amount of advance payment made in the previous [~~month~~] year, except as provided in Subsection F of this section.

F. If, in any [~~month~~] year, a person is not required to pay tax pursuant to the Oil and Gas Conservation Tax Act, that person is not required to pay the advance payment and may not claim a credit pursuant to Subsection E of this section; provided that, in any succeeding month when the person has liability under the Oil and Gas Conservation Tax Act, the person may claim a credit for any advance payment made and not credited.

G. In the event that the date by which a person is required to pay the tax pursuant to the Oil and Gas Conservation Tax Act is accelerated to a date earlier than the twenty-fifth day of the second month following the month of production, the advance payment provision contained in this section is [~~null and~~] void and any money held as advance payments shall be credited to the taxpayers' accounts."

SECTION SFC→~~125.~~←SFC SFC→123.←SFC Section 7-31-2 NMSA 1978 (being Laws 1959, Chapter 54, Section 2, as amended) is amended to read:

"7-31-2. DEFINITIONS.--As used in the Oil and Gas Emergency School Tax Act:

A. [~~"commission"~~] "department" [~~or "division"~~]

means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

B. "production unit" means a unit of property designated by the department from which products of common ownership are severed;

C. "severance" means the taking from the soil **SFC→**~~, produced water, tank bottoms or an oil-water separator~~**←SFC** of any product **SFC→**~~, including accumulations of product,~~**←SFC** in any manner whatsoever;

D. "value" means the actual price received from products at the production unit, except as otherwise provided in the Oil and Gas Emergency School Tax Act;

E. "product" or "products" means oil, including crude oil, slop oil or skim oil and condensate; natural gas; liquid hydrocarbon, including ethane, propane, isobutene, normal butane and pentanes plus, individually or any combination thereof; and non-hydrocarbon gases, including carbon dioxide and helium;

F. "operator" means any person:

(1) engaged in the severance of products from a production unit; or

(2) owning an interest in any product at the time of severance who receives a portion or all of such product

for the person's interest;

G. "purchaser" means a person who is the first purchaser of **SFC→**~~:~~

~~(1)~~**←SFC** a product after severance from a production unit, except as otherwise provided in the Oil and Gas Emergency School Tax Act; **SFC→**~~or~~

~~(2) slop oil, sediment oil or skim oil and condensate, including the first purchaser of slop oil, sediment oil or skim oil from a person other than an operator or at a production unit;~~**←SFC**

H. "person" means any individual, estate, trust, receiver, business trust, corporation, firm, copartnership, cooperative, joint venture, association, limited liability company or other group or combination acting as a unit, and the plural as well as the singular number;

I. "interest owner" means a person owning an entire or fractional interest of whatsoever kind or nature in the products at the time of severance from a production unit or who has a right to a monetary payment that is determined by the value of such products;

J. "stripper well property" means a crude oil or natural gas producing property that is assigned a single production unit number by the department and is certified by the oil conservation division of the energy, minerals and natural resources department pursuant to the Natural Gas and

Crude Oil Production Incentive Act to have produced in the preceding calendar year:

(1) if a crude oil producing property, an average daily production of less than ten barrels of oil per eligible well per day;

(2) if a natural gas producing property, an average daily production of less than sixty thousand cubic feet of natural gas per eligible well per day; or

(3) if a property with wells that produce both crude oil and natural gas, an average daily production of less than ten barrels of oil per eligible well per day, as determined by converting the volume of natural gas produced by the well to barrels of oil by using a ratio of six thousand cubic feet to one barrel of oil;

K. "average annual taxable value" means as applicable:

(1) the average of the taxable value per one thousand cubic feet, determined pursuant to Section 7-31-5 NMSA 1978, of all natural gas produced in New Mexico for the specified calendar year as determined by the department; or

(2) the average of the taxable value per barrel, determined pursuant to Section 7-31-5 NMSA 1978, of all oil produced in New Mexico for the specified calendar year as determined by the department;

L. "tax" means the oil and gas emergency school

tax; SFC→~~[and]~~←SFC SFC→and←SFC

M. "volume" means the quantity of product severed reported using:

(1) oil, condensate and slop oil in barrels; and

(2) natural gas, liquid hydrocarbons, helium and carbon dioxide in thousand cubic feet at a pressure base of fifteen and twenty-five thousandths pounds per square inch SFC→~~;~~←SFC SFC→."←SFC

SFC→~~N. "sediment oil" means an accumulation of products that is not merchantable other than through an oil and gas lease;~~

~~O. "skim oil" means oil or oil condensate recovered from a produced water gathering system prior to injection or other disposal of the water;~~

~~P. "slop oil" means floating oil and solids that accumulate on the surface of an oil-water separator;~~

~~Q. "oil-water separator" means wastewater treatment equipment used to separate oil from water consisting of a separation tank, including the forebay and other separator basins, skimmers, weirs, grit chambers and sludge hoppers. "Oil-water separator" includes slop oil facilities and associated tanks, storage vessels and auxiliary equipment located between individual drain systems and the oil-water separator. "Oil-water separator" does not include storage~~

~~vessels or auxiliary equipment that do not come in contact with~~SFC SFC~~or store oily wastewater; and~~

~~R. "produced water" means a fluid that is an incidental byproduct from drilling for or the production of products."~~SFC

SECTION SFC~~126.~~SFC SFC124.SFC Section 7-31-4 NMSA 1978 (being Laws 1959, Chapter 54, Section 4, as amended) is amended to read:

"7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--

A. There is [~~levied~~] imposed and shall be collected by the department a privilege tax on [~~the business of every person severing products in this state~~] all products that are severed and sold. The measure of the tax shall be:

(1) on oil and on oil and other liquid hydrocarbons removed from natural gas at or near the wellhead, except as provided in Paragraphs (4) and (5) of this subsection, SFC~~and on slop oil, sediment oil and skim oil, wherever removed and recovered,~~SFC three and [~~fifteen hundredths~~] fifteen-hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978;

(2) on carbon dioxide, helium and non-hydrocarbon gases, three and [~~fifteen hundredths~~] fifteen-hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978;

(3) on natural gas, except as provided in Paragraphs (6) and (7) of this subsection, four percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978;

(4) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, one and fifty-eight hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of oil was equal to or less than fifteen dollars ($15.00) per barrel in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(5) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, two and thirty-six hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of oil was greater than fifteen dollars ($15.00) per barrel but not more than eighteen dollars ($18.00) per barrel in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(6) on the natural gas removed from a stripper well property, two percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of natural gas was equal to or less than one dollar fifteen cents ($1.15) per thousand cubic

feet in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed; and

(7) on the natural gas removed from a stripper well property, three percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of natural gas was greater than one dollar fifteen cents ($1.15) per thousand cubic feet but not more than one dollar thirty-five cents ($1.35) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed.

B. Every interest owner, for the purpose of levying this tax, is deemed to be in the business of severing products and is liable for this tax to the extent of [~~his~~] the owner's interest in the value of the products or to the extent of [~~his~~] the owner's interest as may be measured by the value of the products.

C. Any Indian tribe, Indian pueblo or Indian is liable for this tax to the extent authorized or permitted by law."

SECTION SFC→~~127.~~←SFC SFC→125.←SFC Section 7-31-6 NMSA 1978 (being Laws 1959, Chapter 54, Section 6) is amended to read:

"7-31-6. VALUE MAY BE DETERMINED BY [~~COMMISSION~~] DEPARTMENT--STANDARD.--

A. The [~~commission~~] department may determine the

value of products severed from a production unit when:

[~~A.~~] (1) the operator and purchaser are affiliated persons; [~~or when~~

~~B.~~] (2) the sale and purchase of products is not an arm's length transaction; or [~~when~~

~~C.~~] (3) products are severed and removed from a production unit and a value as defined in [~~this~~] the Oil and Gas Emergency School Tax Act is not established for such products.

B. The value determined by the [~~commission~~] department shall be commensurate with the actual price received for products of like quality, character and use which are severed in the same field or area."

SECTION SFC→~~128.~~←SFC SFC→126.←SFC Section 7-31-8 NMSA 1978 (being Laws 1959, Chapter 54, Section 8) is amended to read:

"7-31-8. PRODUCTS ON WHICH TAX HAS BEEN LEVIED--[~~REGULATION BY COMMISSION~~] DEPARTMENT RULE.--[~~This~~] The tax shall not be levied more than once on the same product. Reporting of products on which [~~this~~] the tax has been paid shall be subject to [~~the regulation of the commission~~] department rule."

SECTION SFC→~~129.~~←SFC SFC→127.←SFC Section 7-31-9 NMSA 1978 (being Laws 1959, Chapter 54, Section 9) is amended to read:

"7-31-9. OPERATOR OR PURCHASER TO WITHHOLD INTEREST OWNER'S TAX--[~~COMMISSION~~] DEPARTMENT MAY REQUIRE WITHHOLDING OF TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR PURCHASER TO BE REIMBURSED.--

A. Any operator making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit shall withhold from such payment the amount of tax due from any interest owner.

B. Any purchaser who, by express or implied agreement with the operator, makes a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit shall withhold from such payment the amount of tax due from the interest owner.

C. The [~~commission~~] department may require any purchaser making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit to withhold from such payment the amount of tax due from the interest owner.

D. Any operator or purchaser who pays any tax due from an interest owner shall be entitled to reimbursement from the interest owner for the tax so paid, and may take credit for such amount from any monetary payment to the interest owner for the value of products."

SECTION SFC→~~130.~~←SFC SFC→128.←SFC Section 7-31-10 NMSA 1978 (being Laws 1959, Chapter 54, Section 10, as amended) is

amended to read:

"7-31-10. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL INFORMATION.--Each operator shall, in the form and manner required by the [~~division, make~~] department, file a return [~~to~~] with the [~~division~~] department showing the total value, volume and kind of products sold from each production unit for each calendar month. All taxes due or to be remitted by the operator shall accompany this return. The return shall be filed on or before the twenty-fifth day of the second month after the calendar month for which the return is required. Any additional report or information the [~~division~~] department may deem necessary for the proper administration of the Oil and Gas Emergency School Tax Act may be required."

SECTION SFC→~~131.~~←SFC SFC→129.←SFC Section 7-31-11 NMSA 1978 (being Laws 1959, Chapter 54, Section 11, as amended) is amended to read:

"7-31-11. PURCHASER'S REPORT--TAX REMITTANCE--ADDITIONAL INFORMATION.--Each purchaser shall, in the form and manner required by the [~~division, make~~] department, file a return to the [~~division~~] department showing the total value, volume and kind of products purchased by [~~him~~] the purchaser from each production unit for each calendar month. All taxes due or to be remitted by the purchaser shall accompany this return. The return shall be filed on or before the twenty-fifth day of the second month after the calendar month for which the return is

required. Any additional reports or information the [~~division~~] department may deem necessary for the proper administration of the Oil and Gas Emergency School Tax Act may be required."

SECTION SFC→~~132.~~←SFC SFC→130.←SFC Section 7-31-26 NMSA 1978 (being Laws 1991, Chapter 9, Section 38) is amended to read:

"7-31-26. ADVANCE PAYMENT REQUIRED.--

A. Any person required to make payment of tax pursuant to Section 7-31-10 or 7-31-11 NMSA 1978 shall make the advance payment required by this section.

B. For the purposes of this section:

(1) "advance payment" means the payment required to be made by this section in addition to any oil and gas emergency school tax, penalty or interest due; and

(2) "average tax" means the aggregate amount of tax, [~~net of~~] less any refunds or credits, paid by a person [~~during~~] for the twelve-month period ending [~~March 31~~] the last day of February pursuant to the Oil and Gas Emergency School Tax Act divided by the number of months during that period for which the person made payment.

C. Each year, prior to July 1, [~~each person required to pay tax pursuant to the Oil and Gas Emergency School Tax Act shall compute the average tax for the period ending March 31 of that year~~] the department shall compute the advance payment required to be made pursuant to this section,

compute the average tax for the filing periods February through January of the subsequent year for each person required to pay tax pursuant to the Oil and Gas Emergency School Tax Act and provide a tax statement to each person required to pay tax pursuant to the Oil and Gas Emergency School Tax Act. The average tax calculated for a year shall be used during the twelve-month period beginning with July of that year and ending with June of the following year as the basis for making the advance payments required by Subsection D of this section.

D. [~~Every month, beginning with July 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Emergency School Tax Act and after receiving the tax statement provided by the department, a person required to pay tax in a month pursuant to the Oil and Gas Emergency School Tax Act shall pay, in addition to any amount of tax, interest or penalty due, an advance payment in an amount equal to the applicable average tax, except:

(1) if the person is making a final return under the Oil and Gas Emergency School Tax Act, no advance payment pursuant to this subsection is due for that return; and

(2) as provided in Subsection F of this section.

E. [~~Every month, beginning with tax payments in August 1991, every~~] Annually, by the twenty-fifth of the month

in which a person files or amends that person's first return pursuant to the Oil and Gas Emergency School Tax Act and after receiving the tax statement provided by the department, a person required to pay tax pursuant to the Oil and Gas Emergency School Tax Act may claim a credit equal to the amount of advance payment made in the previous [~~month~~] year, except as provided in Subsection F of this section.

F. If, in any [~~month~~] year, a person is not required to pay tax pursuant to the Oil and Gas Emergency School Tax Act, that person is not required to pay the advance payment and may not claim a credit pursuant to Subsection E of this section; provided that, in any succeeding month when the person has liability under the Oil and Gas Emergency School Tax Act, the person may claim a credit for any advance payment made and not credited.

G. In the event that the date by which a person is required to pay the tax pursuant to the Oil and Gas Emergency School Tax Act is accelerated to a date earlier than the twenty-fifth day of the second month following the month of production, the advance payment provision contained in this section is [~~null and~~] void and any money held as advance payments shall be credited to the taxpayers' accounts."

SECTION SFC→~~133.~~←SFC SFC→131.←SFC Section 7-32-2 NMSA 1978 (being Laws 1959, Chapter 55, Section 2, as amended) is amended to read:

"7-32-2. DEFINITIONS.--As used in the Oil and Gas Ad Valorem Production Tax Act:

A. [~~"commission"~~] "department" [~~or "division"~~] means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

B. "production unit" means a unit of property designated by the department from which products of common ownership are severed;

C. "severance" means the taking from the soil **SFC→**~~, produced water, tank bottoms or an oil-water separator of~~**←SFC** any product **SFC→**~~, including accumulations of product,~~**←SFC** in any manner whatsoever;

D. "value" means the actual price received for products at the production unit, except as otherwise provided in the Oil and Gas Ad Valorem Production Tax Act;

E. "product" or "products" means oil, including crude oil, slop oil or skim oil and condensate; natural gas; liquid hydrocarbon, including ethane, propane, isobutene, normal butane and pentanes plus, individually or any combination thereof; and non-hydrocarbon gases, including carbon dioxide and helium;

F. "operator" means any person:

(1) engaged in the severance of products from

a production unit; or

(2) owning an interest in any product at the time of severance who receives a portion or all of such product for the person's interest;

G. "purchaser" means a person who is the first purchaser of SFC→~~:~~←SFC

SFC→~~(1)~~←SFC a product after severance from a production unit, except as otherwise provided in the Oil and Gas Ad Valorem Production Tax Act; SFC→~~or~~←SFC

SFC→~~(2) slop oil, sediment oil or skim oil and condensate, including the first purchaser of slop oil, sediment oil or skim oil from a person other than an operator or at a production unit;~~←SFC

H. "person" means any individual, estate, trust, receiver, business trust, corporation, firm, copartnership, cooperative, joint venture, association or other group or combination acting as a unit, and the plural as well as the singular number;

I. "interest owner" means a person owning an entire or fractional interest of whatsoever kind or nature in the products at the time of severance from a production unit or who has a right to a monetary payment that is determined by the value of such products;

J. "assessed value" means the value against which tax rates are applied;

K. "tax" means the oil and gas ad valorem production tax; SFC➔~~[and]~~➔SFC SFC➔and➔SFC

L. "volume" means the quantity of product severed reported using:

(1) oil, condensate and slop oil in barrels; and

(2) natural gas, liquid hydrocarbons, helium and carbon dioxide in thousand cubic feet at a pressure base of fifteen and twenty-five thousandths pounds per square inch SFC➔;➔SFC SFC➔."➔SFC

SFC➔~~M. "sediment oil" means an accumulation of products that is not merchantable other than through an oil and gas lease;~~

~~N. "skim oil" means oil or oil condensate recovered from a produced water gathering system prior to injection or other disposal of the water;~~

~~O. "slop oil" means floating oil and solids that accumulate on the surface of an oil-water separator;~~

~~P. "oil-water separator" means wastewater treatment equipment used to separate oil from water consisting of a separation tank, including the forebay and other separator basins, skimmers, weirs, grit chambers and sludge hoppers. "Oil-water separator" includes slop oil facilities and associated tanks, storage vessels and auxiliary equipment located between individual drain systems and the oil-water~~

~~separator. "Oil-water separator" does not include storage vessels or auxiliary equipment that do not come in contact with or store oily wastewater; and~~

~~Q. "produced water" means a fluid that is an incidental byproduct from drilling for or the production of products."~~←SFC

SECTION SFC→~~134.~~←SFC SFC→132.←SFC Section 7-32-4 NMSA 1978 (being Laws 1959, Chapter 55, Section 4, as amended) is amended to read:

"7-32-4. AD VALOREM TAX LEVIED--COLLECTED BY [~~DIVISION~~] DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--There is levied and shall be collected by the [~~division~~] department an ad valorem tax on the assessed value of products which are severed and sold to a purchaser from each production unit **SFC→~~, or in the case of slop oil, sediment oil and skim oil from any location,~~←SFC** at the rate certified to the [~~division~~] department by the department of finance and administration under the provisions of Section 7-37-7 NMSA 1978. Such rate shall be levied for each month following its certification and shall be levied monthly thereafter until a new rate is certified. Every interest owner shall be liable for this tax to the extent of [~~his~~] the interest owner's interest in the value of such products or to the extent of [~~his~~] the interest owner's interest as may be measured by the value of such products. Provided, any Indian tribe, Indian

underscored material = new
[~~bracketed material~~] = delete
Amendments: new = →bold, blue, highlight←
delete = →~~bold, red, highlight, strikethrough~~←

pueblo or Indian shall be liable for this tax to the extent authorized or permitted by law."

SECTION SFC→~~135.~~←SFC SFC→133.←SFC Section 7-32-6 NMSA 1978 (being Laws 1959, Chapter 55, Section 6) is amended to read:

"7-32-6. VALUE MAY BE DETERMINED BY [~~COMMISSION~~] DEPARTMENT--STANDARD.--The [~~commission~~] department may determine the value of products severed from a production unit when:

A. the operator and purchaser are affiliated persons; [~~or when~~]

B. the sale and purchase of products is not an arm's length transaction; or [~~when~~]

C. products are severed and removed from a production unit and a value as defined in [~~this~~] the Oil and Gas Ad Valorem Production Tax Act is not established for such products.

The value determined by the [~~commission~~] department shall be commensurate with the actual price received for products of like quality, character and use which are severed in the same field or area."

SECTION SFC→~~136.~~←SFC SFC→134.←SFC Section 7-32-8 NMSA 1978 (being Laws 1959, Chapter 55, Section 8) is amended to read:

"7-32-8. PRODUCTS ON WHICH TAX HAS BEEN LEVIED--

[~~REGULATION BY COMMISSION~~] DEPARTMENT RULE.--[~~This~~] The tax shall not be levied more than once on the same product. Reporting of products on which [~~this~~] the tax has been paid shall be subject to [~~the regulation of the commission~~] department rule."

SECTION SFC→~~137.~~←SFC SFC→135.←SFC Section 7-32-9 NMSA 1978 (being Laws 1959, Chapter 55, Section 9) is amended to read:

"7-32-9. OPERATOR OR PURCHASER TO WITHHOLD INTEREST OWNER'S TAX--[~~COMMISSION~~] DEPARTMENT MAY REQUIRE WITHHOLDING OF TAX--TAX WITHHELD TO BE REMITTED TO THE STATE--OPERATOR OR PURCHASER TO BE REIMBURSED.--

A. Any operator making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit shall withhold from such payment the amount of tax due from any interest owner.

B. Any purchaser, who by express or implied agreement with the operator, makes a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit shall withhold from such payment the amount of tax due from the interest owner.

C. The [~~commission~~] department may require any purchaser making a monetary payment to an interest owner for [~~his~~] the interest owner's portion of the value of products from a production unit to withhold from such payment the amount

of tax due from the interest owner.

D. Any operator or purchaser who pays any tax due from an interest owner shall be entitled to reimbursement from the interest owner for the tax so paid and may take credit for such amount from any monetary payment to the interest owner for the value of products."

SECTION SFC→~~138.~~←SFC SFC→136.←SFC Section 7-32-10 NMSA 1978 (being Laws 1959, Chapter 55, Section 10, as amended) is amended to read:

"7-32-10. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL INFORMATION.--Each operator shall, in the form and manner required by the [~~division, make~~] department, file a return [~~to~~] with the [~~division~~] department showing the total value, volume and kind of products sold from each production unit for each calendar month. All taxes due or to be remitted by the operator shall accompany this return. The return shall be filed on or before the twenty-fifth day of the second month after the calendar month for which the return is required. Any additional report or information the [~~division~~] department may deem necessary for the proper administration of the Oil and Gas Ad Valorem Production Tax Act may be required."

SECTION SFC→~~139.~~←SFC SFC→137.←SFC Section 7-32-11 NMSA 1978 (being Laws 1959, Chapter 55, Section 11, as amended) is amended to read:

"7-32-11. PURCHASER'S REPORT--TAX REMITTANCE--ADDITIONAL

INFORMATION.--Each purchaser shall, in the form and manner required by the [~~division, make~~] department, file a return to the [~~division~~] department showing the total value, volume and kind of products purchased by [~~him~~] the purchaser from each production unit for each calendar month. All taxes due or to be remitted by the purchaser shall accompany this return. The return shall be filed on or before the twenty-fifth day of the second month after the calendar month for which the return is required. Any additional reports or information the [~~division~~] department may deem necessary for the proper administration of the Oil and Gas Ad Valorem Production Tax Act may be required."

SECTION SFC→~~140.~~←SFC SFC→138.←SFC Section 7-32-13 NMSA 1978 (being Laws 1959, Chapter 55, Section 13, as amended) is amended to read:

"7-32-13. [~~DIVISION~~] DEPARTMENT SHALL PREPARE SCHEDULES AND FORWARD TO ASSESSORS [~~ASSESSOR SHALL DELIVER SCHEDULE TO TREASURER~~] AND TREASURERS.--By the last day of each month, the [~~division~~] department shall prepare and certify a schedule to the respective counties in which production units are located. The schedules shall reflect the accounting of the preceding month and shall list each production unit and by production unit show the assessed value, taxing district, extension of tax levies, tax payments and other information as the [~~director of the division~~] department deems appropriate. The schedules shall be forwarded to the assessors and treasurers of the

respective counties. [~~who~~] Upon receipt, [~~thereof~~] an assessor shall accept them as the assessment of property as required in the Oil and Gas Ad Valorem Production Tax Act and [~~shall deliver them to the~~] a county treasurer shall accept them as the oil and gas ad valorem schedule for the county."

SECTION SFC→~~141.~~←SFC SFC→139.←SFC Section 7-32-28 NMSA 1978 (being Laws 1991, Chapter 9, Section 39) is amended to read:

"7-32-28. ADVANCE PAYMENT REQUIRED.--

A. Any person required to make payment of tax pursuant to Section 7-32-10 or 7-32-11 NMSA 1978 shall make the advance payment required by this section.

B. For the purposes of this section:

(1) "advance payment" means the payment required to be made by this section in addition to any oil and gas ad valorem production tax, penalty or interest due; and

(2) "average tax" means the aggregate amount of tax, [~~net of~~] less any refunds or credits, paid by a person during the twelve-month period ending March 31 pursuant to the Oil and Gas Ad Valorem Production Tax Act divided by the number of months during that period for which the person made payment.

C. Each year, prior to July 1, [~~each person required to pay tax pursuant to the Oil and Gas Ad Valorem Production Tax Act shall compute the average tax for the period ending March 31 of that year~~] the department shall compute the

advance payment required to be made pursuant to this section, compute the average tax for the filing periods February through January of the subsequent year for each person required to pay tax pursuant to the Oil and Gas Ad Valorem Production Tax Act and provide a tax statement to each person required to pay tax pursuant to the Oil and Gas Ad Valorem Production Tax Act. The average tax calculated for a year shall be used during the twelve-month period beginning with July of that year and ending with June of the following year as the basis for making the advance payments required by Subsection D of this section.

D. [~~Every month, beginning with July 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Ad Valorem Production Tax Act and after receiving the tax statement provided by the department, a person required to pay tax in a month pursuant to the Oil and Gas Ad Valorem Production Tax Act shall pay, in addition to any amount of tax, interest or penalty due, an advance payment in an amount equal to the applicable average tax, except:

(1) if the person is making a final return under the Oil and Gas Ad Valorem Production Tax Act, no advance payment pursuant to this subsection is due for that return; and

(2) as provided in Subsection F of this section.

E. [~~Every month, beginning with tax payments due in~~

~~August 1991, every~~] Annually, by the twenty-fifth of the month in which a person files or amends that person's first return pursuant to the Oil and Gas Ad Valorem Production Tax Act and after receiving the tax statement provided by the department, a person required to pay tax pursuant to the Oil and Gas Ad Valorem Production Tax Act may claim a credit equal to the amount of advance payment made in the previous [~~month~~] year, except as provided in Subsection F of this section.

F. If, in any [~~month~~] year, a person is not required to pay tax pursuant to the Oil and Gas Ad Valorem Production Tax Act, that person is not required to pay the advance payment and may not claim a credit pursuant to Subsection E of this section; provided that, in any succeeding month when the person has liability under the Oil and Gas Ad Valorem Production Tax Act, the person may claim a credit for any advance payment made and not credited.

G. In the event that the date by which a person is required to pay the tax pursuant to the Oil and Gas Ad Valorem Production Tax Act is accelerated to a date earlier than the twenty-fifth day of the second month following the month of production, the advance payment provision contained in this section is [~~null and~~] void and any money held as advance payments shall be credited to the taxpayers' accounts."

SECTION SFC→~~142.~~←SFC SFC→140.←SFC Section 7-33-4 NMSA 1978 (being Laws 1963, Chapter 179, Section 4, as amended) is

amended to read:

"7-33-4. PRIVILEGE TAX LEVIED--COLLECTED BY DEPARTMENT--RATE.--

A. There is levied and shall be collected by the department a privilege tax on processors for the privilege of operating a natural gas processing plant in New Mexico. This tax may be referred to as the "natural gas processors tax".

B. The tax shall be imposed on the amount of mmbtus of natural gas delivered to the processor at the inlet of the natural gas processing plant after subtracting the mmbtu deductions authorized in Subsection [~~E~~] D of this section. The tax shall be imposed at the rate per mmbtu determined in Subsection C [~~or D~~] of this section [~~as applicable~~].

[~~C. The tax rate for the six-month period beginning on January 1, 1999 shall be determined by multiplying the rate of sixty-five hundredths of one cent ($.0065) per mmbtu by a fraction, the numerator of which is the annual average taxable value per mcf of natural gas produced in New Mexico during the 1997 calendar year and the denominator of which is one dollar thirty-three cents ($1.33) per mcf. The resulting tax rate shall be rounded to the nearest one-hundredth of one cent per mmbtu.~~

~~D.~~] C. The tax rate [~~for each fiscal year beginning on or after July 1, 1999~~] shall be determined by multiplying the rate of sixty-five hundredths of one cent ($.0065) per

mmbtu by a fraction, the numerator of which is the annual average taxable value per mcf of natural gas produced in New Mexico during the preceding calendar year and the denominator of which is one dollar thirty-three cents ($1.33) per mcf. The resulting tax rate shall be rounded to the nearest one-hundredth of one cent per mmbtu.

[~~E.~~] D. A processor may deduct from the amount of mmbtus of natural gas subject to the tax the mmbtus of natural gas that are:

(1) used for natural gas processing by the processor;

(2) returned to the lease from which [~~it is~~] they are produced;

(3) legally flared by the processor; or

(4) lost as a result of natural gas processing plant malfunctions or other incidences of force majeur.

[~~F.~~] E. On or before [~~June 15, 1999 and~~] June 15 of each [~~succeeding~~] year, the department shall inform each processor in writing of the tax rate applicable for the succeeding fiscal year.

[~~G.~~] F. Any Indian nation, tribe or pueblo or Indian is liable for the tax to the extent authorized or permitted by law."

SECTION SFC→~~143.~~←SFC SFC→141.←SFC Section 7-34-2 NMSA

1978 (being Laws 1969, Chapter 119, Section 2, as amended) is amended to read:

"7-34-2. DEFINITIONS.--As used in the Oil and Gas Production Equipment Ad Valorem Tax Act:

A. [~~"commission"~~] "department" [~~or "division"~~] means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

B. "person" means any individual, estate, trust, receiver, business trust, corporation, firm, copartnership, cooperative, joint venture, association or other group or combination acting as a unit;

C. "operator" means any person engaged in the severance of products from a production unit;

D. "product" means oil, natural gas or liquid hydrocarbon, individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas;

E. "severance" means taking any product from the soil in any manner;

F. "production unit" means a unit of property designated by the department from which products of common ownership are severed;

G. "equipment" means wells and nonmobile equipment used at a production unit in connection with severance,

treatment or storage of production unit products;

H. "value" means the actual price received for products at the production unit as established under the Oil and Gas Ad Valorem Production Tax Act;

I. "assessed value" means the value against which tax rates are applied; and

J. "tax" means the oil and gas production equipment ad valorem tax."

SECTION SFC→~~144.~~←SFC SFC→142.←SFC Section 7-34-3 NMSA 1978 (being Laws 1969, Chapter 119, Section 3, as amended) is amended to read:

"7-34-3. METHOD OF DETERMINING ASSESSED VALUE.--

A. Annually the [~~commission~~] department shall compute the value of products of each production unit for the previous calendar year.

B. The taxable value of equipment of each production unit is an amount equal to twenty-seven percent of the value of products of each production unit.

C. The assessed value of equipment of each production unit shall be determined by applying the uniform assessment ratio to the taxable value of equipment of each production unit."

SECTION SFC→~~145.~~←SFC SFC→143.←SFC Section 7-34-4 NMSA 1978 (being Laws 1969, Chapter 119, Section 4, as amended) is amended to read:

"7-34-4. AD VALOREM TAX LEVIED.--An ad valorem tax is levied on the assessed value of the equipment at each production unit. The tax shall be at the rate certified to the [~~division~~] department by the department of finance and administration under the provisions of Section 7-37-7 NMSA 1978."

SECTION SFC→~~146.~~←SFC SFC→144.←SFC Section 7-34-5 NMSA 1978 (being Laws 1969, Chapter 119, Section 5, as amended) is amended to read:

"7-34-5. OIL AND GAS PRODUCTION EQUIPMENT AD VALOREM TAX TO BE EXCLUSIVE MEASURE OF AD VALOREM TAX LIABILITY.--The tax levied by Section 7-34-4 NMSA 1978 shall be the full and exclusive measure of ad valorem tax liability for equipment used at a production unit [~~for the calendar year 1969 and all subsequent years~~]. Any other ad valorem tax on equipment used at a production unit is void."

SECTION SFC→~~147.~~←SFC SFC→145.←SFC Section 7-34-6 NMSA 1978 (being Laws 1969, Chapter 119, Section 6) is amended to read:

"7-34-6. TAX STATEMENT--TAX DUE DATE.--Annually the [~~commission~~] department shall compute the assessed value of equipment for each production unit and extend the applicable rates against the assessed value to determine the amount of tax due. The [~~commission~~] department shall prepare a tax statement for each production unit showing the production unit

identification, the taxing district in which it is located, calendar-year value, assessed value, district rates and the amount of tax due. The tax statement shall be sent to the operator on or before [~~October 15th~~] November 1 and payment shall be made to the [~~commission~~] department on or before November 30."

SECTION SFC→~~148.~~←SFC SFC→146.←SFC Section 7-34-7 NMSA 1978 (being Laws 1969, Chapter 119, Section 7) is amended to read:

"7-34-7. [~~COMMISSION~~] DEPARTMENT SHALL REPORT TO COUNTY--TAX [~~ROLL~~] SCHEDULE.--On or before December 30, the [~~commission~~] department shall deliver a [~~report~~] tax schedule to each county in which production units are located, identifying each production unit, the taxing district in which it is located, the value, assessed value, district rates and the amount of tax paid."

SECTION SFC→~~149.~~←SFC SFC→147.←SFC Section 7-40-5 NMSA 1978 (being Laws 2018, Chapter 57, Section 5) is amended to read:

"7-40-5. EXEMPTIONS.--Exempted from the taxes imposed pursuant to the Insurance Premium Tax Act are:

A. premiums attributable to insurance or contracts purchased by the state or a political subdivision for the state's or political subdivision's active or retired employees;

B. payments received by a health maintenance

organization from the federal secretary of health and human services pursuant to a risk-sharing contract issued under the provisions of 42 U.S.C. Section 1395mm(g);

C. any business transacted pursuant to the provisions of the Service Contract Regulation Act;

[~~D. the premiums from each policy or plan issued or offered pursuant to the Minimum Healthcare Protection Act during the first three years of the issuance of the master policy or individual policy; and~~

~~E.~~] D. the money collected and placed in trust pursuant to Section 59A-49-6 NMSA 1978; and

E. premiums from supplemental health care plans issued by an insurer that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended or renumbered."

SECTION SFC→~~150.~~←SFC SFC→148.←SFC Section 14-8-4 NMSA 1978 (being Laws 1901, Chapter 62, Section 18, as amended) is amended to read:

"14-8-4. ACKNOWLEDGMENT NECESSARY FOR RECORDING--EXCEPTIONS--RECORDING OF DUPLICATES.--

A. Any original instrument of writing duly acknowledged may be filed and recorded. Any instrument of writing not duly acknowledged may not be filed and recorded or

considered of record, though so entered, unless otherwise provided in this section.

B. For purposes of this section, "acknowledged" means notarized by a person empowered to perform notarial acts pursuant to the Revised Uniform Law on Notarial Acts.

C. The following documents need not be acknowledged but may be filed and recorded:

(1) court-certified copies of a court order, judgment or other judicial decree;

(2) court-certified transcripts of any money judgment obtained in a court of New Mexico or, pursuant to Section 14-9-9 NMSA 1978, in the United States district court for the district of New Mexico;

(3) land patents and land office receipts;

(4) notice of lis pendens filed pursuant to Section 38-1-14 NMSA 1978;

(5) provisional orders creating improvement districts pursuant to Section 4-55A-7 NMSA 1978;

(6) notices of levy on real estate under execution or writ of attachment when filed by a peace officer pursuant to Section 39-4-4 NMSA 1978;

(7) surveys of land that do not create a division of land but only show existing tracts of record when filed by a professional surveyor pursuant to Section 61-23-28.2 NMSA 1978;

(8) certified copies of foreign wills, marriages or birth certificates duly authenticated; [~~and~~]

(9) instruments of writing in any manner affecting lands in the state filed pursuant to Section 14-9-7 NMSA 1978, when these instruments have been duly executed by an authorized public officer; and

(10) notices of lien filed pursuant to Section 7-1-38 NMSA 1978.

D. If an original instrument of writing is unavailable but, if it were available, could be filed and recorded in accordance with this section, a duplicate of that instrument shall be accepted for filing and recording if accompanied by an affidavit executed pursuant to this subsection. The affidavit shall:

(1) provide the name, telephone number and mailing address of the affiant;

(2) provide information regarding the execution of the instrument, consideration paid, delivery or other information establishing that the original instrument, if it were available, would be entitled to be recorded pursuant to Subsection A of this section;

(3) specify the reason the duplicate is filed and recorded in place of the original instrument;

(4) include a statement that the duplicate is a true and correct copy of the original instrument; and

(5) be acknowledged and made under oath confirming that the statements set forth in the affidavit are true and correct and of the personal knowledge of the affiant.

E. The filing of a duplicate instrument in accordance with Subsection D of this section shall not incur a fee in addition to the fee, if any, charged for filing an original instrument. When the clerk records the instrument, the grantor and grantee shall be those of the duplicate instrument and the name of the affiant shall be indexed under miscellaneous information.

F. Any filing or recording permitted or required under the provisions of the Uniform Commercial Code need not comply with the requirements of this section.

G. Instruments acknowledged on behalf of a corporation need not have the corporation's seal affixed thereto in order to be filed and recorded."

SECTION SFC→~~151.~~←SFC SFC→149.←SFC Section 24A-8-2 NMSA 1978 (being Laws 2024, Chapter 41, Section 2) is amended to read:

"24A-8-2. DEFINITIONS.--As used in the Health Care Delivery and Access Act:

A. "assessed days" means the number of inpatient hospital days exclusive of medicare days for each eligible hospital, with data sources to be defined by the authority and updated no less frequently than every three years;

B. "assessed outpatient revenue" means net patient revenue exclusive of medicare outpatient revenue for outpatient services, with data sources to be defined by the authority and updated no less frequently than every three years;

C. "assessment" means the health care delivery and access assessment;

D. "assessment amount" means the assessment amount owed by an eligible hospital;

E. "assessment rate" means the amount per assessed day and the percentage of assessed outpatient revenue calculated by the authority;

F. "authority" means the health care authority [~~department~~];

G. "average commercial rate" means the average rate paid by commercial insurers as provided by the centers for medicare and medicaid services;

H. "centers for medicare and medicaid services" means the centers for medicare and medicaid services of the United States department of health and human services;

I. "eligible hospital" means a non-federal facility licensed as a hospital by the [~~department of health~~] authority, excluding a state university teaching hospital or a state-owned special hospital;

J. "general acute care hospital" means a hospital other than a special hospital;

K. "hospital" means a facility providing emergency or urgent care, inpatient medical care and nursing care for acute illness, injury, surgery or obstetrics. "Hospital" includes a facility licensed by the [~~department of health~~] authority as a critical access hospital, rural emergency hospital, general hospital, long-term acute care hospital, psychiatric hospital, rehabilitation hospital, limited services hospital or special hospital;

L. "inpatient hospital services" means services that:

(1) are ordinarily furnished in a hospital for the care and treatment of inpatients;

(2) are furnished under the direction of a physician, advanced practice clinician or dentist;

(3) are furnished in an institution that:

(a) is maintained primarily for the care and treatment of patients;

(b) is licensed or formally approved as a hospital by an officially designated authority for state standard-setting;

(c) meets the requirements for participation in medicare as a hospital; and

(d) has in effect a utilization review plan, applicable to all medicaid patients, that meets federal requirements; and

(4) are not skilled nursing facility services or immediate care facility services furnished by a hospital with a swing-bed approval;

M. "managed care organization" means a person or organization that has entered into a comprehensive risk-based contract with the authority to provide health care services, including inpatient and outpatient hospital services, to medicaid beneficiaries;

N. "medicaid" means the medical assistance program established pursuant to Title 19 of the federal Social Security Act and regulations promulgated pursuant to that act;

O. "medicaid-directed payment program" means the health care delivery and access medicaid-directed payment program created pursuant to Section [~~5 of the Health Care Delivery and Access Act~~] 24A-8-5 NMSA 1978 providing additional medicaid funding for hospital services provided through medicaid managed care organizations, as directed by the authority and approved by the centers for medicare and medicaid services;

P. "medicare days" means the number of inpatient days provided by an eligible hospital during the year to patients covered under Title 18 of the federal Social Security Act;

Q. "medicare outpatient revenue" means the amount of net revenue received by an eligible hospital for outpatient

hospital services provided to patients covered under Title 18 of the federal Social Security Act;

R. "net patient revenue" means total net revenue received by a hospital for inpatient and outpatient hospital services in a year, as determined by the authority;

S. "New Mexico medicaid program" means the medicaid program established pursuant to Section 27-2-12 NMSA 1978;

T. "outpatient hospital services" means preventive, diagnostic, therapeutic, rehabilitative or palliative services that are furnished:

(1) to outpatients;

(2) by or under the direction of a physician, advanced practice clinician or dentist; and

(3) by an institution that:

(a) is licensed or formally approved as a hospital by an officially designated authority for state standard-setting; and

(b) meets the requirements for participation in medicare as a hospital;

U. "quality incentive payments" means the portion of the medicaid-directed payment program paid to hospitals based on value-based quality measurements and performance evaluation criteria, as established by the authority pursuant to Section [~~5 of the Health Care Delivery and Access Act~~] 24A-8-5 NMSA 1978;

V. "rehabilitation hospital" means a facility licensed as a rehabilitation hospital by the [~~department of health~~] authority;

W. "rural emergency hospital" means a facility licensed as a rural emergency hospital by the [~~department of health~~] authority;

X. "rural hospital" means a hospital that is located in a county that has a population of one hundred twenty-five thousand or fewer according to the most recent federal decennial census;

Y. "secretary" means the secretary of health care authority;

Z. "small urban hospital" means a hospital that is located in a county that has a population greater than one hundred twenty-five thousand and that has fewer than fifteen licensed inpatient beds as of January 1, 2024;

AA. "special hospital" means a facility licensed as a special hospital by the [~~department of health~~] authority; and

BB. "uniform rate increase" means the portion of the medicaid-directed payment program paid to hospitals as a uniform dollar or percentage increase."

SECTION SFC→~~152.~~←SFC SFC→150.←SFC Section 24A-8-3 NMSA 1978 (being Laws 2024, Chapter 41, Section 3) is amended to read:

"24A-8-3. HEALTH CARE DELIVERY AND ACCESS ASSESSMENT--

RATE AND CALCULATION--NOTIFICATION.--

A. Except as otherwise provided in Subsection C of this section, an assessment is imposed on inpatient hospital services and outpatient hospital services provided by an eligible hospital. The assessment rate and assessment amounts shall be annually calculated by the authority pursuant to Subsection D of this section, and the taxation and revenue department shall collect the assessment. The inpatient assessment shall be based on assessed days and the outpatient assessment shall be based on assessed outpatient revenue. The assessment provided by this section may be referred to as the "health care delivery and access assessment".

B. The rate of the health care delivery and access assessment on a rural hospital and special hospital shall be reduced by fifty percent, and the rate of the assessment on a small urban hospital shall be reduced by ninety percent; provided that the amount of the assessment qualifies for a waiver of the uniformity requirement for provider assessment from the centers for medicare and medicaid services. The authority may adjust these percentages and establish eligibility requirements as necessary to qualify for the waiver.

C. The health care delivery and access assessment shall not be imposed for any period for which the centers for medicare and medicaid services has not approved a necessary

waiver or other applicable authorization required to ensure that the assessment is a permissible source of non-federal funding for medicaid program expenditures, or for which the centers for medicare and medicaid services has not approved the distribution of the medicaid-directed payment program payments.

D. The authority shall annually calculate the health care delivery and access assessment amount to be paid by each eligible hospital and shall annually notify the taxation and revenue department and all hospitals of the applicable rates. The authority shall calculate the assessment amount by applying the assessment rate to an eligible hospital's assessed days and assessed outpatient revenue so that total revenue from the assessment will equal the lesser of:

(1) the amount needed, in combination with other funds deposited or expected to be deposited in the health care delivery and access fund for the subsequent fiscal year, including unexpended and unencumbered money in the fund, to provide sufficient funding for:

(a) the non-federal share of medicaid-directed payment program payments for inpatient and outpatient hospital services for eligible hospitals at a level such that the total reimbursement for medicaid managed care patients, including any other inpatient or outpatient hospital directed payments, is equivalent to the average commercial rate or such other maximum level as may be set by the centers for medicare

and medicaid services; and

(b) the purposes of the health care delivery and access fund; or

(2) the amount specified in Section 1903(w)(4)(C)(ii) of the federal Social Security Act, above which an indirect guarantee is determined to exist, with such amount determined each year based on the most recent available net patient revenue data.

E. The authority shall notify an eligible hospital and the taxation and revenue department of [~~its applicable~~] the health care delivery and access assessment amount for the eligible hospital pursuant to the following schedule:

(1) by November 1, 2024 for the period beginning on July 1, 2024 and ending on December 31, 2024; provided that the assessment amount shall be based on assessed days and assessed outpatient revenue for a full year; and

(2) by November 1 of the preceding calendar year for each calendar year thereafter.

[~~F. The assessment imposed for the six-month period identified in Paragraph (1) of Subsection E of this section shall be based on assessed days and assessed outpatient revenue for a full year.~~

~~G.~~] F. The authority may require hospitals, regardless of whether they are eligible hospitals, to report information or data necessary to implement and administer the

Health Care Delivery and Access Act. If the authority requires such reporting, it shall specify the frequency and due dates.

[~~H.~~] G. The authority shall determine how the health care delivery and access assessment is applied to newly created hospitals and hospitals that are merged, acquired or closed.

[~~I.~~] H. A hospital shall not specifically list the cost of the health care delivery and access assessment on any invoice, claim or statement sent to a patient, insurer, self-insured employer program or other responsible party."

SECTION SFC→~~153.~~←SFC SFC→151.←SFC Section 24A-8-6 NMSA 1978 (being Laws 2024, Chapter 41, Section 6) is amended to read:

"24A-8-6. DUE DATES--HEALTH CARE DELIVERY AND ACCESS ASSESSMENT--DIRECTED PAYMENTS.--

A. [~~For the period from July 1, 2024 through December 31, 2024~~] Except as provided in Subsection B of this section, a hospital shall pay the health care delivery and access assessment to the taxation and revenue department as follows:

(1) for the period from July 1, 2024 through December 31, 2024:

[~~(1)~~] (a) sixty percent of the assessment by March 10, 2025 [~~for the uniform rate increase~~]; and

[~~(2)~~] (b) forty percent of the assessment by May 10, 2025 [~~for the quality incentive payment~~]; and

[~~B.~~] (2) for calendar year 2025 and thereafter: [~~a hospital shall pay the assessment to the taxation and revenue department as follows~~

~~(1)~~] (a) fifteen percent of the assessment seventy days after the end of each calendar quarter [~~for the uniform rate increase for that quarter~~]; and

[~~(2)~~] (b) forty percent of the assessment by May 10 of the subsequent year. [~~for the quality incentive payment unless~~]

B. If approval by the centers for medicare and medicaid services of the medicaid-directed payment program for that year has not been received by the health care delivery and access assessment's due date, [~~in which case~~] the due date for [~~that~~] the assessment shall be forty-five days after such approval is received.

C. [~~An assessment shall not be due earlier than forty-five days after the date the centers for medicare and medicaid services approves the necessary authorization sought by the secretary pursuant to Section 12 of this 2024 act for the applicable period.~~] In the event that approval by the centers for medicare and medicaid services has not been received in time for a hospital to pay the health care delivery

and access assessment by the dates set out in Subsection A of this section, the authority shall notify the taxation and revenue department of the date that such approval is received, of the dates on which the assessments are now due and that no interest or penalty on the assessment shall accrue prior to those due dates.

D. The authority shall make directed payments to a managed care organization as follows:

(1) for the period beginning on July 1, 2024 and ending on December 31, 2024, the authority shall transfer the uniform rate increase funding to a managed care organization in one installment by March 15, 2025 and the quality incentive payment by May 15, 2025; and

(2) for calendar years 2025 and thereafter, the authority shall transfer the uniform rate increase funding to the managed care organization on a quarterly basis no later than seventy-five days after the end of the quarter and the quality incentive payment by May 15 of the subsequent calendar year.

[~~E. If the assessment due date has been postponed due to a delay in approval by the centers for medicare and medicaid services, the payments shall be due five days after the extended assessment due date.~~

~~F.~~] E. The authority shall require a managed care organization to make directed payments to hospitals no more

than fifteen days after receipt of such payments from the authority."

SECTION SFC→~~154.~~←SFC SFC→152.←SFC Section 52-5-19 NMSA 1978 (being Laws 1987, Chapter 235, Section 52, as amended) is amended to read:

"52-5-19. FEE FOR FUNDING ADMINISTRATION--WORKERS' COMPENSATION ADMINISTRATION FUND CREATED.--

A. [~~Beginning with the calendar quarter ending September 30, 2004 and~~] For each calendar quarter, [~~thereafter~~] there is assessed against each employer who is required or elects to be covered by the Workers' Compensation Act a fee equal to two dollars thirty cents ($2.30) multiplied by the number of employees covered by the Workers' Compensation Act that the employer has on the last working day of each quarter. At the same time, there is assessed against each employee covered by the Workers' Compensation Act on the last working day of each quarter a fee of two dollars ($2.00), which shall be deducted from the wages of the employee by the employer and remitted along with the fee assessed on the employer. The fees shall be remitted [~~by the last~~] on or before the twenty-fifth day of the month following the end of the calendar quarter for which they are due.

B. The taxation and revenue department may deduct from the gross fees collected an amount not to exceed five percent of the gross fees collected to reimburse the department

for costs of administration.

C. The taxation and revenue department shall pay over the net fees collected to the state treasurer to be deposited by [~~him~~] the treasurer in a fund hereby created and to be known as the "workers' compensation administration fund". Expenditures shall be made from this fund on vouchers signed by the director for the necessary expenses of the workers' compensation administration; provided that an amount equal to thirty cents ($.30) per employee of the fee assessed against an employer shall be distributed from the workers' compensation administration fund to the uninsured employers' fund.

D. The workers' compensation fee authorized in this section shall be administered and enforced by the taxation and revenue department under the provisions of the Tax Administration Act."

SECTION SFC→~~155.~~←SFC SFC→153.←SFC Section 67-3-8.1 NMSA 1978 (being Laws 2003, Chapter 150, Section 3, as amended) is amended to read:

"67-3-8.1. SECRETARY--AUTHORITY TO ENTER INTO INTERGOVERNMENTAL AGREEMENT--GASOLINE TAX SHARING AGREEMENT--QUALIFIED TRIBE.--

A. The secretary may enter into an intergovernmental agreement that may be referred to as a "gasoline tax sharing agreement" with a qualified tribe to receive forty percent of the gasoline tax revenue paid on two

million five hundred thousand gallons of gasoline each month in exchange for the qualified tribe's agreement that the qualified tribe or a registered Indian tribal distributor owned by the qualified tribe shall not:

(1) distribute gasoline for resale outside of the boundaries of that registered Indian tribal distributor's Indian reservation, pueblo grant or trust land located in New Mexico; and

(2) claim all or part of the deduction authorized in Subsection F of Section 7-13-4 NMSA 1978.

B. The term of a gasoline tax sharing agreement entered into pursuant to this section shall be for a period of up to twenty years. The secretary and a qualified tribe with a gasoline tax sharing agreement shall report, at the midpoint of the term of the agreement, to the legislative finance committee and to the revenue stabilization and tax policy committee on the status of the agreement.

C. A gasoline tax sharing agreement entered into pursuant to this section shall be construed solely as an agreement between the two party governments and shall not alter or affect the government-to-government relations between the state and any other tribe.

D. Nothing in this section or in a gasoline tax sharing agreement entered into pursuant to this section shall be construed as creating rights in a third party.

E. Copies of gasoline tax sharing agreements shall be promptly transmitted to the secretary of taxation and revenue upon signing by the representatives of the governments that are parties to the agreement.

F. As used in this section:

(1) "qualified tribe" means the Pueblo of Nambe or the Pueblo of Santo Domingo, as long as it owns one hundred percent of a registered Indian tribal distributor pursuant to the Gasoline Tax Act, that qualifies for a deduction pursuant to Subsection F of Section 7-13-4 NMSA 1978; and

(2) "tribe" means an Indian nation, tribe or pueblo located in New Mexico."

SECTION SFC→~~156.~~←SFC SFC→154.←SFC Laws 2024, Chapter 41, Section 13 is amended to read:

"SECTION 13. DELAYED REPEAL.--Sections 1 through 7, 9 and 11 of this act are repealed effective July 1, 2030."

SECTION SFC→~~157.~~←SFC SFC→155.←SFC REPEAL.--Sections 7-1-6.6, 7-1-6.24, 7-1-6.34, 7-1-6.35, 7-1-6.48 through 7-1-6.50, 7-1-6.59, 7-1-6.60, 7-1-15.2, 7-2-7.2, 7-2-7.3, 7-2-18.7, 7-2-18.11, 7-2-18.14, 7-2-18.19, 7-2-18.23, 7-2-18.30, 7-2-23, 7-2-24.1 through 7-2-28, 7-2-29 through 7-2-30.9, 7-2-30.11, 7-2-31, 7-2A-14, 7-2A-17.1, 7-2A-21, 7-2A-29, 7-2A-30, 7-2D-1 through 7-2D-14, 7-2F-1, 7-2F-2.1, 7-2F-6 through 7-2F-11, 7-2H-1 through 7-2H-4, 7-9-10, 7-9-74,

7-9-79.2, 7-9-118, 7-9A-2.1, 7-9F-12, 7-9J-1 through 7-9J-8 and 7-13-10 NMSA 1978 (being Laws 1983, Chapter 211, Section 11; Laws 1987, Chapter 265, Section 3; Laws 1992, Chapter 108, Sections 3 and 2; Laws 2005, Chapter 56, Section 1; Laws 2005, Chapter 87, Section 1; Laws 2005, Chapter 220, Section 1; Laws 2009, Chapter 175, Section 1; Laws 2010, Chapter 31, Section 2; Laws 1998, Chapter 105, Section 1; Laws 2005 (1st S.S.), Chapter 3, Sections 3 and 4; Laws 2000, Chapter 64, Section 1 and Laws 2000, Chapter 78, Section 1; Laws 2003, Chapter 400, Section 1; Laws 2006, Chapter 93, Section 1; Laws 2007, Chapter 204, Section 3; Laws 2008 (2nd S.S.), Chapter 3, Section 1; Laws 2018, Chapter 36, Section 1; Laws 2019, Chapter 270, Section 20; Laws 1981, Chapter 343, Section 1; Laws 1992, Chapter 108, Section 4; Laws 2021, Chapter 90, Section 1; Laws 1987, Chapter 257, Section 3; Laws 1987, Chapter 265, Sections 1 and 2; Laws 2005, Chapter 56, Section 2; Laws 2005, Chapter 87, Section 2; Laws 2005, Chapter 220, Section 2; Laws 2009, Chapter 175, Section 2; Laws 2012, Chapter 7, Section 1; Laws 2012, Chapter 57, Section 1; Laws 2013, Chapter 49, Section 2; Laws 2015, Chapter 50, Section 1; Laws 2015, Chapter 82, Section 1; Laws 2018, Chapter 51, Section 1; Laws 1992, Chapter 108, Section 1; Laws 1983, Chapter 218, Section 1; Laws 2003, Chapter 400, Section 2; Laws 2007, Chapter 204, Section 4; Laws 2018, Chapter 36, Section 2; Laws 1993, Chapter 313, Sections 1, 2 and 4 through 14; Laws 2002, Chapter 36, Section 1; Laws

2015, Chapter 143, Sections 4 through 10; Laws 2008, Chapter 89, Sections 1 through 4; Laws 1966, Chapter 47, Section 10; Laws 1971, Chapter 217, Section 2; Laws 2007, Chapter 204, Section 9; Laws 2021, Chapter 4, Section 3; Laws 2001, Chapter 57, Section 2 and Laws 2001, Chapter 337, Section 2; Laws 2000 (2nd S.S.), Chapter 22, Section 12; Laws 2007, Chapter 204, Sections 11 through 18; and Laws 1977, Chapter 342, Section 5, as amended) are repealed.

SECTION SFC→~~158.~~←SFC SFC→156.←SFC ADDITIONAL REPEAL.--That version of Section 7-2-7 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3, Section 2) is repealed.

SECTION SFC→~~159.~~←SFC SFC→157.←SFC DELAYED REPEAL.--Section 7-1-6.66 NMSA 1978 (being Laws 2021, Chapter 4, Section 1) is repealed effective January 1, 2028.

SFC→~~SECTION 160. EFFECTIVE DATE.--~~

~~A. The effective date of the provisions of Sections 1 through 16, 18 through 35, 37, 61, 66 through 119, 121 through 123, 125 through 131, 133 through 140, 142 through 150, 155, 157 and 158 is July 1, 2025.~~

~~B. The effective date of the provisions of Sections 17, 36, 38 through 60, 62 through 65, 120, 124, 132, 141 and 154 is January 1, 2026.~~**←SFC**

SFC→SECTION 158. EFFECTIVE DATE.--

A. The effective date of the provisions of Sections 1 through 16, 18 through 35, 37, 61, 66 through 119, 121, 123

through 129, 131 through 138, 140 through 148, 153, 155 and 156 of this act is July 1, 2025.

B. The effective date of the provisions of Sections 17, 36, 38 through 60, 62 through 65, 120, 122, 130, 139 and 152 of this act is January 1, 2026.←SFC