underscored material = new
[~~bracketed material~~] = delete

SENATE BILL 141

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

INTRODUCED BY

Peter Wirth and Roberto "Bobby" J. Gonzales

and Cristina Parajón

AN ACT

RELATING TO TAXATION; INCREASING THE CORPORATE INCOME TAX RATE; AMENDING THE NEXUS REQUIREMENT FOR A PERSON WHO LACKS PHYSICAL PRESENCE IN NEW MEXICO PURSUANT TO THE GROSS RECEIPTS AND COMPENSATING TAX ACT; PROVIDING A GROSS RECEIPTS TAX DEDUCTION FOR TAXPAYERS THAT DID NOT CLAIM A GROSS RECEIPTS TAX CREDIT, DEDUCTION OR EXEMPTION IN THE PREVIOUS CALENDAR YEAR; MAKING AN APPROPRIATION.

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

SECTION 1. Section 7-2A-5 NMSA 1978 (being Laws 1981, Chapter 37, Section 38, as amended) is amended to read:

"7-2A-5. CORPORATE INCOME TAX RATES.--The corporate income tax imposed on corporations by Section 7-2A-3 NMSA 1978 shall be [~~five~~] six and nine-tenths percent of taxable income."

SECTION 2. Section 7-9-3.3 NMSA 1978 (being Laws 2003, Chapter 272, Section 4, as amended) is amended to read:

"7-9-3.3. DEFINITION--ENGAGING IN BUSINESS.--As used in the Gross Receipts and Compensating Tax Act, "engaging in business" means carrying on or causing to be carried on any activity with the purpose of direct or indirect benefit. For a person who lacks physical presence in this state, including a marketplace provider, "engaging in business" means having, in the previous calendar year, total [~~taxable~~] gross receipts from sales, leases and licenses of tangible personal property, sales of licenses and sales of services and licenses for use of real property sourced to this state pursuant to Section 7-1-14 NMSA 1978, of at least one hundred thousand dollars ($100,000)."

SECTION 3. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--TAXPAYERS THAT DID NOT CLAIM A CREDIT, DEDUCTION OR EXEMPTION IN THE PREVIOUS CALENDAR YEAR.--

A. Up to one hundred thousand dollars ($100,000) during any twelve-month period may be deducted from the gross receipts of a taxpayer that did not claim a credit, deduction or exemption pursuant to the Gross Receipts and Compensating Tax Act in the previous calendar year; provided that the taxpayer was engaging in business in each month of the previous calendar year.

B. A company that enters into a restructuring to create subsidiaries for the purpose of claiming the deduction provided by this section for itself and each subsidiary shall only be allowed to claim the deduction as if the company and its subsidiaries are a single company.

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 by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the total annual aggregate cost of the deduction."

SECTION 4. APPROPRIATION.--One hundred thousand dollars ($100,000) is appropriated from the general fund to the taxation and revenue department for expenditure in fiscal years 2025 and 2026 to contract for services related to administering the provisions of Section 3 of this act, including enhancing the department's tax administration software system. Any unexpended or unencumbered balance remaining at the end of fiscal year 2026 shall revert to the general fund.

SECTION 5. APPLICABILITY.--The provisions of Section 1 of this act apply to taxable years beginning on or after January 1, 2026.

SECTION 6. EFFECTIVE DATE.--The effective date of the provisions of Sections 1 through 3 of this act is January 1, 2026.

.229199.1