SENATE BILL 559

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

INTRODUCED BY

William E. Sharer

AN ACT

RELATING TO TAXATION; AMENDING THE TAX BRACKETS PURSUANT TO THE INCOME TAX ACT AND CORPORATE INCOME AND FRANCHISE TAX ACT; REDUCING THE RATES OF THE GROSS RECEIPTS TAX, GOVERNMENTAL GROSS RECEIPTS TAX, COMPENSATING TAX, LEASED VEHICLE GROSS RECEIPTS TAX AND GAMING TAX ON MANUFACTURER LICENSEES ON THE TRANSFER OF GAMING DEVICES AND INCREASING THE RATE OF THE BINGO AND RAFFLE TAX; REMOVING AUTHORIZATION FOR THE USE OF A STATE GROSS RECEIPTS TAX INCREMENT TO FUND A METROPOLITAN REDEVELOPMENT PROJECT; REMOVING AUTHORIZATION FOR A TAX INCREMENT DEVELOPMENT DISTRICT TO DEDICATE AN INCREMENT OF THE STATE GROSS RECEIPTS TAX; REPEALING THE ESTATE TAX ACT, ART ACCEPTANCE ACT, INTERSTATE TELECOMMUNICATIONS GROSS RECEIPTS TAX ACT, RAILROAD CAR COMPANY TAX ACT, MOTOR VEHICLE EXCISE TAX ACT, ALTERNATIVE FUEL TAX ACT, COUNTY AND MUNICIPAL GASOLINE TAX ACT AND INSURANCE PREMIUM TAX ACT; REPEALING THE RURAL JOB

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TAX CREDIT, INVESTMENT CREDIT ACT, LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT ACT, TECHNOLOGY JOBS AND RESEARCH AND DEVELOPMENT TAX CREDIT ACT, HIGH-WAGE JOBS TAX CREDIT, AFFORDABLE HOUSING TAX CREDIT ACT, ALTERNATIVE ENERGY PRODUCT MANUFACTURERS TAX CREDIT ACT AND CERTAIN CREDITS, DEDUCTIONS AND EXEMPTIONS PURSUANT TO THE INCOME TAX ACT, CORPORATE INCOME AND FRANCHISE TAX ACT AND GROSS RECEIPTS AND COMPENSATING TAX ACT; PROVIDING SUNSET DATES FOR CERTAIN CREDITS, DEDUCTIONS AND EXEMPTIONS PURSUANT TO THE INCOME TAX ACT, CORPORATE INCOME AND FRANCHISE TAX ACT AND GROSS RECEIPTS AND COMPENSATING TAX ACT; PROVIDING A DELAYED REPEAL OF THE FILM PRODUCTION TAX CREDIT ACT; REDUCING THE CAPITAL GAINS DEDUCTION PURSUANT TO THE INCOME TAX ACT; ENACTING A GROSS RECEIPTS TAX EXEMPTION FOR DONATIONS TO NONPROFIT ORGANIZATIONS; IMPOSING ADDITIONAL REGISTRATION FEES FOR ELECTRIC AND PLUG-IN HYBRID ELECTRIC VEHICLES; REPEALING CERTAIN GROSS RECEIPTS TAX DISTRIBUTIONS TO MUNICIPALITIES; REPEALING CERTAIN SESSION LAWS THAT ARE NOT YET IN EFFECT; MAKING AN APPROPRIATION.

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

SECTION 1. Section 3-31-1 NMSA 1978 (being Laws 1973, Chapter 395, Section 3, as amended) is amended to read:

"3-31-1. REVENUE BONDS--AUTHORITY TO ISSUE--PLEDGE OF REVENUES--LIMITATION ON TIME OF ISSUANCE.--

A. In addition to any other law and constitutional

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home rule powers authorizing a municipality to issue revenue bonds, a municipality may issue revenue bonds pursuant to Chapter 3, Article 31 NMSA 1978 for the purposes specified in this section.

B. Utility revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing or otherwise improving a municipal utility or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the net revenues from the operation of the municipal utility or of any one or more of other such municipal utilities for payment of the interest on and principal of the revenue bonds.

C. Joint utility revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing or otherwise improving joint water facilities, sewer facilities, gas facilities or electric facilities or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the net revenues from the operation of these municipal utilities for the payment of the interest on and principal of the bonds.

D. Gross receipts tax revenue bonds may be issued for any municipal purpose. A municipality may pledge irrevocably any or all of the gross receipts tax revenue received by the municipality pursuant to Section [~~7-1-6.4 or~~] 7-1-6.12 NMSA 1978 to the payment of the interest on and

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principal of the gross receipts tax revenue bonds or for any area of municipal government services. A law that imposes or authorizes the imposition of a tax authorized by the Municipal Local Option Gross Receipts and Compensating Taxes Act or that affects the tax, or a law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding revenue bonds that may be secured by a pledge of such tax unless the outstanding revenue bonds have been discharged in full or provision has been fully made therefor. Revenues in excess of the annual principal and interest due on gross receipts tax revenue bonds secured by a pledge of gross receipts tax revenue may be accumulated in a debt service reserve account. The governing body of the municipality may appoint a commercial bank trust department to act as trustee of the gross receipts tax revenue and to administer the payment of principal of and interest on the bonds.

E. Gasoline tax revenue bonds may be issued for laying off, opening, constructing, reconstructing, resurfacing, maintaining, acquiring rights of way, repairing and otherwise improving municipal buildings, alleys, streets, public roads and bridges or any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the gasoline tax revenue received by the municipality to the payment of the

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interest on and principal of the gasoline tax revenue bonds.

F. Project revenue bonds may be issued for acquiring, extending, enlarging, bettering, repairing, improving, constructing, purchasing, furnishing, equipping and rehabilitating any revenue-producing project, including, where applicable, purchasing, otherwise acquiring or improving the ground therefor, including acquiring and improving parking lots, or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the net revenues from the operation of the revenue-producing project for which the particular project revenue bonds are issued to the payment of the interest on and principal of the project revenue bonds. The net revenues of any revenue-producing project may not be pledged to the project revenue bonds issued for a revenue-producing project that clearly is unrelated in nature; but nothing in this subsection shall prevent the pledge to such project revenue bonds of any revenues received from existing, future or disconnected facilities and equipment that are related to and that may constitute a part of the particular revenue-producing project. A general determination by the governing body that any facilities or equipment is reasonably related to and constitutes a part of a specified revenue-producing project shall be conclusive if set forth in the proceedings authorizing the project revenue bonds.

G. Fire district revenue bonds may be issued for

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acquiring, extending, enlarging, bettering, repairing, improving, constructing, purchasing, furnishing, equipping and rehabilitating any fire district project, including, where applicable, purchasing, otherwise acquiring or improving the ground therefor, or for any combination of the foregoing purposes. The municipality may pledge irrevocably any or all of the revenues received by the fire district from the fire protection fund as provided in the Fire Protection Fund Law and any or all of the revenues provided for the operation of the fire district project for which the particular bonds are issued to the payment of the interest on and principal of the bonds. The revenues of any fire district project shall not be pledged to the bonds issued for a fire district project that clearly is unrelated in its purpose; but nothing in this section prevents the pledge to such bonds of any revenues received from existing, future or disconnected facilities and equipment that are related to and that may constitute a part of the particular fire district project. A general determination by the governing body of the municipality that any facilities or equipment is reasonably related to and constitutes a part of a specified fire district project shall be conclusive if set forth in the proceedings authorizing the fire district bonds.

H. Law enforcement protection revenue bonds may be issued for the repair and purchase of law enforcement apparatus and equipment that meet nationally recognized standards. The

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municipality may pledge irrevocably any or all of the revenues received by the municipality from the law enforcement protection fund distributions pursuant to the Law Enforcement Protection Fund Act to the payment of the interest on and principal of the law enforcement protection revenue bonds.

I. Except for the purpose of refunding previous revenue bond issues, no municipality may sell revenue bonds payable from pledged revenues after the expiration of two years from the date of the ordinance authorizing the issuance of the bonds or, for bonds to be issued and sold to the New Mexico finance authority as authorized in Subsection C of Section 3-31-4 NMSA 1978, after the expiration of two years from the date of the resolution authorizing the issuance of the bonds. However, any period of time during which a particular revenue bond issue is in litigation shall not be counted in determining the expiration date of that issue."

SECTION 2. Section 3-31-1.1 NMSA 1978 (being Laws 2019, Chapter 274, Section 2) is amended to read:

"3-31-1.1. DEFINITIONS.--As used in Chapter 3, Article 31 NMSA 1978:

A. "bond" means any obligation of a municipality issued under Chapter 3, Article 31 NMSA 1978, whether designated as a bond, note, loan, warrant, debenture, lease-purchase agreement or other instrument evidencing an obligation of a municipality to make payments;

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B. "gasoline tax revenue" means all or portions of the amounts of tax revenues distributed to municipalities pursuant to Sections 7-1-6.9 and 7-1-6.27 NMSA 1978;

C. "gasoline tax revenue bonds" means the bonds authorized by Subsection E of Section 3-31-1 NMSA 1978;

D. "gross receipts tax revenue" means the amount of money [~~distributed to a municipality pursuant to Section 7-1-6.4 NMSA and~~] transferred to a municipality pursuant to Section 7-1-6.12 NMSA 1978 for any municipal gross receipts tax imposed pursuant to the Municipal Local Option Gross Receipts and Compensating Taxes Act;

E. "gross receipts tax revenue bonds" means the bonds authorized by Subsection D of Section 3-31-1 NMSA 1978;

F. "joint utility revenue bonds" or "joint utility bonds" means the bonds authorized by Subsection C of Section 3-31-1 NMSA 1978;

G. "pledged revenues" means the revenues, net income or net revenues authorized to be pledged to the payment of revenue bonds as specifically provided in Chapter 3, Article 31 NMSA 1978;

H. "project revenue bonds" means the bonds authorized by Subsection F of Section 3-31-1 NMSA 1978; and

I. "utility revenue bonds" or "utility bonds" means the bonds authorized by Subsection B of Section 3-31-1 NMSA 1978."

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SECTION 3. 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

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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

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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

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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

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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. 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 4. Section 3-60A-23 NMSA 1978 (being Laws 1979, Chapter 391, Section 23, as amended) is amended to read:

"3-60A-23. APPROVAL OF ALTERNATIVE FUNDING METHOD.--

A. A metropolitan redevelopment plan, as originally approved or as later modified, may contain a provision that a portion of a property tax increment or gross receipts tax increment may be dedicated for the purpose of funding a

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metropolitan redevelopment project for a period of up to twenty years.

B. A local government may dedicate up to seventy-five percent of a property tax increment or gross receipts tax increment, [~~and the state board of finance, subject to the provisions of Subsection C of this section, may dedicate up to seventy-five percent of a gross receipts tax increment, each~~] as determined pursuant to Section 3-60A-21 NMSA 1978, with the agreement of the municipality or county, [~~or state board of finance~~] evidenced by a resolution adopted by a majority vote of those entities. A resolution to dedicate a property tax increment or gross receipts tax increment shall become effective only on January 1 or July 1 of the calendar year.

[~~C. 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 6 of this 2023 act and that the initial bonds issuance secured by such an increment shall be issued no later than four years after the state board of finance has adopted the resolution making the dedication. A resolution of the state board of finance shall find that:~~

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

~~(2) based upon review by the state board of~~

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~~finance of the applicable metropolitan redevelopment plan, the dedication by the state board of finance of the gross receipts tax increment within the metropolitan redevelopment area for use in meeting the required goals of the metropolitan redevelopment plan is reasonable and in the best interest of the state.~~

~~D.~~] C. The governing body of the jurisdiction in which a metropolitan redevelopment area has been established shall timely notify the assessor of the county in which the area has been established, the taxation and revenue department and the local government division of the department of finance and administration when:

(1) a metropolitan redevelopment plan has been approved that contains a provision for the allocation and percentage of property tax increments and gross receipts tax increments;

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

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

SECTION 5. Section 3-60A-23.1 NMSA 1978 (being Laws 2000, Chapter 103, Section 4, as amended) is amended to read:

"3-60A-23.1. TAX INCREMENT BONDS.--

A. For the purpose of financing metropolitan redevelopment projects, in whole or in part, a local government

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may issue tax increment bonds or tax increment bond anticipation notes that are payable from and secured by revenue from a gross receipts tax increment allocated to the metropolitan redevelopment fund pursuant to Sections 3-60A-21 and 3-60A-23 NMSA 1978. The principal of, premium, if any, and interest on the bonds or notes shall be payable from and secured by a pledge of such revenues, and the local government shall irrevocably pledge all or part of the revenues to the payment of the bonds or notes. The revenues deposited in the metropolitan redevelopment fund or the designated part thereof may thereafter be used only for the payment of the principal of, premium, if any, and interest on the bonds or notes, and a holder of the bonds or notes shall have a first lien against the revenues deposited in the metropolitan redevelopment fund or the designated part thereof for the payment of principal of, premium, if any, and interest on the bonds or notes. To increase the security and marketability of the tax increment bonds or notes, the local government may:

(1) create a lien for the benefit of the bondholders on any public improvements or public works used solely by the metropolitan redevelopment project or portion of a project financed by the bonds or notes, or on the revenues of such improvements or works;

(2) provide that the proceeds from the sale of real and personal property acquired with the proceeds from the

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sale of bonds or notes issued pursuant to the Tax Increment Law shall be deposited in the metropolitan redevelopment fund and used for the purposes of repayment of principal of, premium, if any, and interest on the bonds or notes; and

(3) make covenants and do any and all acts not inconsistent with law as may be necessary, convenient or desirable in order to additionally secure the bonds or notes or make the bonds or notes more marketable in the exercise of the discretion of the local government.

B. Bonds and notes issued pursuant to this section shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, shall not be general obligations of the local government, shall be collectible only from the proper pledged revenues and shall not be subject to the provisions of any other law or charter relating to the authorization, issuance or sale of tax increment bonds or tax increment bond anticipation notes. Bonds and notes issued pursuant to the Tax Increment Law are declared to be issued for an essential public and governmental purpose and, together with interest thereon, shall be exempted from all taxes by the state.

C. The bonds or notes shall be authorized by an ordinance of the local government; shall be in a denomination or denominations, bear a date and mature, in the case of bonds, at a time not exceeding twenty years from their date, and in

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the case of notes, not exceeding five years from the date of the original note; bear interest at a rate or have appreciated principal value not exceeding the maximum net effective interest rate permitted by the Public Securities Act; and be in a form, carry registration privileges, be executed in a manner, be payable at a place within or without the state, be payable at intervals or at maturity and be subject to terms of redemption as the authorizing ordinance or supplemental resolution of the local government may provide.

D. The bonds or notes may be sold in one or more series at, below or above par, at public or private sale, in a manner and for a price as the local government, in its discretion, shall determine; provided that the price at which the bonds or notes are sold shall not result in a net effective interest rate that exceeds the maximum permitted by the Public Securities Act. As an incidental expense of a metropolitan redevelopment project or the portion financed with the bonds or notes, the local government in its discretion may employ financial and legal consultants with regard to the financing of the project.

E. In case any of the public officials of the local government whose signatures appear on any bonds or notes issued pursuant to the Tax Increment Law cease to be public officials before the delivery of the bonds or notes, the signatures shall, nevertheless, be valid and sufficient for all purposes,

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the same as if the officials had remained in office until delivery. Any provision of law to the contrary notwithstanding, any bonds or notes issued pursuant to the Tax Increment Law shall be fully negotiable.

F. In any suit, action or proceeding involving the validity or enforceability of any bond or note issued pursuant to the Tax Increment Law or the security therefor, any bond or note reciting in substance that it has been issued by the local government in connection with a metropolitan redevelopment project shall be conclusively deemed to have been issued for that purpose and the project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Metropolitan Redevelopment Code.

G. The proceedings under which tax increment bonds or tax increment bond anticipation notes are authorized to be issued and any mortgage, deed of trust, trust indenture or other lien or security device on real and personal property given to secure the same may contain provisions customarily contained in instruments securing bonds and notes and constituting a covenant with the bondholders.

H. A local government may issue bonds or notes pursuant to this section with the proceeds from the bonds or notes to be used as other money is authorized to be used in the Metropolitan Redevelopment Code.

I. [~~Subject to the provisions of Section 6 of this~~

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~~2023 act~~] The local government shall have the power to issue renewal notes, to issue bonds to pay notes and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for other purposes in connection with financing metropolitan redevelopment projects, in whole or in part. Refunding bonds issued pursuant to the Tax Increment Law to refund outstanding tax increment bonds shall be payable from a gross receipts tax increment, out of which the bonds to be refunded thereby are payable or from other lawfully available revenues.

J. The proceeds from the sale of any bonds or notes shall be applied only for the purpose for which the bonds or notes were issued, and if, for any reason, any portion of the proceeds are not needed for the purpose for which the bonds or notes were issued, the unneeded portion of the proceeds shall be applied to the payment of the principal of or the interest on the bonds or notes.

K. The cost of financing a metropolitan redevelopment project shall be deemed to include the actual cost of acquiring a site and the cost of the construction of any part of a project, including architects' and engineers' fees, the purchase price of any part of a project that may be acquired by purchase and all expenses in connection with the

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authorization, sale and issuance of the bonds or notes to finance the acquisition and any related costs incurred by the local government.

L. No action shall be brought questioning the legality of any contract, mortgage, deed of trust, trust indenture or other lien or security device, proceeding or bonds or notes executed in connection with any project authorized by the Metropolitan Redevelopment Code on and after thirty days from the effective date of the ordinance authorizing the issuance of such bonds or notes."

SECTION 6. Section 3-65-8 NMSA 1978 (being Laws 2001, Chapter 231, Section 8) is amended to read:

"3-65-8. AUTHORIZATION OF PROJECT.--

A. Pursuant to the provisions of Section 6-21-6 NMSA 1978, the legislature authorizes the authority to make a loan from the public project revolving fund to a municipality to acquire land for and to design, purchase, construct, remodel, renovate, rehabilitate, improve, equip or furnish a minor league baseball stadium on terms and conditions established by the authority.

B. Prior to receiving the loan, the governing body shall approve the loan and related documents by an ordinance to be adopted by a majority of the members of the governing body. The ordinance shall pledge the stadium surcharge receipts to make the loan payments. In addition to pledging stadium

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surcharge receipts for making loan payments, the ordinance shall pledge legally available gross receipts tax revenues [~~distributed~~] transferred to a municipality pursuant to Section [~~7-1-6.4 or~~] 7-1-6.12 NMSA 1978 in an amount satisfactory to the authority and in an amount at least sufficient to make the loan payments. No action shall be brought questioning the legality of the pledge of receipts and revenues, the ordinance, the loan, the proceedings, the stadium surcharge or any other matter concerning the loan after thirty days from the date of publication of the ordinance approving the loan and related documents and pledging stadium surcharge receipts and gross receipts tax revenues of the municipality to make the loan payments.

C. The legislature or a municipality shall not repeal, amend or otherwise modify any law or ordinance that adversely affects or impairs the stadium surcharge or any loan from the authority secured by a pledge of the stadium surcharge and gross receipts tax revenues, unless the loan has been paid in full or provisions have been made for full payment."

SECTION 7. Section 3-66-8 NMSA 1978 (being Laws 2005, Chapter 351, Section 10) is amended to read:

"3-66-8. ISSUANCE OF BONDS.--

A. A municipality may issue revenue bonds, in accordance with the procedures set forth in Sections 3-31-3 through 3-31-7 NMSA 1978, to acquire land for and to design,

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purchase, construct, remodel, renovate, rehabilitate, improve, equip or furnish a municipal event center.

B. Revenue bonds issued by a municipality may be secured by event center revenues, event center surcharge receipts or gross receipts tax revenues [~~distributed~~] transferred to that municipality pursuant to Section [~~7-1-6.4 or~~] 7-1-6.12 NMSA 1978.

C. An action shall not be brought questioning the legality of the pledge of event center revenues, event center surcharge receipts or gross receipts tax revenues, bonds issued pursuant to the Municipal Event Center Funding Act, issuance of those bonds, an event center surcharge included in a vendor contract or any other matter concerning the bonds after thirty days from the date of publication of the ordinance authorizing issuance of the bonds and the pledging of event center receipts, event center surcharge receipts or gross receipts tax revenues of a municipality to make debt service payments.

D. The legislature or a municipality shall not repeal, amend or otherwise modify any law or ordinance that adversely affects or impairs the event center surcharge or any bonds secured by a pledge of the event center revenues, event center surcharge receipts or gross receipts tax revenues, unless the bonds have been paid in full or provisions have been made for full payment."

SECTION 8. Section 5-10-17 NMSA 1978 (being Laws 2021

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(1st S.S.), Chapter 2, Section 2) is amended to read:

"5-10-17. GROSS RECEIPTS TAX AND COMPENSATING TAX REVENUE AS PUBLIC SUPPORT FOR CERTAIN PROJECTS.--

A. Prior to July 1, 2034, a qualifying entity that meets the following requirements may receive public support for the qualifying entity's economic development project from funds in the Local Economic Development Act fund pursuant to Subsection B of Section 5-10-14 NMSA 1978 in an amount equal to fifty percent of the net receipts attributable to the state gross receipts tax and state compensating tax imposed on the expenses related to the construction of the qualifying entity's project, as determined by the department, related to the economic development project and the amount dedicated pursuant to Subsection B of this section; provided that the public support shall be provided for a period of no more than ten years, beginning on the date the applicable project participation agreement with the qualifying entity is executed:

(1) the qualifying entity signs a project participation agreement with the governing body of each local government that has jurisdiction of the area in which the qualifying entity's economic development project is located and the local government has passed an ordinance dedicating local government gross receipts tax revenue pursuant to Subsection B of this section;

(2) the qualifying entity signs a project

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participation agreement with the department; provided that the department shall not sign the agreement unless the applicable local governments have signed a project participation agreement pursuant to Paragraph (1) of this subsection; and provided further that the project participation agreement shall provide that if, at the end of the ten-year period, the economic development project fails to meet the three-hundred-fifty-million-dollar ($350,000,000) requirement pursuant to Paragraph (3) of this subsection, the department shall seek to recover some or all of the public support provided to the qualifying entity and shall transfer any amount recovered to the general fund and to the contributing local government based on each entity's pro rata share of public support to the economic development project;

(3) the economic development project has a reasonable expectation to incur, within ten years of the date the project participation agreement with the local government and the department is executed, at least three hundred fifty million dollars ($350,000,000) in expenses related to the construction and infrastructure of the project in the state;

(4) the qualifying entity and the economic development project meet all other requirements to receive public support pursuant to the Local Economic Development Act; and

(5) prior to the end of each month, the

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qualifying entity submits the appropriate documents, including tax documents of the qualifying entity and its contractors submitted to the taxation and revenue department, to the department and to the local governments with which the qualifying entity signed a project participation agreement, on forms and in a manner determined by the department, of the taxable expenses related to the construction of the economic development project for the previous month.

B. A local government may dedicate, by ordinance, fifty percent of the tax revenue attributable to the gross receipts and compensating taxes imposed by the local government on the qualifying entity's receipts for expenses related to the construction of the economic development project to the Local Economic Development Act fund for the purposes provided in Subsection B of Section 5-10-14 NMSA 1978.

C. Within thirty days after execution of a project participation agreement with a qualifying entity, the department shall issue a report to the department of finance and administration and the legislative finance committee that shall identify the qualifying entity intended to receive public support pursuant to this section, the estimated expenses related to the construction of the qualifying entity's project as determined by the department, the location of the project, the amount of public support pledged by the department and each local government for the project pursuant to this section and

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the amount of any other public support pledged for the project pursuant to the Local Economic Development Act.

D. As soon as practicable, the taxation and revenue department shall implement a rate type to identify gross receipts and compensating taxes reported and paid to the taxation and revenue department for expenses related to the construction of an economic development project. Once implemented, all such gross receipts and compensating taxes shall be reported and paid with that rate type.

E. If the taxation and revenue department has not implemented the rate type provided in Subsection D of this section, and if the requirements of Subsection A of this section have been met, the economic development department and the local governments that signed a project participation agreement with the qualifying entity shall:

(1) review the documents submitted by a qualifying entity pursuant to Paragraph (5) of Subsection A of this section;

(2) estimate the amount equal to fifty percent of the tax revenue attributable to the gross receipts tax and compensating tax imposed on the taxable expenses related to the construction of the economic development project appropriate to:

(a) the local government's gross receipts and compensating taxes if a local government; and

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(b) the state gross receipts and compensating taxes if the department;

(3) if a local government, on the first business day of each month, submit the estimated amount and the supporting documents to the department; and

(4) if the department, on or before the twenty-fifth day of December, March, June and September, provide the estimates and any supporting documentation to the taxation and revenue department, on forms and in a manner determined by that department.

F. The taxation and revenue department shall review the amounts estimated pursuant to Subsection E of this section for accuracy and computation, make any necessary corrections or adjustments and make a final determination of the amounts to be distributed from the relevant tax revenue pursuant to Section [~~5 of this 2021 act~~] 7-1-6.67 NMSA 1978."

SECTION 9. 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 a tax increment development district, as

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estimated by the governing body that adopted a resolution to form that district, in consultation with 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 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 if any applicable additional gross receipts taxes imposed after that year had been imposed in that year;

B. "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

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

D. "district" means a tax increment development district;

E. "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. "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

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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. "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. "gross receipts tax increment" means the county and municipal option gross receipts taxes collected within a tax increment development district in excess of the base gross receipts taxes collected in the district;

I. "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. "local government" means a municipality or county;

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

L. "municipality" means an incorporated city, town

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or village;

M. "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 present for the delivery of the service, retail, construction or agriculture except for value-added processing performed on agricultural products that would then be sold for wholesale or retail consumption;

N. "owner" means a person owning real property within the boundaries of a district;

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

P. "project" means a tax increment development project;

Q. "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. "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. "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,

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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;

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(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. "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;~~

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~~U.~~] T. "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.~~] U. "tax increment development area" means the land included within the boundaries of a tax increment development district;

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

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

[~~Y.~~] X. "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

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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.~~] Y. "taxing entity" means the governing body of

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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.~~] Z. "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 10. 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

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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 the tax increment development area after the effective date of approval of the tax increment development plan 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~~] an increment of a municipal option gross receipts tax that is dedicated by the ordinance imposing the increment to the project 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~~].

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C. A county may dedicate a portion of [~~a gross receipts tax increment from any of the following taxes~~] an increment of a county option gross receipts tax that is dedicated by the ordinance imposing the increment to the project 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:~~

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~~(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.~~] D. 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.~~] E. An imposition of a gross receipts tax increment attributable to a gross receipts tax by a taxing

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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.

[~~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 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~~

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~~of the calendar year following 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~~

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~~typically on site.~~

~~H.~~] F. 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.

G. The changes made by this 2025 act shall not impair outstanding revenue bonds or loan guarantees that are secured by a pledge of the state gross receipts tax. A pledge of the state gross receipts tax made prior to the effective date of this 2025 act shall continue to be dedicated until the revenue bond or loan guarantee has been discharged in full or provision has been fully made therefor."

SECTION 11. Section 5-15-20 NMSA 1978 (being Laws 2006, Chapter 75, Section 20, as amended) is amended to read:

"5-15-20. GENERAL BONDING AUTHORITY OF A TAX INCREMENT DEVELOPMENT DISTRICT--OTHER LIMITATIONS.--

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A. A district board shall not issue bonds against gross receipts tax increments attributable to

[~~(1) the state gross receipts tax without:~~

~~(a) the state board of finance adopting a resolution dedicating a gross receipts tax increment attributable to the state gross receipts tax for the purpose of securing the gross receipts tax increment bonds pursuant to Subsection G of Section 5-15-15 NMSA 1978; and~~

~~(b) the approval required by Section 5-15-21 NMSA 1978; and~~

~~(2)~~] a gross receipts tax imposed by a taxing entity without the agreement of the taxing entity as evidenced by a resolution adopted pursuant to Subsection B or C of Section 5-15-15 NMSA 1978.

B. Except as otherwise provided in this section, a district board shall not issue bonds against either gross receipts tax increments or property tax increments without the express written authorization of the department of finance and administration, as evidenced by a letter signed by the secretary of finance and administration. A district formed and approved by a class A county or by a municipality within a class A county if the municipality has a population of more than sixty-five thousand persons, according to the most recent federal decennial census, is not required to obtain express written authorization of the department of finance and

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administration for the issuance of gross receipts tax increment bonds or property tax increment bonds.

C. Prior to the issuance of indebtedness evidenced by the gross receipts tax increment bonds or property tax increment bonds issued by a district pursuant to the Tax Increment for Development Act, the property owners within the district shall contribute a minimum of twenty percent of the initial public infrastructure costs, which may be reimbursed with proceeds of gross receipts tax increment bonds or property tax increment bonds; unless the project to be financed with gross receipts tax increment bonds or property tax increment bonds is a metropolitan redevelopment project pursuant to the Metropolitan Redevelopment Code.

D. The amount of indebtedness evidenced by the gross receipts tax increment bonds or property tax increment bonds issued pursuant to the Tax Increment for Development Act shall not exceed the estimated cost of the public improvements plus all costs connected with the public infrastructure purposes and the issuance and sale of bonds, including, without limitation, formation costs, credit enhancement and liquidity support fees and costs.

E. The indebtedness evidenced by the gross receipts tax increment bonds or property tax increment bonds shall not affect the general obligation bonding capacity of the municipality or county in which the tax increment development

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district is located.

F. The indebtedness evidenced by the gross receipts tax increment bonds or property tax increment bonds shall be payable only from the special funds into which are deposited the gross receipts tax increments and property tax increments as set forth in the Tax Increment for Development Act.

G. Bonds issued by a tax increment development district shall not be a general obligation of the state, the county or the municipality in which the tax increment development district is located and shall not pledge the full faith and credit of the state, the county or the municipality in which the tax increment development district is located."

SECTION 12. 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 [~~provided that the effective date of the dedication by the state board of finance is on or after the date the bonds are approved by the legislature pursuant to Section 5-15-21 NMSA 1978.~~

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~~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 13. Section 6-22-2 NMSA 1978 (being Laws 1992, Chapter 105, Section 2, as amended) is amended to read:

"6-22-2. DEFINITIONS.--As used in the State Aid Intercept Act:

A. "default" means the actual nonpayment of principal or interest on a local revenue bond when payment is scheduled by the indenture relating to the local revenue bond;

B. "local government" means a municipality or county;

C. "local revenue bond" means a bond issued after July 1, 1992 pursuant to Sections 3-33-1 through 3-33-43 NMSA 1978 or Chapter 4, Article 62 NMSA 1978;

D. "qualified local revenue bond" means a local revenue bond for which a state distributions intercept authorization has been granted pursuant to this section;

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E. "secretary" means the secretary of finance and administration; and

F. "state distributions" means any or all of the funds distributed to local governments pursuant to [~~Sections 7-1-6.4 and~~] Section 7-1-6.9 NMSA 1978."

SECTION 14. Section 6-23-8 NMSA 1978 (being Laws 1993, Chapter 231, Section 8, as amended) is amended to read:

"6-23-8. MUNICIPALITIES--USE OF CERTAIN REVENUES AUTHORIZED.--Upon adoption of an ordinance or resolution by an affirmative vote of a majority of the members of the governing body at any regular or special meeting of the governing body called for this purpose, a municipality may pledge utility cost savings, conservation-related cost savings or any or all revenues not otherwise pledged or obligated from gross receipts taxes received by the municipality pursuant to [~~Section 7-1-6.4 NMSA 1978 and~~] Section 7-1-6.12 NMSA 1978 for payments pursuant to a guaranteed utility savings contract with a qualified provider and any installment payment contract or lease-purchase agreement pursuant to that guaranteed utility savings contract. The ordinance or resolution shall declare the necessity for the guaranteed utility savings contract and related contracts or agreements and shall designate the source of the pledged revenues. Any revenues pledged for such contract payments shall be deposited in a special fund, and the municipality shall not use any other revenues to make such payments. At the

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end of each fiscal year, any money remaining in the special fund after payment obligations are met may be transferred to any other fund of the municipality."

SECTION 15. Section 7-1-2 NMSA 1978 (being Laws 1965, Chapter 248, Section 2, as amended) is amended to read:

"7-1-2. APPLICABILITY.--The Tax Administration Act applies to and governs:

A. the administration and enforcement of the following taxes or tax acts as they now exist or may hereafter be amended:

(1) Income Tax Act;

(2) Withholding Tax Act;

(3) Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act;

(4) Gross Receipts and Compensating Tax Act [~~Interstate Telecommunications Gross Receipts Tax Act~~] and Leased Vehicle Gross Receipts Tax Act;

(5) Liquor Excise Tax Act;

(6) Local Liquor Excise Tax Act;

(7) any municipal local option gross receipts tax or municipal compensating tax;

(8) any county local option gross receipts tax or county compensating tax;

(9) Special Fuels Supplier Tax Act;

(10) Gasoline Tax Act;

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(11) petroleum products loading fee, which fee shall be considered a tax for the purpose of the Tax Administration Act;

[~~(12) Alternative Fuel Tax Act;~~

~~(13)~~] (12) Cigarette Tax Act;

[~~(14) Estate Tax Act;~~

~~(15) Railroad Car Company Tax Act;~~

~~(16) Investment Credit Act, rural job tax credit, Laboratory Partnership with Small Business Tax Credit Act, Technology Jobs and Research and Development Tax Credit Act~~]

(13) Film Production Tax Credit Act, Affordable Housing Tax Credit Act and high-wage jobs tax credit;

[~~(17)~~] (14) Corporate Income and Franchise Tax Act;

[~~(18)~~] (15) Uniform Division of Income for Tax Purposes Act;

[~~(19)~~] (16) Multistate Tax Compact;

[~~(20)~~] (17) Tobacco Products Tax Act;

[~~(21)~~] (18) the telecommunications relay service surcharge imposed by Section 63-9F-11 NMSA 1978, which surcharge shall be considered a tax for the purposes of the Tax Administration Act;

[~~(22) the Insurance Premium Tax Act;~~

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~~(23)~~] (19) the Health Care Quality Surcharge Act;

[~~(24)~~] (20) the Cannabis Tax Act; and

[~~(25)~~] (21) the Health Care Delivery and Access Act;

B. the administration and enforcement of the following taxes, surtaxes, advanced payments or tax acts as they now exist or may hereafter be amended:

(1) Resources Excise Tax Act;

(2) Severance Tax Act;

(3) any severance surtax;

(4) Oil and Gas Severance Tax Act;

(5) Oil and Gas Conservation Tax Act;

(6) Oil and Gas Emergency School Tax Act;

(7) Oil and Gas Ad Valorem Production Tax Act;

(8) Natural Gas Processors Tax Act;

(9) Oil and Gas Production Equipment Ad Valorem Tax Act;

(10) Copper Production Ad Valorem Tax Act;

(11) any advance payment required to be made by any act specified in this subsection, which advance payment shall be considered a tax for the purposes of the Tax Administration Act;

(12) Enhanced Oil Recovery Act;

(13) Natural Gas and Crude Oil Production

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Incentive Act; and

(14) intergovernmental production tax credit and intergovernmental production equipment tax credit;

C. the administration and enforcement of the following taxes, surcharges, fees or acts as they now exist or may hereafter be amended:

(1) Weight Distance Tax Act;

(2) the workers' compensation fee authorized by Section 52-5-19 NMSA 1978, which fee shall be considered a tax for purposes of the Tax Administration Act;

(3) Uniform Unclaimed Property Act (1995);

(4) 911 emergency surcharge and the network and database surcharge, which surcharges shall be considered taxes for purposes of the Tax Administration Act;

(5) the solid waste assessment fee authorized by the Solid Waste Act, which fee shall be considered a tax for purposes of the Tax Administration Act;

(6) the water conservation fee imposed by Section 74-1-13 NMSA 1978, which fee shall be considered a tax for the purposes of the Tax Administration Act; and

(7) the gaming tax imposed pursuant to the Gaming Control Act; and

D. the administration and enforcement of all other laws, with respect to which the department is charged with responsibilities pursuant to the Tax Administration Act, but

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only to the extent that the other laws do not conflict with the Tax Administration Act."

SECTION 16. 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 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;~~

~~(2)~~] (1) any transfer to a municipality with respect to any local option gross receipts tax imposed by that municipality;

[~~(3)~~] (2) any transfer to a county with respect to any local option gross receipts tax imposed by that county;

[~~(4)~~] (3) any distribution to a county pursuant to Section 7-1-6.16 [~~or 7-1-6.47~~] NMSA 1978;

[~~(5)~~] (4) any distribution to a municipality or a county of gasoline taxes pursuant to Section 7-1-6.9 NMSA 1978;

[~~(6)~~] (5) any transfer to a county with respect to any tax imposed in accordance with the Local Liquor Excise Tax Act;

[~~(7)~~] (6) any distribution to a county from the county government road fund pursuant to Section 7-1-6.26

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NMSA 1978;

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

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

~~(10)~~] (8) any distribution to a municipality or a county of cannabis excise taxes pursuant to the Cannabis Tax Act.

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 shall be reported each month to that municipality or county. 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 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

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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, 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 shall be equal to the amount for the current month.

C. The department shall recover from a municipality or county 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 of the adjusted net receipts, the department shall notify the municipality or county whose distribution or transfer has been adjusted

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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 and that the department intends to recover that amount from future distributions or transfers to the municipality or county;

(2) that the municipality or county 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 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 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 as follows:

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

(a) decreasing distributions or

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transfers to the municipality or county in accordance with a repayment agreement entered into with the municipality or county; or

(b) except as provided in Paragraphs (2) and (3) of this subsection, if the municipality or county fails to act within the ninety days, decreasing the amount of the next six distributions or transfers to the municipality or county 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, the secretary:

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

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receipts of a municipality or county 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 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 in the prior fiscal year.

H. The secretary is authorized to decrease a distribution or transfer to a municipality or county 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

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the county or municipality and a written agreement of the municipality or county 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, 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 and a written agreement with the New Mexico finance authority. The secretary shall transfer the state distributions intercept amount to the municipal or county 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 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

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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, 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 and shall not be distributed to the general fund. An amount withheld

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pursuant to this subsection shall be distributed to the municipality or county 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 in each of the three twelve-month periods preceding the current month;

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(b) if a distribution or transfer to a municipality or county 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 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 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 under which the municipality or county 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 for one or more months beginning with the distribution or transfer to be made with respect to a designated month. No interest shall be charged."

SECTION 17. Section 7-1-6.42 NMSA 1978 (being Laws 2001, Chapter 199, Section 12, as amended) is amended to read:

"7-1-6.42. DISTRIBUTION--STATE BUILDING BONDING FUND--GROSS RECEIPTS TAX.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the state building bonding fund in the amount of six hundred eighty thousand dollars ($680,000)

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from the net receipts attributable to the gross receipts tax imposed by the Gross Receipts and Compensating Tax Act. The distribution shall be made:

[~~A. after the required distribution pursuant to Section 7-1-6.4 NMSA 1978;~~

~~B.~~] A. contemporaneously with other distributions of net receipts attributable to the gross receipts tax for payment of debt service on outstanding bonds or to a fund dedicated for that purpose; and

[~~C.~~] B. prior to any other distribution of net receipts attributable to the gross receipts tax."

SECTION 18. Section 7-1-6.53 NMSA 1978 (being Laws 2005, Chapter 176, Section 11) is amended to read:

"7-1-6.53. DISTRIBUTION--ENERGY EFFICIENCY AND RENEWABLE ENERGY BONDING FUND--GROSS RECEIPTS TAX.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the energy efficiency and renewable energy bonding fund from the net receipts attributable to the gross receipts tax imposed by the Gross Receipts and Compensating Tax Act in an amount necessary to make the required bond debt service payments pursuant to the Energy Efficiency and Renewable Energy Bonding Act as determined by the New Mexico finance authority. The distribution shall be made:

[~~A. after the required distribution pursuant to Section 7-1-6.4 NMSA 1978;~~

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~~B.~~] A. contemporaneously with other distributions of net receipts attributable to the gross receipts tax for payment of debt service on outstanding bonds or to a fund dedicated for that purpose; and

[~~C.~~] B. prior to any other distribution of net receipts attributable to the gross receipts tax."

SECTION 19. Section 7-1-6.62 NMSA 1978 (being Laws 2019, Chapter 47, Section 2, as amended) is amended to read:

"7-1-6.62. DISTRIBUTION--[~~PREMIUM~~] GROSS RECEIPTS TAX--LAW ENFORCEMENT PROTECTION FUND--FIRE PROTECTION FUND--EMERGENCY MEDICAL SERVICES FUND.--

A. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the law enforcement protection fund in an amount equal to [~~ten~~] three-hundredths percent of the net receipts attributable to the [~~premium~~] gross receipts tax [~~from life, health, general casualty and title insurance business~~].

B. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the fire protection fund in an amount equal to twenty-one hundredths percent of the net receipts attributable to the [~~premium~~] gross receipts tax [~~derived from property and vehicle insurance business~~].

C. A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the emergency medical services fund in an amount equal to [~~five~~] fifteen-thousandths percent of the net receipts attributable to the [~~premium~~] gross receipts tax [~~from~~

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~~health insurance business~~]."

SECTION 20. Section 7-1-6.69 NMSA 1978 (being Laws 2021, Chapter 136, Section 1, as amended) is amended to read:

"7-1-6.69. DISTRIBUTION--[~~HEALTH INSURANCE PREMIUM SURTAX~~] GROSS RECEIPTS TAX--HEALTH CARE AFFORDABILITY FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the health care affordability fund in an amount equal to [~~the following amounts~~] seventeen-hundredths percent of the net receipts attributable to the [~~health insurance premium surtax; provided that if the rate of the health insurance premium surtax is reduced pursuant to Subsection F of Section 7-40-3 NMSA 1978, no distribution pursuant to this section shall be made:~~

~~A. prior to July 1, 2024, fifty-five percent;~~

~~B. beginning July 1, 2024 and prior to September 1, 2025, thirty percent; and~~

~~C. beginning September 1, 2025, fifty-five percent~~] gross receipts tax."

SECTION 21. Section 7-1-6.70 NMSA 1978 (being Laws 2022, Chapter 32, Section 1) is amended to read:

"7-1-6.70. DISTRIBUTION--LAND GRANT-MERCED ASSISTANCE FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the land grant-merced assistance fund in an amount equal to five-hundredths percent of the net receipts attributable to the gross receipts tax [~~after distributions~~

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~~have been made pursuant to Sections 7-1-6.46 and 7-1-6.47 NMSA 1978~~]."

SECTION 22. A new section of the Tax Administration Act is enacted to read:

"[NEW MATERIAL] DISTRIBUTION--GROSS RECEIPTS TAX--STATE ROAD FUND--TRANSPORTATION PROJECT FUND--BOAT FUND.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made of the following percentages of the net receipts attributable to the gross receipts tax:

A. twelve-hundredths percent to the state road fund;

B. eleven-hundredths percent to the transportation project fund; and

C. fifty-four hundredths percent to the boat fund."

SECTION 23. Section 7-1-8.8 NMSA 1978 (being Laws 2019, Chapter 87, Section 2, as amended) is amended to read:

"7-1-8.8. INFORMATION THAT MAY BE REVEALED TO OTHER STATE AND LEGISLATIVE AGENCIES.--An employee of the department may reveal confidential return information to the following agencies; provided that a person who receives the information on behalf of the agency shall be subject to the penalties in Section 7-1-76 NMSA 1978 if the person fails to maintain the confidentiality required:

A. a committee of the legislature for a valid legislative purpose, return information concerning any tax or

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fee imposed pursuant to the Cigarette Tax Act;

B. the attorney general, return information acquired pursuant to the Cigarette Tax Act for purposes of Section 6-4-13 NMSA 1978 and the master settlement agreement defined in Section 6-4-12 NMSA 1978;

C. the commissioner of public lands, return information for use in auditing that pertains to rentals, royalties, fees and other payments due the state under land sale, land lease or other land use contracts;

D. the secretary of health care authority or the secretary's delegate under a written agreement with the department:

(1) the last known address with date of all names certified to the department as being absent parents of children receiving public financial assistance, but only for the purpose of enforcing the support liability of the absent parents by the child support enforcement division or any successor organizational unit;

(2) return information needed for reports required to be made to the federal government concerning the use of federal funds for low-income working families;

(3) return information of low-income taxpayers for the limited purpose of outreach to those taxpayers;

provided that the health care authority [~~department~~] shall pay the department for expenses incurred by the department to

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taxes imposed, and information with respect to the amount of governmental gross receipts taxes paid by every agency, institution, instrumentality or political subdivision of the state pursuant to Section 7-9-4.3 NMSA 1978;

[~~N.~~] M. the superintendent of insurance, return information with respect to the [~~premium~~] gross receipts tax [~~and the health insurance premium surtax~~] imposed on insurance companies or any agent thereof and a property bondsman, as that person is defined in Section 59A-51-2 NMSA 1978, as security or surety for a bail bond in connection with a judicial proceeding;

[~~O.~~] N. the secretary of finance and administration or the secretary's designee, return information concerning a credit pursuant to the Film Production Tax Credit Act;

[~~P.~~] O. the secretary of economic development or the secretary's designee, return information concerning a credit pursuant to the Film Production Tax Credit Act;

[~~Q.~~] P. the secretary of public safety or the secretary's designee, return information concerning the Weight Distance Tax Act;

[~~R.~~] Q. the secretary of transportation or the secretary's designee, return information concerning the Weight Distance Tax Act;

[~~S.~~] R. the secretary of energy, minerals and natural resources or the secretary's designee, return

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information concerning tax credits or deductions for which eligibility is certified or otherwise determined by the secretary or the secretary's designee;

[~~T.~~] S. the secretary of environment or the secretary's designee, return information concerning tax credits for which eligibility is certified or otherwise determined by the secretary or the secretary's designee; and

[~~U.~~] T. the secretary of state or the secretary's designee, taxpayer information required to maintain voter registration records and as otherwise provided in the Election Code."

SECTION 24. 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, the local option gross receipts tax acts [~~the Interstate Telecommunications Gross Receipts Tax Act~~] and the Leased

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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

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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 25. 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

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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

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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

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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) 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

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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

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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

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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

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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~~] or special fuel excise tax return [~~or annual insurance premium tax return~~] that shows a balance due the taxpayer or a fully completed amended income

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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 or 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. 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 26. 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.--

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

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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

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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

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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~~] fuel 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) 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

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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 27. Section 7-1-68 NMSA 1978 (being Laws 1965, Chapter 248, Section 69, as amended) is amended to read:

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"7-1-68. INTEREST ON OVERPAYMENTS.--

A. As provided in this section, interest shall be allowed and paid on the amount of tax overpaid by a person that is subsequently refunded or credited to that person.

B. Interest on overpayments of tax shall accrue and be paid at the underpayment rate established pursuant to Section 6621 of the Internal Revenue Code, computed on a daily basis; provided that if a different rate is specified by a compact or other interstate agreement to which New Mexico is a party, that rate shall apply to amounts due under the compact or other agreement.

C. Unless otherwise provided by this section, interest on an overpayment not arising from an assessment by the department shall be paid from the date of the claim for refund until a date preceding by not more than thirty days the date of the credit or refund to any person; and interest on an overpayment arising from an assessment by the department shall be paid from the date of overpayment until a date preceding by not more than thirty days the date of the credit or refund to any person.

D. No interest shall be allowed or paid with respect to an amount credited or refunded if:

(1) the amount of interest due is less than one dollar ($1.00);

(2) the credit or refund is made within:

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(a) fifty-five days of the date of the complete claim for refund of income tax pursuant to [~~either~~] the Income Tax Act or the Corporate Income and Franchise Tax Act for the tax year immediately preceding the tax year in which the claim is made;

(b) sixty days of the date of the complete claim for refund of any tax not provided for in this paragraph;

(c) seventy-five days of the date of the complete claim for refund of gasoline tax to users of gasoline off the highways;

(d) one hundred twenty days of the date of the complete claim for refund of tax imposed pursuant to the Resources Excise Tax Act, the Severance Tax Act, 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; or

(e) one hundred twenty days of the date of the complete claim for refund of income tax, pursuant to the Income Tax Act or the Corporate Income and Franchise Tax Act for any tax year more than one year prior to the year in which the claim is made;

(3) Sections 6611(f) and 6611(g) of the Internal Revenue Code, as those sections may be amended or

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renumbered, prohibit payment of interest for federal income tax purposes;

(4) the credit results from overpayments found in an audit of multiple reporting periods and applied to underpayments found in that audit or refunded as a net overpayment to the taxpayer pursuant to Section 7-1-29 NMSA 1978;

(5) the department applies the credit or refund to an intercept program, to the taxpayer's estimated payment prior to the due date for the estimated payment or to offset prior liabilities of the taxpayer pursuant to Subsection E of Section 7-1-29 NMSA 1978;

(6) the credit or refund results from overpayments the department finds pursuant to Subsection F of Section 7-1-29 NMSA 1978 that exceed the refund claimed by the taxpayer on the return; or

(7) the refund results from a tax credit pursuant to the [~~Investment Credit Act, Laboratory Partnership with Small Business Tax Credit Act, Technology Jobs and Research and Development Tax Credit Act~~] Film Production Tax Credit Act [~~Affordable Housing Tax Credit Act or a rural job tax credit or high-wage jobs tax credit~~].

E. Nothing in this section shall be construed to require the payment of interest upon interest."

SECTION 28. Section 7-2-7 NMSA 1978 (being Laws 2005,

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Chapter 104, Section 4, as amended) is repealed and a new Section 7-2-7 NMSA 1978 is enacted to read:

"7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--

A. The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, 2025:

(1) for married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over $10,000	2.0% of taxable income
Over $10,000 but not over $30,000	$200.00 plus 4.0% of excess over $10,000
Over $30,000	$1,000.00 plus 6.0% of excess over $30,000;

(2) for heads of household, surviving spouses and married individuals filing joint returns:

If the taxable income is:	The tax shall be:
Not over $20,000	2.0% of taxable income
Over $20,000 but not over $60,000	$400.00 plus 4.0% of excess over $20,000
Over $60,000	$2,000.00 plus 6.0% of excess over $60,000; and

(3) for single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:

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Not over $13,500	2.0% of taxable income
Over $13,500 but not over $40,000	$270.00 plus 4.0% of excess over $13,500
Over $40,000	$1,330.00 plus 6.0% of excess over $40,000.

B. The tax on the sum of any lump-sum amounts included in net income is an amount equal to five multiplied by the difference between:

(1) the amount of tax due on the taxpayer's taxable income; and

(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income."

SECTION 29. Section 7-2-34 NMSA 1978 (being Laws 1999, Chapter 205, Section 1, as amended) is amended to read:

"7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

A. A taxpayer may claim a deduction from net income in an amount equal to [~~the greater of: (1)~~] the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed, but not to exceed two thousand five hundred dollars ($2,500) [~~or (2) forty percent of up to one million dollars ($1,000,000) of the taxpayer's net capital gain income from the sale of a business that is allocated or apportioned to New Mexico pursuant to Section 7-2-11 NMSA 1978~~

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~~for the taxable year for which the deduction is being claimed~~].

B. 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 deduction provided by this section that would have been allowed on the joint return.

C. 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.~~] D. As used in this section, "net capital gain" means "net capital gain" as defined in Section 1222 (11) of the Internal Revenue Code."

SECTION 30. Section 7-2A-5 NMSA 1978 (being Laws 1981, Chapter 37, Section 38, as amended) is repealed and a new Section 7-2A-5 NMSA 1978 is enacted to read:

"7-2A-5. [NEW MATERIAL] CORPORATE INCOME TAX RATES.--The corporate income tax imposed on corporations by Section 7-2A-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, 2025:

If the taxable income is:	The tax shall be:
Not over $250,000	2.0% of taxable income
Over $250,000 but not over $500,000	$5,000.00 plus 4.0% of excess over $250,000
Over $500,000	$15,000.00 plus 6.0% of

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excess over $500,000."

SECTION 31. Section 7-9-4 NMSA 1978 (being Laws 1966, Chapter 47, Section 4, as amended) is amended to read:

"7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS "GROSS RECEIPTS TAX".--

A. For the privilege of engaging in business, an excise tax equal to [~~the following percentages~~] two percent of gross receipts is imposed on any person engaging in business in New Mexico

[~~(1) prior to July 1, 2023, five percent; and~~

~~(2) beginning July 1, 2023, four and seven-eighths percent, except as provided in Subsection C of this section~~].

B. The tax imposed by this section shall be referred to as the "gross receipts tax".

[~~C. If, for any single fiscal year occurring after fiscal year 2025 and prior to fiscal year 2030, gross receipts tax revenues are less than ninety-five percent of the gross receipts tax revenues for the previous fiscal year, as determined by the secretary of finance and administration, the rate of the gross receipts tax shall be five and one-eighth percent beginning on the July 1 following the determination made by the secretary of finance and administration.~~

~~D. On or before February 1 of each year, until the rate of the gross receipts tax is adjusted to five and one-~~

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~~eighth percent pursuant to Subsection C of this section, the secretary of finance and administration shall make a determination for the purposes of Subsection C of this section. If the rate of tax is adjusted pursuant to that subsection, the secretary shall certify to the secretary of taxation and revenue that the rate of the gross receipts tax shall be five and one-eighth percent, effective on the following July 1.~~

~~E. As used in this section, "gross receipts tax revenues" means the net receipts attributable to the gross receipts tax and distributed to the general fund.~~]"

SECTION 32. Section 7-9-4.3 NMSA 1978 (being Laws 1991, Chapter 8, Section 2, as amended) is amended to read:

"7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS "GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of engaging in certain activities by governments, there is imposed on every agency, institution, instrumentality or political subdivision of the state, except any school district and an entity licensed by the department of health, other than a hospital, that is principally engaged in providing health care services, an excise tax of [~~five~~] two percent of governmental gross receipts. The tax imposed by this section shall be referred to as the "governmental gross receipts tax"."

SECTION 33. Section 7-9-7 NMSA 1978 (being Laws 1966, Chapter 47, Section 7, as amended) is amended to read:

"7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS

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"COMPENSATING TAX".--

A. For the privilege of making taxable use of tangible personal property in New Mexico, there is imposed on the person using the property an excise tax equal to [~~five~~] two percent [~~prior to July 1, 2023 and four and seven-eighths percent beginning July 1, 2023, except as provided in Subsection G of this section~~] of the value of tangible property that was:

(1) manufactured by the person using the property in the state; or

(2) acquired in a transaction for which the seller's receipts were not subject to the gross receipts tax.

B. For the purpose of Subsection A of this section, value of tangible personal property shall be the adjusted basis of the property for federal income tax purposes determined as of the time of acquisition or introduction into this state or of conversion of the property to taxable use, whichever is later. If no adjusted basis for federal income tax purposes is established for the property, a reasonable value of the property shall be used.

C. For the privilege of making taxable use of a license or franchise in New Mexico, there is imposed on the person using the license or franchise an excise tax equal to the rate provided in Subsection A [~~or G~~] of this section [~~as applicable~~] against the value of the license or franchise in

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its use in this state. The department by rule, ruling or instruction shall fairly apportion, where appropriate, the value of a license or franchise to its value in use in New Mexico. The tax shall apply only to the value of a license or franchise used in New Mexico where the license or franchise was acquired in a transaction the receipts from which were not subject to the gross receipts tax.

D. For the privilege of making taxable use of services in New Mexico, there is imposed on the person using the services an excise tax equal to the rate provided in Subsection A [~~or G~~] of this section [~~as applicable~~] against the value of the services at the time the services were performed or the product of the service was acquired. For use of services to be a taxable use pursuant to this subsection, the services shall have been acquired in a transaction the receipts from which were not subject to the gross receipts tax.

E. For purposes of this section, receipts are not subject to the gross receipts tax if the person responsible for the gross receipts tax on those receipts lacked nexus in New Mexico or the receipts were exempt or allowed to be deducted pursuant to the Gross Receipts and Compensating Tax Act.

F. The tax imposed by this section shall be referred to as the "compensating tax".

[~~G. If the gross receipts tax is increased to five and one-eighth percent pursuant to Subsection C of Section~~

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~~7-9-4 NMSA 1978, the rate of the compensating tax shall be five and one-eighth percent.~~

~~H.~~] G. As used in this section, "taxable use" means use by a person who acquires tangible personal property, a license, a franchise or a service, and the use of which would not have qualified for an exemption or deduction pursuant to the Gross Receipts and Compensating Tax Act."

SECTION 34. Section 7-9-13.2 NMSA 1978 (being Laws 1992, Chapter 100, Section 3, as amended) is amended to read:

"7-9-13.2. EXEMPTION--GOVERNMENTAL GROSS RECEIPTS TAX--RECEIPTS SUBJECT TO CERTAIN OTHER TAXES.--Exempted from the governmental gross receipts tax are receipts from transactions involving tangible personal property or services on which receipts or transactions the gross receipts tax, compensating tax, [~~motor vehicle excise tax~~] gasoline tax, [~~special fuel tax~~] special fuel excise tax, oil and gas emergency school tax, resources tax, processors tax or service tax [~~or the excise tax imposed under Section 66-12-6.1 NMSA 1978~~] is imposed."

SECTION 35. Section 7-9-18 NMSA 1978 (being Laws 1969, Chapter 144, Section 11, as amended) is amended to read:

"7-9-18. [~~EXEMPTION~~] DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL GROSS RECEIPTS TAX--AGRICULTURAL PRODUCTS.--

A. [~~Exempted from the gross receipts tax and from the governmental gross receipts tax are the~~] Prior to July 1, 2028, receipts from selling livestock and receipts of growers,

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producers, trappers or nonprofit marketing associations from selling livestock, live poultry, unprocessed agricultural products, hides or pelts may be deducted from gross receipts and governmental gross receipts. Persons engaged in the business of buying and selling wool or mohair or of buying and selling livestock on their own account are producers for the purposes of this section.

B. Receipts from selling dairy products at retail [~~are~~] shall not [~~exempted~~] be deducted from [~~the~~] gross receipts [~~tax~~] pursuant to this section.

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 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.

[~~C.~~] E. As used in this section, "livestock" means all domestic or domesticated animals that are used or raised on a farm or ranch, including the carcasses thereof, and also includes horses, asses, mules, cattle, sheep, goats, swine, bison, poultry, ostriches, emus, rheas, camelids and farmed cervidae upon any land in New Mexico; provided that for the purposes of Chapter 77, Article 9 NMSA 1978, "animals" or "livestock" have the meaning defined in that article.

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"Animals" or "livestock" does not include canine or feline animals. For the purpose of the rules governing meat inspection, wild animals, poultry and birds used for human consumption shall also be included within the meaning of "animals" or "livestock"."

SECTION 36. Section 7-9-26 NMSA 1978 (being Laws 1969, Chapter 144, Section 19, as amended) is amended to read:

"7-9-26. EXEMPTION--GROSS RECEIPTS AND COMPENSATING TAX--FUEL.--Exempted from the gross receipts and compensating tax are the receipts from selling and the use of gasoline or special fuel [~~or alternative fuel~~] on which the gasoline tax [~~imposed by Section 7-13-3, 7-16A-3 or 7-16B-4 NMSA 1978~~] or special fuel excise tax has been paid and not refunded."

SECTION 37. Section 7-9-41.5 NMSA 1978 (being Laws 2019, Chapter 270, Section 34) is amended to read:

"7-9-41.5. EXEMPTION--NONPROFIT HOSPITALS FROM LOCAL OPTION GROSS RECEIPTS TAXES.--

A. [~~Exempted from any local option gross receipts tax, but not the state gross receipts tax, are~~] Prior to July 1, 2034, receipts of a nonprofit hospital licensed by the department of health are exempted from any local option gross receipts tax but not the state gross receipts tax.

B. 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

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revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code."

SECTION 38. 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. Prior to July 1, 2034, 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. Prior to July 1, 2034, 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.

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C. Prior to July 1, 2034, 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~~] The deductions provided by this section shall be included in the

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

F. A taxpayer deducting gross receipts 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.

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

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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 39. Section 7-9-46.1 NMSA 1978 (being Laws 2022, Chapter 47, Section 14) is amended to read:

"7-9-46.1. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS RECEIPTS--SALES OF SERVICES TO MANUFACTURERS.--

A. Prior to July 1, 2034, receipts from selling professional services 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 professional services shall be related to the product that the buyer is in the business of manufacturing.

B. 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 professional services that are purchased by manufacturing businesses 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~~

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~~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 with an analysis of the cost of the deduction and whether the deduction is performing the purpose for which it was created~~] 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) "accounting services" means the systematic and comprehensive recording of financial transactions pertaining to a business entity and the process of summarizing, analyzing and reporting these transactions to oversight agencies or tax collection entities, including certified public auditing, attest services and preparing financial statements, bookkeeping, tax return preparation, advice and consulting and, where applicable, representing taxpayers before tax collection agencies. "Accounting services" does not include, except as provided with respect to financial management services, investment advice, wealth management advice or consulting or any tax return preparation, advice, counseling or

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representation for individuals, regardless of whether those individuals are owners of pass-through entities, such as partnerships, limited liability companies or S corporations;

(2) "architectural services" means services related to the art and science of designing and building structures for human habitation or use and includes planning, providing preliminary studies, designs, specifications and working drawings and providing for general administration of construction contracts;

(3) "engineering services" means consultation, the production of a creative work, investigation, evaluation, planning and design, the performance of studies and reviewing planning documents when performed by, or under the supervision of, a licensed engineer, including the design, development and testing of mechanical, electrical, hydraulic, chemical, pneumatic or thermal machinery or equipment, industrial or commercial work systems or processes and military equipment. "Engineering services" does not include medical or medical laboratory services, any engineering performed in connection with a construction service or the design and installation of computer or computer network infrastructure;

(4) "information technology services" means separately stated services for installing and maintaining a business's computers and computer network, including performing computer network design; installing, repairing, maintaining or

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restoring computer networks, hardware or software; and performing custom software programming or making custom modifications to existing software programming. "Information technology services" does not include:

(a) software maintenance and update agreements, unless made in conjunction with custom programming;

(b) computers, servers, chilling equipment and pre-programmed software;

(c) data processing services or the processing or storage of information to compile and produce records of transactions for retrieval or use, including data entry, data retrieval, data searches and information compilation; or

(d) access to telecommunications or internet;

(5) "legal services" means services performed by a licensed attorney or under the supervision of a licensed attorney for a client, regardless of the attorney's form of business entity or whether the services are prepaid, including legal representation before courts or administrative agencies; drafting legal documents, such as contracts or patent applications; legal research; advising and counseling; arbitration; mediation; and notary public and other ancillary legal services performed for a client in conjunction with and under the supervision of a licensed attorney. "Legal services"

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does not include lobbying or government relations services, title insurance agent services, licensing or selling legal software or legal document templates, insurance investigation services or any legal representation involving financial crimes or tax evasion in New Mexico; and

(6) "professional services" means accounting services, architectural services, engineering services, information technology services and legal services."

SECTION 40. Section 7-9-58 NMSA 1978 (being Laws 1969, Chapter 144, Section 48, as amended) is amended to read:

"7-9-58. DEDUCTION--GROSS RECEIPTS TAX--FEED--FERTILIZERS.--

A. Prior to July 1, 2028, receipts from selling feed [~~for livestock~~], including the baling wire or twine used to contain the feed, for livestock, fish raised for human consumption, poultry or animals raised for their hides or pelts and receipts from selling seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, germicides, insects used to control populations of other insects, fungicides or weedicides or water for irrigation purposes may be deducted from gross receipts if the sale is made to a person who states in writing that [~~he~~] the person is regularly engaged in the business of farming, ranching or raising animals for their hides or pelts.

B. Prior to July 1, 2028, receipts of auctioneers

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from selling livestock or other agricultural products at auction may also 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 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."

SECTION 41. Section 7-9-59 NMSA 1978 (being Laws 1969, Chapter 144, Section 49, as amended) is amended to read:

"7-9-59. DEDUCTION--GROSS RECEIPTS TAX--WAREHOUSING, THRESHING, HARVESTING, GROWING, CULTIVATING AND PROCESSING AGRICULTURAL PRODUCTS--TESTING OR TRANSPORTING MILK.--

A. Prior to July 1, 2028, receipts from warehousing grain or other agricultural products may be deducted from gross receipts.

B. Prior to July 1, 2028, receipts from threshing, cleaning, growing, cultivating or harvesting agricultural products, including the ginning of cotton, may be deducted from gross receipts.

C. Prior to July 1, 2028, receipts from testing or transporting milk for the producer or nonprofit marketing association from the farm to a milk processing or dairy product manufacturing plant may be deducted from gross receipts.

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D. Prior to July 1, 2028, receipts from processing for growers, producers or nonprofit marketing associations of agricultural products raised for food and fiber, including livestock, may be deducted from gross receipts.

E. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

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."

SECTION 42. 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~~] FARM TRACTORS--REPORTING REQUIREMENTS.--

A. Except for receipts deductible under Subsection B of this section and prior to July 1, 2028, fifty percent of the receipts from selling agricultural implements or 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

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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.~~] 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.

[~~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~~

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~~stabilization and tax policy committee and the legislative finance committee with an analysis of the effectiveness and~~]

C. 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.

[~~F.~~] D. 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)~~] (1) designed to irrigate agricultural crops above ground or below ground at the place where the crop is grown; or

[~~(b)~~] (2) 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

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[~~(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 43. Section 7-9-77 NMSA 1978 (being Laws 1966, Chapter 47, Section 15, as amended) is amended to read:

"7-9-77. DEDUCTIONS--COMPENSATING TAX--AGRICULTURAL IMPLEMENTS--FARM TRACTORS.--

A. Prior to July 1, 2028, fifty percent of the value of agricultural implements and farm tractors [~~aircraft~~

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~~not exempted under Section 7-9-30 NMSA 1978 or vehicles that are not required to be registered under the Motor Vehicle Code~~] may be deducted from the value in computing the compensating tax due; provided that, with respect to use of agricultural implements, the person using the property is regularly engaged in the business of farming or ranching. [~~Any deduction allowed under Subsection B of this section is to be taken before the deduction allowed by this subsection is computed.~~]

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 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.

D. As used in this subsection, "agricultural implement" means a tool, utensil or instrument that is:

(1) designed primarily for use with a source of motive power, such as a tractor, in planting, growing, cultivating, harvesting or processing agricultural produce at the place where the produce 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; and

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(2) depreciable for federal income tax purposes.

[~~B.~~] E. That portion of the value of tangible personal property on which an allowance was granted to the buyer for a trade-in of tangible personal property of the same type that was bought may be deducted from the value in computing the compensating tax due."

SECTION 44. Section 7-9-78.1 NMSA 1978 (being Laws 1999, Chapter 231, Section 4) is amended to read:

"7-9-78.1. DEDUCTION--COMPENSATING TAX--URANIUM ENRICHMENT PLANT EQUIPMENT.--Prior to July 1, 2034, the value of equipment and replacement parts for that equipment may be deducted in computing the compensating tax due if the person uses the equipment and replacement parts to enrich uranium in a uranium enrichment plant."

SECTION 45. 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. Prior to July 1, 2034, 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~~

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~~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 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.

C. A taxpayer deducting gross receipts 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 46. Section 7-9-110.1 NMSA 1978 (being Laws 2011, Chapter 60, Section 1 and Laws 2011, Chapter 61, Section 1) is amended to read:

"7-9-110.1. DEDUCTION--GROSS RECEIPTS TAX--COMPENSATING TAX--LOCOMOTIVE ENGINE FUEL.--

A. Prior to July 1, 2034, receipts from the sale of fuel to a common carrier to be loaded or used in a locomotive engine may be deducted from gross receipts.

B. Prior to July 1, 2034, the value of fuel to be loaded or used by a common carrier in a locomotive engine may be deducted in computing the compensating tax due. To be eligible for the deduction provided by this subsection, a common carrier shall deliver an appropriate nontaxable

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transaction certificate to the seller and the sale shall be made to a common carrier that, 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 maintenance, specifically identified by that agency as requiring necessary corrective action.

C. To be eligible for the deductions provided by this section, the fuel shall be used or loaded by a common carrier that, 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.

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

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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 tax 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 tax or from compensating tax.

F. The economic development department and the taxation and revenue department shall compile an annual report

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with the number of taxpayers who claim a deduction pursuant to this section, the number of jobs created as a result of that deduction, the amount of deduction taken, 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 deduction. A taxpayer shall provide the departments with the information required to compile the report. The departments shall present the report before the revenue stabilization and tax policy committee by November of each year.

G. For the purposes of this section, "locomotive engine" means a wheeled vehicle consisting of a self-propelled engine that is used to draw trains along railway tracks."

SECTION 47. Section 7-9-120 NMSA 1978 (being Laws 2022, Chapter 47, Section 15) is amended to read:

"7-9-120. DEDUCTION--GROSS RECEIPTS AND GOVERNMENTAL GROSS RECEIPTS--FEMININE HYGIENE PRODUCTS.--

A. Prior to July 1, 2034, receipts from the sale of feminine hygiene products 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.

C. [~~The department shall compile an annual report on the deduction provided by this section that shall include~~

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~~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 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, "feminine hygiene products" means tampons, menstrual pads and sanitary napkins, pantiliners, menstrual sponges and menstrual cups."

SECTION 48. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] EXEMPTION--GROSS RECEIPTS--DONATIONS TO CERTAIN NONPROFIT ORGANIZATIONS.--Exempted from the gross receipts tax are the receipts of donations to an organization that is exempt from the federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended or renumbered."

SECTION 49. Section 7-14A-3 NMSA 1978 (being Laws 1991, Chapter 197, Section 7) is amended to read:

"7-14A-3. IMPOSITION AND RATE OF TAX--DENOMINATION AS "LEASED VEHICLE GROSS RECEIPTS TAX".--

A. For the privilege of engaging in business, an

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excise tax equal to [~~five~~] two percent of gross receipts is imposed on any person engaging in business in New Mexico.

B. The tax imposed by this section shall be referred to as the "leased vehicle gross receipts tax"."

SECTION 50. Section 7-16A-21 NMSA 1978 (being Laws 1995, Chapter 16, Section 15) is amended to read:

"7-16A-21. [~~TEMPORARY PROVISION~~] CONTINUITY OF ACTIONS.--

A. All taxes due but not paid on liquefied petroleum gas or natural gas or on motor vehicles propelled by such a fuel under the Special Fuels Supplier Tax Act on [~~the effective date of the Alternative Fuel Tax Act~~] January 1, 1996 remain due until paid or until a final determination is made that the taxes are not due.

B. Any protests, claims for refund, court proceedings or other actions ongoing with respect to liquefied petroleum gas or natural gas or to motor vehicles propelled by such a fuel pursuant to the provisions of the Special Fuels Supplier Tax Act on [~~the effective date of the Alternative Fuel Tax Act~~] January 1, 1996 shall be finally determined with respect to the applicable provisions of the Special Fuels Supplier Tax Act."

SECTION 51. Section 7-27-5.26 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 6, Section 2, as amended) is amended to read:

"7-27-5.26. INVESTMENT IN FILMS TO BE PRODUCED IN NEW

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MEXICO.--

A. No more than six percent of the market value of the severance tax permanent fund may be invested in New Mexico film private equity funds or a New Mexico film project under this section.

B. If an investment is made under this section, not more than fifteen million dollars ($15,000,000) of the amount authorized for investment pursuant to Subsection A of this section shall be invested in any one New Mexico film private equity fund or any one New Mexico film project.

C. The state investment officer shall make investments pursuant to this section only upon approval of the council after a review by the New Mexico film division of the economic development department. The state investment officer may make debt or equity investments pursuant to this section only in New Mexico film projects or New Mexico film private equity funds that invest only in film projects that:

(1) are filmed wholly or substantially in New Mexico;

(2) have shown to the satisfaction of the New Mexico film division that a distribution contract is in place with a reputable distribution company;

(3) have agreed that, while filming in New Mexico, a majority of the production crew will be New Mexico residents;

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(4) have posted a completion bond that has been approved by the New Mexico film division; provided that a completion bond shall not be required if the fund or project is guaranteed pursuant to Paragraph (5) of this subsection; and

(5) have obtained a full, unconditional and irrevocable guarantee of repayment of the invested amount in favor of the severance tax permanent fund:

(a) from an entity that has a credit rating of not less than Baa or BBB by a national rating agency;

(b) from a substantial subsidiary of an entity that has a credit rating of not less than Baa or BBB by a national rating agency;

(c) by providing a full, unconditional and irrevocable letter of credit from a United States incorporated bank with a credit rating of not less than A by a national rating agency; or

(d) from a substantial and solvent entity as determined by the council in accordance with its standards and practices; or

(6) if not guaranteed pursuant to Paragraph (5) of this subsection, have obtained no less than one-third of the estimated total production costs from other sources as approved by the state investment officer.

[~~D. The state investment officer may loan at a market rate of interest, with respect to an eligible New Mexico~~

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~~film project, up to eighty percent of an expected and estimated film production tax credit available to a film production company pursuant to the provisions of Section 7-2F-1 NMSA 1978; provided that the film production company agrees to name the state investment officer as its agent for the purpose of filing an application for the film production tax credit to which the company is entitled if the company does not apply for the film production tax credit. The New Mexico film division of the economic development department shall determine the estimated amount of a film production tax credit. The council shall establish guidelines for the state investment officer's initiation of a loan and the terms of the loan.~~

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

(1) "film project" means a single [~~media~~] medium or multimedia program, including advertising messages, fixed on film, videotape, computer disc, laser disc or other similar delivery medium from which the program can be viewed or reproduced and that is intended to be exhibited in theaters; licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for the home viewing market; and

(2) "New Mexico film private equity fund" means any limited partnership, limited liability company or corporation organized and operating in the United States that:

(a) has as its primary business activity

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the investment of funds in return for equity in film projects produced wholly or partly in New Mexico;

(b) holds out the prospects for capital appreciation from such investments; and

(c) accepts investments only from accredited investors as that term is defined in Section 2 of the federal Securities Act of 1933, as amended, and rules promulgated pursuant to that section."

SECTION 52. Section 7-27-5.27 NMSA 1978 (being Laws 2020 (1st S.S.), Chapter 6, Section 8) is amended to read:

"7-27-5.27. LOCAL GOVERNMENT EMERGENCY ECONOMIC RELIEF.--

A. Within thirty days of [~~the effective date of this 2020 act~~] July 7, 2020, the state investment officer shall make a commitment to the authority to invest one percent of the average of the year-end market values of the severance tax permanent fund for the immediately preceding five calendar years for the purpose of making loans to local governments pursuant to this section; provided that investments made pursuant to this section are in compliance with the prudent investor rule set forth in the Uniform Prudent Investor Act. The authority may expend no more than one percent of the funding made available to it pursuant to this section for administering the provisions of this section.

B. The authority shall receive and review applications for loans from the amount committed pursuant to

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Subsection A of this section to a local government that can demonstrate that the local government experienced at least a ten percent decline in local option gross receipts tax revenue for the last quarter of fiscal year 2020 due to the economic impacts of the coronavirus disease 2019 pandemic. The authority shall adopt rules to govern the application procedures and requirements for disbursing the loans.

C. The authority shall make loans from the amount committed pursuant to Subsection A of this section in accordance with the following:

(1) an application for a loan shall be received by the authority no later than December 31, 2020;

(2) the authority shall determine the proper amount for a loan in consultation with the local government division of the department of finance and administration and the local government; provided that:

(a) the authority shall take into consideration the local government's actual decline of local gross receipts tax revenue in the determination of a loan amount; and

(b) a loan shall not exceed fifty percent of the local government's actual decline of local gross receipts tax revenue; and

(3) terms of the loan shall include that:

(a) a local government may use loan

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proceeds for general operating expenses and revenue replacement;

(b) a local government shall dedicate future local option gross receipts tax revenue to secure the loan at a lien level as determined by the authority;

(c) a loan shall bear an annual interest rate equal to two percent;

(d) a loan shall be structured as an interest-only loan for a period of three years, at which time the local government shall begin making monthly payments on the principal and interest of any balance of the loan;

(e) interest on a loan shall not compound until twelve months following the date the loan proceeds are made available to the local government; and

(f) a loan shall be made for a period of no more than five years.

D. Receipts from the repayment of loans made pursuant to this section shall be transferred to the severance tax permanent fund.

E. No provision in a loan or the evidence of indebtedness of a loan shall include a penalty or premium for prepayment of the balance of the indebtedness.

F. On or before October 1 of a year that a loan made pursuant to this section is outstanding, the authority shall audit the loan program and submit a report of the

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findings to the New Mexico finance authority oversight committee, the legislative finance committee and the office of the governor. The report shall provide details regarding the loans made pursuant to this section, including:

(1) the name of each local government that received a loan, the loan amount, the balance owed and if the loan is in a delinquent status or default; and

(2) the number of jobs saved that can be attributed to receiving the loan, with evidence of how the loan saved each job.

G. The authority may exercise any power provided to the authority in the New Mexico Finance Authority Act to assist in the administration of this section; provided that the power is consistent with the provisions of this section.

H. As used in this section:

(1) "authority" means the New Mexico finance authority;

(2) "local government" means a municipality or county; and

(3) "local option gross receipts tax revenue" means:

(a) for a municipality, revenue [~~distributed to the municipality pursuant to Section 7-1-6.4 NMSA 1978 and~~] transferred to the municipality pursuant to Section 7-1-6.12 NMSA 1978; and

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(b) for a county, revenue transferred to the county pursuant to Section 7-1-6.13 NMSA 1978."

SECTION 53. Section 7-36-8 NMSA 1978 (being Laws 1973, Chapter 373, Section 1, as amended) is amended to read:

"7-36-8. TANGIBLE PERSONAL PROPERTY EXEMPT FROM PROPERTY TAX--EXCEPTIONS.--

A. Except as provided in Subsection B of this section, tangible personal property owned by a person is exempt from property taxation.

B. The following tangible personal property owned by a person is subject to valuation and taxation under the Property Tax Code:

(1) livestock;

(2) manufactured homes;

(3) aircraft not registered under the Aircraft Registration Act;

(4) private railroad cars [~~the earnings of which are not taxed under the provisions of the Railroad Car Company Tax Act~~];

(5) tangible personal property subject to valuation under Sections 7-36-22 through 7-36-25 and 7-36-27 through 7-36-32 NMSA 1978;

(6) vehicles not registered under the provisions of the Motor Vehicle Code and for which the owner has claimed a deduction for depreciation for federal income tax

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purposes during any federal income taxable year occurring in whole or in part during the twelve months immediately preceding the first day of the property tax year; and

(7) other tangible personal property not specified in Paragraphs (1) through (6) of this subsection:

(a) that is used, produced, manufactured, held for sale, leased or maintained by a person for purposes of the person's profession, business or occupation; and

(b) for which the owner has claimed a deduction for depreciation for federal income tax purposes during any federal income taxable year occurring in whole or in part during the twelve months immediately preceding the first day of the property tax year."

SECTION 54. Section 52-6-23 NMSA 1978 (being Laws 1986, Chapter 22, Section 97, as amended) is amended to read:

"52-6-23. REVOCATION OF CERTIFICATE OF APPROVAL.--

A. After notice and opportunity for a hearing, the director may revoke a group's certificate of approval if it:

(1) is found to be insolvent;

(2) fails to pay any [~~premium~~] gross receipts tax, regulatory fee or assessment or special fund contribution imposed upon it; or

(3) fails to comply with any of the provisions of the Group Self-Insurance Act, with any rules or regulations

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promulgated [~~thereunder~~] pursuant to that act or with any lawful order of the director within the time prescribed.

B. The director may revoke a group's certificate of approval if, after notice and opportunity for hearing, [~~he~~] the director finds that:

(1) any certificate of approval that was issued to the group was obtained by fraud;

(2) there was a material misrepresentation in the application for the certificate of approval; or

(3) the group or its administrator has misappropriated, converted, illegally withheld or refused to pay over, upon proper demand, any money that belongs to a member, an employee of a member or a person otherwise entitled to it and that has been entrusted to the group or its administrator in its fiduciary capacities."

SECTION 55. Section 59A-5-11 NMSA 1978 (being Laws 1984, Chapter 127, Section 78) is amended to read:

"59A-5-11. EXEMPTIONS FROM AUTHORITY REQUIREMENT.--A certificate of authority shall not be required of an insurer with respect to any of the following:

A. investigation, settlement or litigation of claims under its policies lawfully written in this state, or liquidation of assets and liabilities of the insurer (other than collection of new premiums), all as resulting from its former authorized operations in this state;

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B. collection of premiums on and servicing policies remaining in force by an insurer [~~which~~] that has withdrawn from this state, and lawfully written in this state while the insurer held a certificate of authority issued by the superintendent, is transacting insurance in New Mexico for purpose of [~~premium~~] tax requirements only;

C. transactions thereunder subsequent to issuance of a policy covering only subjects of insurance not resident, located or expressly to be performed in this state at time of issuance, and lawfully solicited, written and delivered outside this state;

D. prosecution or defense of suits at law; but no insurer unlawfully transacting insurance in this state without certificate of authority shall be permitted to institute or maintain (other than defend) any action at law or in equity in any court of this state, either directly or through an assignee or successor in interest, to enforce any right, claim or demand arising out of such an insurance transaction until such insurer or assignee or successor has obtained a certificate of authority in this state. This provision does not apply to any suit or action by the duly constituted receiver, rehabilitator or liquidator of the insurer, assignee or successor under laws similar to those contained in Chapter 59A, Article 41 [~~(conservation, rehabilitation, liquidation) of the Insurance Code~~] NMSA 1978;

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E. transactions pursuant to surplus line coverages lawfully written under Chapter 59A, Article 14 [~~(surplus line) of the Insurance Code~~] NMSA 1978;

F. suit, action or proceeding by the insurer for enforcement or defense of its rights relative to an investment in this state;

G. reinsurance, except as to a domestic reinsurer; or

H. transactions in this state involving group life insurance, group health or blanket health insurance, or group annuities, where the master policy or contract of such group was lawfully solicited, issued and delivered pursuant to the laws of a state in which the insurer was authorized to transact such insurance, to a group organized for purposes other than procurement of insurance, and where the policyholder is domiciled or otherwise has a bona fide business situs. Except, that such an insurer is subject to Section [~~261 (superintendent is attorney of unauthorized insurer for service of process)~~] 59A-15-6 NMSA 1978 and related sections of the Insurance Code with respect to contracts and certificates of insurance under any such master policy or contract, issued for delivery and delivered in this state to residents thereof."

SECTION 56. Section 59A-5-23 NMSA 1978 (being Laws 1984, Chapter 127, Section 90, as amended) is amended to read:

"59A-5-23. CONTINUANCE, EXPIRATION, REINSTATEMENT OF

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CERTIFICATE OF AUTHORITY.--

A. A certificate of authority shall continue in force as long as the insurer is entitled thereto under the Insurance Code, and until suspended or revoked by the superintendent or terminated at the insurer's request, subject, however, to continuance of the certificate by the insurer each year by:

(1) payment on or before March 1 of the continuation fee referred to in Section 59A-6-1 NMSA 1978;

(2) due filing by the insurer of its annual statement for the next preceding calendar year as required by Section 59A-5-29 NMSA 1978; and

(3) payment by the insurer when due of [~~premium~~] gross receipts taxes with respect to the preceding calendar year.

B. If not so continued by the insurer, its certificate of authority shall expire at midnight on the date of failure of the insurer to continue it in force, unless earlier revoked as provided in Sections 59A-5-24 through 59A-5-26 NMSA 1978.

C. Upon the insurer's request made within three months after expiration, the superintendent may reinstate a certificate of authority that the insurer inadvertently permitted to expire, after the insurer has fully cured all its failures that resulted in the expiration, and upon payment by

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the insurer of the fee for reinstatement specified in Section 59A-6-1 NMSA 1978. Otherwise the superintendent shall grant the insurer another certificate of authority only after filing an application therefor and meeting all other requirements as for an original certificate of authority in this state.

D. If an insurer allows a certificate of authority issued by the superintendent to expire, the holder of the expired certificate shall remain subject to the provisions of the Insurance Code but is not authorized to transact any insurance business. If the insurer reinstates the expired certificate of authority within three months after expiration, the reinstatement shall relate back to the date of the expiration; provided that this shall not excuse any violation of the Insurance Code that occurred during the intervening period."

SECTION 57. Section 59A-6-3 NMSA 1978 (being Laws 1984, Chapter 127, Section 103, as amended) is amended to read:

"59A-6-3. INSURER MUST PAY TAX ON WITHDRAWAL FROM STATE.--Any insurer holding certificate of authority to transact insurance in New Mexico that ceases to do business in the state shall thereupon file with the secretary of taxation and revenue a report of its premiums collected to date of such cessation of business that are subject to the [~~premium tax or the health insurance premium surtax~~] gross receipts tax and not theretofore reported, and forthwith pay to the secretary the

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tax thereon and surrender its certificate of authority to the superintendent. Upon receipt, the secretary shall submit a copy of the report to the superintendent and shall certify that all tax obligations have been satisfied by the withdrawing insurer."

SECTION 58. Section 59A-6-6 NMSA 1978 (being Laws 1984, Chapter 127, Section 106, as amended) is amended to read:

"59A-6-6. PREEMPTION AND IN LIEU PROVISION.--The state government of New Mexico preempts the field of taxation of insurers, nonprofit health care plans, health maintenance organizations, prepaid dental plans, prearranged funeral plans and insurance producers as such. The payment of [~~the~~] state and local gross receipts taxes and licenses and fees provided for in the [~~Insurance Premium Tax Act and the~~] Insurance Code shall be in lieu of all other taxes, licenses and fees of every kind now or hereafter imposed by this state or any political subdivision thereof on any of the foregoing specified entities excepting the regular state, county and city taxes on property located in New Mexico and excepting the income tax on insurance producers. The provisions of this section shall not apply to revenues or receipts that are not directly attributable to persons, entities and activities subject to the provisions of the Insurance Code."

SECTION 59. Section 59A-6-8 NMSA 1978 (being Laws 2019, Chapter 47, Section 3) is amended to read:

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"59A-6-8. SUPERINTENDENT SHALL PROVIDE INFORMATION TO THE TAXATION AND REVENUE DEPARTMENT [~~NECESSARY TO ADMINISTER THE INSURANCE PREMIUM TAX ACT~~].--The superintendent shall provide to the taxation and revenue department information regarding an insurer or plan subject to [~~the Insurance Premium Tax Act~~] state and local option gross receipts taxes that is necessary to that department to administer the provisions of [~~the Insurance Premium Tax Act~~] those taxes."

SECTION 60. Section 59A-15-4 NMSA 1978 (being Laws 1984, Chapter 127, Section 259.1, as amended) is amended to read:

"59A-15-4. INSURANCE INDEPENDENTLY PROCURED--DUTY TO FILE RETURNS.--

A. Each insured who in this state procures or continues or renews insurance with a nonadmitted insurer on a risk located or to be performed in whole or in part in this state, other than insurance procured through a surplus lines licensee pursuant to Chapter 59A, Article 14 NMSA 1978, shall file returns pursuant to the [~~Insurance Premium~~] Gross Receipts and Compensating Tax Act.

B. If an independently procured policy covers risks or exposures only partially located or to be performed in this state, the taxes, fees and penalties imposed pursuant to the Insurance Code and the [~~Insurance Premium~~] Gross Receipts and Compensating Tax Act shall be computed on the portion of the premium properly attributable to the risks or exposures located

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or to be performed in this state and reported to the secretary of taxation and revenue. In no event, however, shall a tax be payable solely because the risk in question, or any portion thereof, is located or to be performed in this state.

C. This section does not abrogate or modify, and shall not be construed or deemed to abrogate or modify, any provision of the Insurance Code.

D. This section does not apply to life insurance, health insurance or annuities."

SECTION 61. Section 59A-20-33 NMSA 1978 (being Laws 1984, Chapter 127, Section 398, as amended) is amended to read:

"59A-20-33. STANDARD NONFORFEITURE LAW--INDIVIDUAL DEFERRED ANNUITIES.--

A. This section shall not apply to any reinsurance, group annuity purchased under a retirement plan or plan of deferred compensation established or maintained by an employer, including a partnership or sole proprietorship or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under Section 408 of the Internal Revenue Code of 1986, as now or hereafter amended, premium deposit fund, variable annuity, investment annuity, immediate annuity, any deferred annuity contract after annuity payments have commenced or reversionary annuity, nor to any contract that shall be delivered outside this state through an agent or other

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representative of the insurer issuing the contract.

B. In the case of contracts issued on or after the operative date of this section as defined in Subsection P of this section, no contract of annuity, except as stated in Subsection A of this section, shall be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions that in the opinion of the superintendent are at least as favorable to the contractholder, upon cessation of payment of considerations under the contract:

(1) that upon cessation of payment of considerations under a contract or upon the written request of the contract owner, the insurer shall grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in Subsections H, I, J, K and M of this section;

(2) if a contract provided for a lump sum settlement at maturity, or at any other time, that upon surrender of the contract at or prior to the commencement of any annuity payments, the insurer shall pay in lieu of any paid-up annuity benefit a cash surrender benefit of such amount as is specified in Subsections H, I, K and M of this section. The insurer may reserve the right to defer the payment of such cash surrender benefit for a period not to exceed six months after demand therefor with surrender of the contract after making written request and receiving written approval of the

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superintendent. The request shall address the necessity and equatability to all policyholders of the deferral;

(3) a statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of such benefits; and

(4) a statement that any paid-up annuity, cash surrender or death benefits that may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which such benefits are altered by the existence of any additional amounts credited by the insurer to the contract, any indebtedness to the insurer on the contract or any prior withdrawals from or partial surrenders of the contract.

C. Notwithstanding the requirements of this section, any deferred annuity contract may provide that if no considerations have been received under a contract for a period of two full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from prior considerations paid would be less than twenty dollars ($20.00) monthly, the insurer may at its option terminate such contract by payment in cash of the then present value of such portion of the paid-up annuity benefit,

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calculated on the basis of the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by such payment shall be relieved of any further obligation under such contract.

D. The minimum values as specified in Subsections H, I, J, K and M of this section of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this section. The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at rates of interest as indicated in Subsection E of this section of the net considerations, as hereinafter defined, paid prior to such time, decreased by the sum of Paragraphs (1) through (4) of this subsection:

(1) any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in Subsection E of this section;

(2) an annual contract charge of fifty dollars ($50.00), accumulated at rates of interest as indicated in Subsection E of this section;

(3) any state or local option gross receipts tax [~~pursuant to the Insurance Premium Tax Act~~] paid by the insurer for the contract, accumulated at rates of interest as indicated in Subsection E of this section; and

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(4) the amount of any indebtedness to the insurer on the contract, including interest due and accrued.

E. The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to eighty-seven and one-half percent of the gross considerations credited to the contract during that contract year. The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent per annum and the following, which shall be specified in the contract if the interest rate will be reset:

(1) the five-year constant maturity treasury rate reported by the federal reserve as of a date, or average over a period, rounded to the nearest one-twentieth percent, specified in the contract no longer than fifteen months prior to the contract issue date or redetermination date pursuant to Paragraph (2) of this subsection reduced by one hundred twenty-five basis points, where the resulting interest rate is not less than one percent; and

(2) the interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each

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redetermination date.

F. Notwithstanding the provisions of Subsections D and E of this section, during the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in Paragraph (1) of Subsection E of this section by up to an additional one hundred basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction shall not exceed the market value of the benefit. The superintendent may require a demonstration that the present value of the reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the superintendent, the superintendent may disallow or limit the additional reduction.

G. The superintendent may adopt rules to implement the provisions of Subsection F of this section and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit and for other contracts that the superintendent determines adjustments are justified.

H. Any paid-up annuity benefit available under a contract shall be such that its present value on the date annuity payments are to commence is at least equal to the

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minimum nonforfeiture amount on that date. Such present value shall be computed using the mortality table, if any, and the interest rates specified in the contract for determining the minimum paid-up annuity benefits guaranteed in the contract.

I. For contracts that provide cash surrender benefits, such cash surrender benefits available prior to maturity shall not be less than the present value as of the date of surrender of that portion of the maturity value of the paid-up annuity benefit that would be provided under the contract at maturity arising from considerations paid prior to the time of cash surrender reduced by the amount appropriate to reflect any prior withdrawals from or partial surrenders of the contract, such present value being calculated on the basis of an interest rate not more than one percent higher than the interest rate specified in the contract for accumulating the net considerations to determine such maturity value, decreased by the amount of any indebtedness to the insurer on the contract, including interest due and accrued, and increased by any existing additional amounts credited by the insurer to the contract. In no event shall any cash surrender benefit be less than the minimum nonforfeiture amount at that time. The death benefit under such contracts shall be at least equal to the cash surrender benefit.

J. For contracts that do not provide cash surrender benefits, the present value of any paid-up annuity benefit

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available as a nonforfeiture option at any time prior to maturity shall not be less than the present value of that portion of the maturity value of the paid-up annuity benefit provided under the contract arising from considerations paid prior to the time the contract is surrendered in exchange for, or changed to, a deferred paid-up annuity, such present value being calculated for the period prior to the maturity date on the basis of the interest rate specified in the contract for accumulating the net considerations to determine such maturity value, and increased by any existing additional amounts credited by the insurer to the contract. For contracts that do not provide any death benefits prior to the commencement of any annuity payments, such present values shall be calculated on the bases of such interest rate and the mortality table specified in the contract for determining the maturity value of the paid-up annuity benefit. However, in no event shall the present value of a paid-up annuity benefit be less than the minimum nonforfeiture amount at that time.

K. For the purpose of determining the benefits calculated under Subsections I and J of this section, in the case of annuity contracts under which an election may be made to have annuity payments commence at optional maturity dates, the maturity date shall be deemed to be the latest date for which election shall be permitted by the contract, but shall not be deemed to be later than the anniversary of the contract

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next following the annuitant's seventieth birthday or the tenth anniversary of the contract, whichever is later.

L. Any contract that does not provide cash surrender benefits or does not provide death benefits at least equal to the minimum nonforfeiture amount prior to the commencement of any annuity payments shall include a statement in a prominent place in the contract that such benefits are not provided.

M. Any paid-up annuity, cash surrender or death benefits available at any time, other than on the contract anniversary under any contract with fixed scheduled considerations, shall be calculated with allowance for the lapse of time and the payment of any scheduled considerations beyond the beginning of the contract year in which cessation of payment of considerations under the contract occurs.

N. For any contract that provides, within the same contract by rider or supplemental contract provision, both annuity benefits and life insurance benefits that are in excess of the greater of cash surrender benefits or a return of the gross considerations with interest, the minimum nonforfeiture benefits shall be equal to the sum of the minimum nonforfeiture benefits for the annuity portion and the minimum nonforfeiture benefits, if any, for the life insurance portion computed as if each portion were a separate contract. Notwithstanding the provisions of Subsections H, I, J, K and M of this section,

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additional benefits payable in the event of total and permanent disability, as reversionary annuity or deferred reversionary annuity benefits, or as other policy benefits additional to life insurance, endowment and annuity benefits, and considerations for all such additional benefits, shall be disregarded in ascertaining the minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits that may be required by this section. The inclusion of such additional benefits shall not be required in any paid-up benefits, unless such additional benefits separately would require minimum nonforfeiture amounts, paid-up annuity, cash surrender and death benefits.

O. The superintendent may adopt rules to implement the provisions of this section.

P. After July 1, 2003, an insurer may elect to apply its provisions to annuity contracts on a contract-form by contract-form basis before July 1, 2005. In all other instances this section shall become operative with respect to annuity contracts issued by the insurer after June 30, 2005."

SECTION 62. Section 59A-22-50 NMSA 1978 (being Laws 2010, Chapter 94, Section 1, as amended) is amended to read:

"59A-22-50. HEALTH INSURERS--DIRECT SERVICES.--

A. A health insurer shall reimburse direct services as follows:

(1) for small groups, at no less than eighty

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percent of aggregate premiums for all such products; and

(2) for large groups, at no less than eighty-five percent of aggregate premiums for all such products.

B. Reimbursement for direct services shall be determined based on services provided over the preceding three calendar years, but not earlier than calendar year 2010, as determined by reports filed with the office of superintendent of insurance. Reimbursement calculations shall include short-term plans, but exclude all other excepted benefits plans governed by the provisions of Chapter 59A, Article 23G NMSA 1978.

C. For individually underwritten health care policies, plans or contracts, the superintendent shall establish, after notice and informal hearing, the level of reimbursement for direct services, as determined by the reports filed with the office of superintendent of insurance, as a percent of premiums. Additional informal hearings may be held at the superintendent's discretion. In establishing the level of reimbursement for direct services, the superintendent shall consider the costs associated with the individual marketing and medical underwriting of these policies, plans or contracts at a level not less than seventy-five percent of premiums. A health insurer writing these policies shall make reimbursement for direct services at a level not less than that level established by the superintendent pursuant to this subsection over the

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three calendar years preceding the date upon which that rate is established, but not earlier than calendar year 2010. Nothing in this subsection shall be construed to preclude a purchaser of one of these policies, plans or contracts from negotiating an agreement with a health insurer that requires a higher amount of premiums paid to be used for reimbursement for direct services.

D. An insurer that fails to comply with the reimbursement requirements pursuant to this section shall issue a dividend or credit against future premiums to all policyholders in an amount sufficient to ensure that the benefits paid in the preceding three calendar years plus the amount of the dividends or credits are equal to the required direct services reimbursement level pursuant to Subsection A of this section for group health coverage and blanket health coverage or the required direct services reimbursement level pursuant to Subsection B of this section for individually underwritten health policies, contracts or plans for the preceding three calendar years. If the insurer fails to issue the dividend or credit in accordance with the requirements of this section, the superintendent shall enforce these requirements and may pursue any other penalties as provided by law, including general penalties pursuant to Section 59A-1-18 NMSA 1978.

E. After notice and hearing, the superintendent may

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adopt and promulgate reasonable rules necessary and proper to carry out the provisions of this section.

F. For the purposes of this section:

(1) "direct services" means services rendered to an individual by a health insurer or a health care practitioner, facility or other provider, including case management, disease management, health education and promotion, preventive services, quality incentive payments to providers and any portion of an assessment that covers services rather than administration and for which an insurer does not receive a tax credit pursuant to the Medical Insurance Pool Act; provided, however, that "direct services" does not include care coordination, utilization review or management or any other activity designed to manage utilization or services;

(2) "health insurer" means a person duly authorized to transact the business of health insurance in the state pursuant to the Insurance Code, including a person that issues a short-term plan and a person that only issues an excepted benefit policy intended to supplement major medical coverage, including medicare supplement, vision, dental, disease-specific, accident-only or hospital indemnity-only insurance policies, or that only issues policies for long-term care or disability income;

(3) "premium" means all income received from individuals and private and public payers or sources for the

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procurement of health coverage, including capitated payments, self-funded administrative fees, self-funded claim reimbursements, recoveries from third parties or other insurers and interests less any state and local option gross receipts tax paid [~~pursuant to the Insurance Premium Tax Act~~] and fees associated with participating in a health insurance exchange that serves as a clearinghouse for insurance; and

(4) "short-term plan" means a nonrenewable health benefits plan covering a resident of the state, regardless of where the plan is delivered, that:

(a) has a maximum specified duration of not more than three months after the effective date of the plan;

(b) is issued only to individuals who have not been enrolled in a health benefits plan that provides the same or similar nonrenewable coverage from any health insurance carrier within the three months preceding enrollment in the short-term plan; and

(c) is not an excepted benefit or combination of excepted benefits."

SECTION 63. Section 59A-23C-10 NMSA 1978 (being Laws 2010, Chapter 94, Section 2, as amended) is amended to read:

"59A-23C-10. HEALTH INSURERS--DIRECT SERVICES.--

A. A health insurer shall make reimbursement for direct services at a level not less than eighty-five percent of

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premiums across all health product lines over the preceding three calendar years, but not earlier than calendar year 2010, as determined by reports filed with the office of superintendent of insurance. Nothing in this subsection shall be construed to preclude a purchaser from negotiating an agreement with a health insurer that requires a higher amount of premiums paid to be used for reimbursement for direct services for one or more products or for one or more years.

B. An insurer that fails to comply with the eighty-five percent reimbursement requirement in Subsection A of this section shall issue a dividend or credit against future premiums to all policyholders in an amount sufficient to assure that the benefits paid in the preceding three calendar years plus the amount of the dividends or credits equal eighty-five percent of the premiums collected in the preceding three calendar years. If the insurer fails to issue the dividend or credit in accordance with the requirements of this section, the superintendent shall enforce the requirements and may pursue any other penalties as provided by law, including general penalties pursuant to Section 59A-1-18 NMSA 1978.

C. After notice and hearing, the superintendent may adopt and promulgate reasonable rules necessary and proper to carry out the provisions of this section.

D. For the purposes of this section:

(1) "direct services" means services rendered

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to an individual by a health insurer or a health care practitioner, facility or other provider, including case management, disease management, health education and promotion, preventive services, quality incentive payments to providers and any portion of an assessment that covers services rather than administration and for which an insurer does not receive a tax credit pursuant to the Medical Insurance Pool Act; provided, however, that "direct services" does not include care coordination, utilization review or management or any other activity designed to manage utilization or services;

(2) "health insurer" means a person duly authorized to transact the business of health insurance in the state pursuant to the Insurance Code but does not include a person that only issues a limited-benefit policy intended to supplement major medical coverage, including medicare supplement, vision, dental, disease-specific, accident-only or hospital indemnity-only insurance policies, or that only issues policies for long-term care or disability income; and

(3) "premium" means all income received from individuals and private and public payers or sources for the procurement of health coverage, including capitated payments, self-funded administrative fees, self-funded claim reimbursements, recoveries from third parties or other insurers and interests less any state and local option gross receipts tax paid [~~pursuant to the Insurance Premium Tax Act and~~] fees

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associated with participating in a health insurance exchange that serves as a clearinghouse for insurance."

SECTION 64. Section 59A-23F-6.1 NMSA 1978 (being Laws 2020, Chapter 35, Section 6) is amended to read:

"59A-23F-6.1. BOARD--ADDITIONAL DUTIES AND POWERS.--In addition to other duties and powers in the New Mexico Health Insurance Exchange Act, the board shall:

A. in consultation with the superintendent:

(1) establish policies and procedures for the review and recommendation of health benefits plans to be offered on the exchange;

(2) determine additional minimum requirements for a health insurance issuer to be considered for participation in the exchange; and

(3) determine standards and criteria for health benefits plans to be offered through the exchange that offer an optimal level of choice, value, quality and service and that are in the best interests of qualified individuals and qualified small employers;

B. establish policies and procedures that allow city, county and state governments, Indian nations, tribes and pueblos, tribal organizations, urban Native American organizations, private foundations and other entities to pay premiums and cost-sharing on behalf of qualified individuals consistent with federal requirements;

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C. provide for the operation of a toll-free hotline to respond to requests for assistance, using staff that is trained to provide assistance in a culturally and linguistically appropriate manner;

D. provide for an annual regular enrollment period and special enrollment periods in the best interest of qualified individuals and qualified small employers;

E. maintain an internet website through which enrollees and prospective enrollees of qualified health plans may obtain standardized comparative information on those plans;

F. use a standardized format for presenting health benefit plan options in the exchange;

G. determine the criteria and process for eligibility, enrollment and disenrollment of enrollees and potential enrollees in the exchange and coordinate that process with the [~~human services department~~] health care authority in order to ensure consistent eligibility and enrollment processes and seamless transitions between coverages;

H. inform individuals of eligibility requirements for medicaid, the children's health insurance program or other applicable state or local public programs. If the exchange assesses that an individual may be eligible for a program, the board shall share information with that program to facilitate the eligibility determination and enrollment of the individual;

I. establish and make available by electronic means

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a calculator to determine the actual cost of coverage after the application of any [~~premium tax credits and~~] cost-sharing reductions under applicable federal or state law;

J. perform duties required of, or delegated to, the exchange by the secretary of the United States department of health and human services or the United States secretary of the treasury related to determining eligibility for [~~premium tax credits or~~] reduced cost sharing;

K. maintain a statewide consumer assistance program, including a navigator program; and

L. maintain a small business health options program exchange through which qualified employers may access coverage for their employees, providing as appropriate premium aggregation and other related services to minimize the administrative burdens for qualified employers and to:

(1) enable a qualified employer to specify a level of coverage so that its employees may enroll in a qualified health plan offered through the small business health options program exchange at the specified level of coverage; or

(2) enable a qualified employer to provide a specific amount or other payment formulated in accordance with federal law to be used as part of an employee's choice of plan."

SECTION 65. Section 59A-23F-11 NMSA 1978 (being Laws 2021, Chapter 136, Section 4, as amended) is amended to read:

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"59A-23F-11. HEALTH CARE AFFORDABILITY FUND.--

A. The "health care affordability fund" is created in the state treasury. The fund consists of distributions, appropriations, gifts, grants and donations. Money in the fund at the end of a fiscal year shall not revert to any other fund. The health care authority shall administer the fund, and money in the fund is subject to appropriation by the legislature for purposes provided by this section. Disbursements from the fund shall be made by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of health care authority or the secretary's authorized representative.

B. The purpose of the fund is to:

(1) reduce health care premiums and cost sharing for New Mexico residents who purchase health care coverage on the New Mexico health insurance exchange;

(2) reduce premiums for small businesses and their employees purchasing health care coverage in the fully insured small group market;

(3) provide resources for planning, design and implementation of health care coverage initiatives for uninsured New Mexico residents; and

(4) provide resources for administration of state health care coverage initiatives for uninsured New Mexico residents.

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C. If the federal Patient Protection and Affordable Care Act is repealed in full or in part by an act of congress or invalidated by the United States supreme court and eliminates or reduces comprehensive health care coverage for New Mexico residents through medicaid or the New Mexico health insurance exchange, the fund may be used to maintain coverage through the New Mexico health insurance exchange or through medical assistance programs administered by the health care authority; provided that coverage is prioritized for New Mexico residents with incomes below two hundred percent of the federal poverty level.

[~~D. Prior to July 1, 2025, the staff of the legislative finance committee shall conduct a program evaluation to measure the impact of changes to the health insurance premium surtax and the creation of the health care affordability fund as it relates to the purpose of the fund.~~

~~E.~~] D. Prior to July 1 of each year, the health care authority shall provide actuarial data from the health care affordability fund to the legislative finance committee.

[~~F.~~] E. Prior to July 1 of each year, the secretary of health care authority, in consultation with the superintendent, the secretary of taxation and revenue and the chief executive officer of the New Mexico health insurance exchange, shall work with the legislative finance committee and the department of finance and administration to develop and

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report on performance measures relating to the health care affordability fund and any programs or initiatives funded by the fund."

SECTION 66. Section 59A-34-33 NMSA 1978 (being Laws 1984, Chapter 127, Section 579) is amended to read:

"59A-34-33. UNAUTHORIZED BUSINESS IN OTHER STATES.--

A. No domestic insurer shall transact insurance in any other state without first being legally authorized to do so under the laws of [~~such~~] that state.

B. Subsection A [~~above~~] of this section shall not apply to:

(1) contracts entered into where the prospective insured when [~~he~~] the prospective insured signs the application for the insurance is personally present in a state in which the insurer is then authorized to transact the kind of insurance involved;

(2) issuance of certificates under a lawfully transacted group life or group health insurance policy where the master policy or contract was entered into in a state in which the insurer was then authorized to transact the insurance involved and in which the policyholder was then domiciled or otherwise had a bona fide situs; or

(3) renewal or continuance in force, with or without modification, of policies and insurance contracts otherwise lawful and not originally issued in violation of

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Subsection A [~~above~~] of this section.

C. The superintendent may revoke the certificate of authority of an insurer [~~which~~] that violates this section, and may require the insurer to pay to the state in which the business was so unlawfully written the [~~premium~~] taxes otherwise applicable as provided by the laws of [~~such~~] the state."

SECTION 67. Section 59A-39-5 NMSA 1978 (being Laws 1984, Chapter 127, Section 662, as amended) is amended to read:

"59A-39-5. ATTORNEY.--

A. "Attorney", as used in Chapter 59A, Article 39 NMSA 1978, refers to the attorney-in-fact of a reciprocal insurer. The attorney may be an individual, firm or corporation.

B. The attorney of a foreign reciprocal insurer, which insurer is duly authorized to transact insurance in this state, shall not, by virtue of the discharge of its duties as such attorney with respect to the insurer's transactions in this state, be thereby deemed to be doing business in this state within the meaning of any laws of this state applying to foreign persons, firms or corporations.

C. The subscribers and the attorney-in-fact comprise a reciprocal insurer and single entity for the purposes of the [~~Insurance Premium~~] Gross Receipts and Compensating Tax Act and Sections 59A-6-3 through 59A-6-6 NMSA

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1978 as to all operations under the insurer's certificate of authority."

SECTION 68. Section 59A-46-2 NMSA 1978 (being Laws 1993, Chapter 266, Section 2, as amended by Laws 2019, Chapter 235, Section 10 and by Laws 2019, Chapter 259, Section 17) is amended to read:

"59A-46-2. DEFINITIONS.--As used in the Health Maintenance Organization Law:

A. "basic health care services" means medically necessary services consisting of preventive care, emergency care, inpatient and outpatient hospital and physician care, diagnostic laboratory, diagnostic and therapeutic radiological services and services of pharmacists and pharmacist clinicians;

B. "capitated basis" means fixed per member per month payment or percentage of premium payment wherein the provider assumes the full risk for the cost of contracted services without regard to the type, value or frequency of services provided and includes the cost associated with operating staff model facilities;

C. "carrier" means a health maintenance organization, an insurer, a nonprofit health care plan or other entity responsible for the payment of benefits or provision of services under a group contract;

D. "copayment" means an amount an enrollee must pay in order to receive a specific service that is not fully

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prepaid;

E. "credentialing" means the process of obtaining and verifying information about a provider and evaluating that provider when that provider seeks to become a participating provider;

F. "deductible" means the amount an enrollee is responsible to pay out-of-pocket before the health maintenance organization begins to pay the costs associated with treatment;

G. "direct services" means services rendered to an individual by a carrier or a health care practitioner, facility or other provider, which services include case management, disease management, health education and promotion, preventive services, quality incentive payments to providers and any proportion of an assessment that covers services rather than administration and for which a carrier does not receive a tax credit pursuant to the Medical Insurance Pool Act; provided that "direct services" does not include care coordination, utilization review or management or any other activity designed to manage utilization or services;

H. "enrollee" means an individual who is covered by a health maintenance organization;

I. "evidence of coverage" means a policy, contract or certificate showing the essential features and services of the health maintenance organization coverage that is given to the subscriber by the health maintenance organization or by the

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group contract holder;

J. "extension of benefits" means the continuation of coverage under a particular benefit provided under a contract or group contract following termination with respect to an enrollee who is totally disabled on the date of termination;

K. "grievance" means a written complaint submitted in accordance with the health maintenance organization's formal grievance procedure by or on behalf of the enrollee regarding any aspect of the health maintenance organization relative to the enrollee;

L. "group contract" means a contract for health care services that by its terms limits eligibility to members of a specified group and may include coverage for dependents;

M. "group contract holder" means the person to whom a group contract has been issued;

N. "health care services" means any services included in the furnishing to any individual of medical, mental, dental, pharmaceutical or optometric care or hospitalization or nursing home care or incident to the furnishing of such care or hospitalization, as well as the furnishing to any person of any and all other services for the purpose of preventing, alleviating, curing or healing human physical or mental illness or injury;

O. "health maintenance organization" means a person

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that undertakes to provide or arrange for the delivery of basic health care services to enrollees on a prepaid basis, except for enrollee responsibility for copayments or deductibles, including a carrier that issues:

(1) a short-term contract;

(2) an excepted benefit policy or contract intended to supplement major medical coverage, including medicare supplement, vision, dental, disease-specific, accident-only or hospital indemnity-only insurance policies; or

(3) a policy for long-term care or disability income;

P. "health maintenance organization agent" means a person who solicits, negotiates, effects, procures, delivers, renews or continues a policy or contract for health maintenance organization membership or who takes or transmits a membership fee or premium for such a policy or contract, other than for that person, or a person who advertises or otherwise makes any representation to the public as such;

Q. "individual contract" means a contract for health care services issued to and covering an individual, and it may include dependents of the subscriber;

R. "insolvent" or "insolvency" means that the organization has been declared insolvent and placed under an order of liquidation by a court of competent jurisdiction;

S. "managed hospital payment basis" means

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agreements in which the financial risk is related primarily to the degree of utilization rather than to the cost of services;

T. "net worth" means the excess of total admitted assets over total liabilities, but the liabilities shall not include fully subordinated debt;

U. "participating provider" means a provider as defined in Subsection Z of this section that, under an express contract with the health maintenance organization or with its contractor or subcontractor, has agreed to provide health care services to enrollees with an expectation of receiving payment, other than copayment or deductible, directly or indirectly from the health maintenance organization;

V. "person" means an individual or other legal entity;

W. "pharmacist" means a person licensed as a pharmacist pursuant to the Pharmacy Act;

X. "pharmacist clinician" means a pharmacist who exercises prescriptive authority pursuant to the Pharmacist Prescriptive Authority Act;

Y. "premium" means all income received from individuals and private and public payers or sources for the procurement of health coverage, including capitated payments, self-funded administrative fees, self-funded claim reimbursements, recoveries from third parties or other carriers and interests less any [~~premium~~] state and local option gross

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receipts tax paid [~~pursuant to Section 59A-6-2 NMSA 1978~~] and fees associated with participating in a health insurance exchange that serves as a clearinghouse for insurance;

Z. "provider" means a physician, pharmacist, pharmacist clinician, hospital or other person licensed or otherwise authorized to furnish health care services;

AA. "replacement coverage" means the benefits provided by a succeeding carrier;

BB. "short-term contract" means a nonrenewable health maintenance organization contract covering a resident of the state, regardless of where the contract is delivered, that:

(1) has a maximum specified duration of not more than three months after the effective date of the contract; and

(2) is issued only to individuals who have not been enrolled in a health maintenance organization contract that provides the same or similar nonrenewable coverage from any carrier within the three months preceding enrollment in the short-term contract;

CC. "subscriber" means an individual whose employment or other status, except family dependency, is the basis for eligibility for enrollment in the health maintenance organization or, in the case of an individual contract, the person in whose name the contract is issued; and

DD. "uncovered expenditures" means the costs to the

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health maintenance organization for health care services that are the obligation of the health maintenance organization, for which an enrollee may also be liable in the event of the health maintenance organization's insolvency and for which no alternative arrangements have been made that are acceptable to the superintendent."

SECTION 69. Section 59A-47-3 NMSA 1978 (being Laws 1984, Chapter 127, Section 879.1, as amended) is amended to read:

"59A-47-3. DEFINITIONS.--As used in Chapter 59A, Article 47 NMSA 1978:

A. "acquisition expenses" includes all expenses incurred in connection with the solicitation and enrollment of subscribers;

B. "administration expenses" means all expenses of the health care plan other than the cost of health care expense payments and acquisition expenses;

C. "agent" means a person appointed by a health care plan authorized to transact business in this state to act as its representative in any given locality for soliciting health care policies and other related duties as may be authorized;

D. "chiropractor" means any person holding a license provided for in the Chiropractic Physician Practice Act;

E. "credentialing" means the process of obtaining

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and verifying information about a provider and evaluating that provider when that provider seeks to become a participating provider;

F. "direct services" means services rendered to an individual by a health care plan, health insurer or a health care practitioner, facility or other provider, including case management, disease management, health education and promotion, preventive services, quality incentive payments to providers and any portion of an assessment that covers services rather than administration and for which a health care plan or a health insurer does not receive a tax credit pursuant to the Medical Insurance Pool Act; provided, however, that "direct services" does not include care coordination, utilization review or management or any other activity designed to manage utilization or services;

G. "doctor of oriental medicine" means any person licensed as a doctor of oriental medicine under the Acupuncture and Oriental Medicine Practice Act;

H. "health care" means the treatment of persons for the prevention, cure or correction of any illness or physical or mental condition, including optometric services;

I. "health care expense payment" means a payment for health care to a purveyor on behalf of a subscriber, or such a payment to the subscriber;

J. "health care plan" means an organization that

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demonstrates to the superintendent that it 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 that section may be amended or renumbered, and is authorized by the superintendent to enter into contracts with subscribers and to make health care expense payments, including an organization that issues:

(1) a short-term health care plan;

(2) an excepted benefit health care plan intended to supplement major medical coverage, including medicare supplement, vision, dental, disease-specific, accident-only or hospital indemnity-only insurance policies; or

(3) a policy or plan for long-term care or disability income;

K. "indemnity benefit" means a payment that the purveyor has not agreed to accept as payment in full for health care furnished the subscriber;

L. "item of health care" means a service or material used in health care;

M. "pharmacist" means a person licensed as a pharmacist pursuant to the Pharmacy Act;

N. "pharmacist clinician" means a pharmacist who exercises prescriptive authority pursuant to the Pharmacist Prescriptive Authority Act;

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O. "premium" means all income received from individuals and private and public payers or sources for the procurement of health coverage, including capitated payments, self-funded administrative fees, self-funded claim reimbursements, recoveries from third parties or other insurers and interests less any [~~premium~~] state and local option gross receipts tax paid [~~pursuant to Section 59A-6-2 NMSA 1978~~] and fees associated with participating in a health insurance exchange that serves as a clearinghouse for insurance;

P. "provider" means a physician or other individual licensed or otherwise authorized to furnish health care services in the state;

Q. "purveyor" means a person who furnishes any item of health care and charges for that item;

R. "service benefit" means a payment that the purveyor has agreed to accept as payment in full for health care furnished the subscriber;

S. "short-term health care plan" means a nonrenewable health care plan covering a resident of the state, regardless of where the plan is delivered, that:

(1) has a maximum specified duration of not more than three months after the effective date of the plan; and

(2) is issued only to individuals who have not been enrolled in a health care plan that provides the same or

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similar nonrenewable coverage from any nonprofit health care plan within the three months preceding enrollment in the short-term plan;

T. "solicitor" means a person employed by the licensed agent of a health care plan for the purpose of soliciting health care policies and other related duties in connection with the handling of the business of the agent as may be authorized and paid for the person's services either on a commission basis or salary basis or part by commission and part by salary;

U. "subscriber" means any individual who, because of a contract with a health care plan entered into by or for the individual, is entitled to have health care expense payments made on the individual's behalf or to the individual by the health care plan; and

V. "underwriting manual" means the health care plan's written criteria, approved by the superintendent, that defines the terms and conditions under which subscribers may be selected. The underwriting manual may be amended from time to time, but the amendment will not be effective until approved by the superintendent. The superintendent shall notify the health care plan filing the underwriting manual or the amendment thereto of the superintendent's approval or disapproval thereof in writing within thirty days after filing or within sixty days after filing if the superintendent shall so extend the time.

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If the superintendent fails to act within such period, the filing shall be deemed to be approved."

SECTION 70. Section 59A-47-8 NMSA 1978 (being Laws 1984, Chapter 127, Section 879.6, as amended) is amended to read:

"59A-47-8. CERTIFICATE OF AUTHORITY REQUIRED--APPLICATION AND CONDITIONS--EXCEPTIONS.--

A. No health care plan shall make health care expense payments unless and until it has obtained from the superintendent a certificate of authority to do business. Violation of this provision shall constitute a misdemeanor punishable upon conviction by a fine of not to exceed one thousand dollars ($1,000).

B. A newly formed health care plan's application for initial certificate of authority must be filed with the superintendent prior to expiration of one year from date of issuance of the preliminary permit referred to in Section 59A-47-6 NMSA 1978.

C. The application for certificate of authority shall be in the form prescribed and furnished by the superintendent consistent with Chapter 59A, Article 47 NMSA 1978, and be verified by two of the applicant's officers. The application shall include or be accompanied by such proof as the superintendent may reasonably require that the applicant is qualified for the certificate of authority under this article. At filing of the application, the applicant shall pay to the

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superintendent the applicable filing fee as specified in Section 59A-6-1 NMSA 1978. The filing fee shall not be refundable.

D. No such certificate of authority shall be required for a health care plan formerly so authorized, to enable it to investigate and settle losses under its contracts lawfully written in New Mexico, or to liquidate assets and liabilities (other than collection of new premiums) resulting from its former authorized operations in this state. A health care plan not transacting new business in this state but continuing collection of premiums on and servicing contracts remaining in force as to residents of or risks located in this state, is transacting business in New Mexico for the purpose of [~~premium~~] gross receipts tax requirements only and is not required to have a certificate of authority."

SECTION 71. Section 59A-54-3 NMSA 1978 (being Laws 1987, Chapter 154, Section 3, as amended) is amended to read:

"59A-54-3. DEFINITIONS.--As used in the Medical Insurance Pool Act:

A. "board" means the board of directors of the pool;

B. "creditable coverage" means, with respect to an individual, coverage of the individual pursuant to:

(1) a group health plan;

(2) health insurance coverage;

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(3) Part A or Part B of Title 18 of the Social Security Act;

(4) Title 19 of the Social Security Act except coverage consisting solely of benefits pursuant to Section 1928 of that title;

(5) 10 USCA Chapter 55;

(6) the Medical Insurance Pool Act;

(7) a health plan offered pursuant to 5 USCA Chapter 89;

(8) a public health plan as defined in federal regulations; or

(9) a health benefit plan offered pursuant to Section 5(e) of the federal Peace Corps Act;

C. "federally defined eligible individual" means an individual:

(1) for whom, as of the date on which the individual seeks coverage under the Medical Insurance Pool Act, the aggregate of the periods of creditable coverage is eighteen or more months;

(2) whose most recent prior creditable coverage was under a group health plan, governmental plan, church plan or health insurance coverage, as those plans or coverage are defined in Section 59A-23E-2 NMSA 1978, offered in connection with that plan;

(3) who is not eligible for coverage under

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a group health plan, Part A or Part B of Title 18 of the Social Security Act or a state plan under Title 19 or Title 21 of the Social Security Act or a successor program and who does not have other health insurance coverage;

(4) with respect to whom the most recent coverage within the period of aggregate creditable coverage was not terminated based on a factor relating to nonpayment of premiums or fraud;

(5) who, if offered the option of continuation of coverage under a continuation provision pursuant to the federal Consolidated Omnibus Budget Reconciliation Act of 1985 or a similar state program, elected this coverage; and

(6) who has exhausted continuation coverage under this provision or program, if the individual elected the continuation coverage described in Paragraph (5) of this subsection;

D. "health care facility" means an entity providing health care services that is licensed by the department of health;

E. "health care services" means services or products included in the furnishing to an individual of medical care or hospitalization, or incidental to the furnishing of that care or hospitalization, as well as the furnishing to a person of other services or products for the purpose of preventing, alleviating, curing or healing human illness or

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injury;

F. "health insurance" means a hospital and medical expense-incurred policy; nonprofit health care service plan contract; health maintenance organization subscriber contract; short-term, accident, fixed indemnity or specified disease policy; disability income contracts; limited benefit insurance; credit insurance; or as the term is defined by Section 59A-7-3 NMSA 1978. "Health insurance" does not include insurance arising out of the Workers' Compensation Act or similar law, automobile medical payment insurance or insurance under which benefits are payable with or without regard to fault and that is required by law to be contained in a liability insurance policy;

G. "health maintenance organization" means [~~a person who provides, at a minimum, either directly or through contractual or other arrangements with others, basic health care services to enrollees on a fixed prepayment basis and who is responsible for the availability, accessibility and quality of the health care services provided or arranged, or~~] "health maintenance organization" as defined by Subsection [~~M~~] O of Section 59A-46-2 NMSA 1978;

H. "health plan" means an arrangement by which persons, including dependents or spouses, covered or making application to be covered under the pool have access to hospital and medical benefits or reimbursement, including group

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or individual insurance or subscriber contract; coverage through health maintenance organizations, preferred provider organizations or other alternate delivery systems; coverage under prepayment, group practice or individual practice plans; coverage under uninsured arrangements of group or group-type contracts, including employer self-insured, cost-plus or other benefits methodologies not involving insurance or not subject to [~~New Mexico premium~~] state and local option gross receipts taxes; coverage under group-type contracts that are not available to the general public and can be obtained only because of connection with a particular organization or group; and coverage by medicare or other governmental benefits. "Health plan" includes coverage through health insurance;

I. "insured" means an individual resident of this state who is eligible to receive benefits from an insurer or other health plan;

J. "insurer" means an insurance company authorized to transact health insurance business in this state, a nonprofit health care plan, a health maintenance organization and self-insurers not subject to federal preemption. "Insurer" does not include an insurance company that is licensed under the Prepaid Dental Plan Law or a company that is solely engaged in the sale of dental insurance and is licensed not under that act, but under another provision of the Insurance Code;

K. "medicare" means coverage under Part A or Part B

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of Title 18 of the Social Security Act, as amended;

L. "pool" means the New Mexico medical insurance pool;

M. "preexisting condition" means a physical or mental condition for which medical advice, medication, diagnosis, care or treatment was recommended for or received by an applicant within six months before the effective date of coverage, except that pregnancy is not considered a preexisting condition for a federally defined eligible individual; and

N. "therapist" means a licensed physical, occupational, speech or respiratory therapist."

SECTION 72. Section 59A-54-7.1 NMSA 1978 (being Laws 2003, Chapter 396, Section 1) is amended to read:

"59A-54-7.1. PRESCRIPTION DRUG PROGRAM--COST-SHARING.--

A. The board may establish a prescription drug program, in whole or in part, including a pilot or phase-in program, to offer selected eligible persons the ability to purchase prescription drugs. The board may establish varying levels of eligibility and cost-sharing criteria as needed for selected eligible persons and, if established, shall ensure that cost-containment mechanisms are included in the program.

B. The board may establish the cost-sharing amounts payable by a person enrolled in the prescription drug program, including the premium, deductible, coinsurance, co-payment and other out-of-pocket expenses.

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C. If the board establishes a prescription drug program, the board shall establish the assessments pursuant to Section 59A-54-10 NMSA 1978.

[~~D. If the board establishes a prescription drug program, the assessment for a pool member shall be determined in the same manner as provided in this section provided that a pool member shall be allowed a fifty percent credit for the prescription drug program assessment on the premium tax return for that member.~~

~~E.~~] D. The board may issue a pool prescription drug program benefit policy for a person who is over the age of sixty-five and unable to purchase or is ineligible for a similar prescription drug program. The board may issue a pool prescription drug program benefit policy for a person who is eligible for a state-funded or state-operated low-income pharmacy benefit program.

[~~F.~~] E. If the board establishes a prescription drug program, the board shall cooperate with other state and federal prescription drug initiatives."

SECTION 73. Section 60-2E-47 NMSA 1978 (being Laws 1997, Chapter 190, Section 49, as amended by Laws 2023, Chapter 122, Section 1 and by Laws 2023, Chapter 154, Section 2) is amended to read:

"60-2E-47. GAMING TAX--IMPOSITION--ADMINISTRATION.--

A. An excise tax is imposed on the privilege of

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engaging in gaming activities in the state. This tax shall be known as the "gaming tax".

B. The gaming tax is an amount equal to: [~~ten~~]

(1) two percent of the gross receipts of manufacturer licensees from the sale, lease or other transfer of gaming devices in or into the state, except receipts of a manufacturer from the sale, lease or other transfer to a licensed distributor for subsequent sale or lease may be excluded from gross receipts;

(2) ten percent of the gross receipts of distributor licensees from the sale, lease or other transfer of gaming devices in or into the state;

(3) ten percent of the net take of a gaming operator licensee that is a nonprofit organization; and

(4) prior to July 1, 2028:

(a) twenty-four and eight-tenths percent of the net take [~~of every other gaming operator licensee. For the purposes of this section, "gross receipts" means the total amount of money or the value of other consideration received from selling, leasing or otherwise transferring gaming devices~~]; and

(b) beginning July 1, 2028, twenty-six percent of the net take.

C. The gaming tax imposed on a licensee is in lieu of all state and local gross receipts taxes on that portion of

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the licensee's gross receipts attributable to gaming activities.

D. The gaming tax is to be paid on or before the fifteenth day of the month following the month in which the taxable event occurs. The gaming tax shall be administered and collected by the taxation and revenue department in cooperation with the board. The provisions of the Tax Administration Act apply to the collection and administration of the tax.

E. In addition to the gaming tax, a gaming operator licensee that is a racetrack shall pay:

(1) twenty percent of its net take solely to purses in accordance with rules adopted by the state racing commission; and

(2) prior to July 1, 2028, one and two-tenths percent of its net take solely to offset the costs of jockey and exercise rider insurance and to comply with federal and state laws affecting horse racing.

F. An amount not to exceed twenty percent of the interest earned on the balance of any fund consisting of money for purses distributed by racetrack gaming operator licensees pursuant to this subsection may be expended for the costs of administering the distributions. The state racing commission is responsible for regulatory oversight of funds withdrawn for exercise rider and jockey insurance and compliance with federal and state laws affecting horse racing. The state racing

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commission is also responsible for regulatory oversight of the twenty percent and one and two-tenths percent fees funding from gaming. A racetrack gaming operator licensee shall spend no less than one-fourth percent of the net take of its gaming machines to fund or support programs for the treatment and assistance of compulsive gamblers.

G. A nonprofit gaming operator licensee shall distribute at least twenty percent of the balance of its net take, after payment of the gaming tax, any income taxes and allowable gaming expenses, for charitable or educational purposes.

H. As used in this section, "gross receipts" means the total amount of money or the value of other consideration received from selling, leasing or otherwise transferring gaming devices."

SECTION 74. Section 60-2F-21 NMSA 1978 (being Laws 2009, Chapter 81, Section 21) is amended to read:

"60-2F-21. TAX IMPOSITION.--

A. A bingo and raffle tax equal to [~~one-half~~] two percent of the gross receipts of any game of chance held, operated or conducted for or by a qualified organization shall be imposed on the qualified organization.

B. No other state or local gross receipts tax shall apply to a qualified organization's receipts generated by a game of chance authorized by the New Mexico Bingo and Raffle

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Act.

C. The tax imposed pursuant to this section shall be submitted quarterly to the taxation and revenue department on or before April 25, July 25, October 25 and January 25.

D. The taxation and revenue department shall administer the tax imposed in this section pursuant to the Tax Administration Act."

SECTION 75. A new section of the Motor Vehicle Code is enacted to read:

"[NEW MATERIAL] ADDITIONAL REGISTRATION FEE--ELECTRIC AND PLUG-IN HYBRID ELECTRIC VEHICLES.--

A. For registration of vehicles subject to the registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA 1978, there is imposed an additional annual fee of six hundred fifty dollars ($650) for which an electric vehicle with a gross vehicle weight of twenty-six thousand pounds or less is registered.

B. For registration of vehicles subject to the registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA 1978, there is imposed an additional annual fee of three hundred twenty-five dollars ($325) for which a plug-in hybrid electric vehicle with a gross vehicle weight of twenty-six thousand pounds or less is registered.

C. All fees collected pursuant to this section shall be paid to the state treasurer to the credit of the motor

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vehicle suspense fund with distribution in accordance with Section 66-6-23 NMSA 1978.

D. As used in this section:

(1) "electric vehicle" means a motor vehicle that derives all of the vehicle's power from electricity stored in a battery that:

(a) has a capacity of not less than six kilowatt-hours;

(b) is capable of powering the vehicle for a range of at least forty miles; and

(c) is capable of being recharged from an external source of electricity; and

(2) "plug-in hybrid electric vehicle" means a motor vehicle that derives part of the vehicle's power from electricity stored in a battery that:

(a) has a capacity of not less than six kilowatt-hours;

(b) is capable of powering the vehicle for a range of at least forty miles; and

(c) is capable of being recharged from an external source of electricity."

SECTION 76. Section 66-3-7 NMSA 1978 (being Laws 1978, Chapter 35, Section 27, as amended) is amended to read:

"66-3-7. GROUNDS FOR REFUSING, SUSPENDING OR REVOKING REGISTRATION OR CERTIFICATE OF TITLE.--The division may refuse,

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suspend or revoke registration or issuance of a certificate of title or a transfer of registration upon the [~~ground~~] grounds that:

A. the application contains a false or fraudulent statement or that the applicant failed to furnish the required information or reasonable additional information requested by the division or that the applicant is not entitled to the issuance of a certificate of title or registration of the vehicle under the Motor Vehicle Code;

B. the vehicle is mechanically unfit or unsafe to be operated or moved upon the highways;

C. a commercial motor vehicle is operated by a commercial motor carrier that is prohibited from operating the vehicle by order of a state or federal agency;

D. the division has [~~a~~] reasonable [~~ground~~] grounds to believe that the vehicle is a stolen or embezzled vehicle or that the granting of registration or the issuance of a certificate of title would constitute a fraud against the rightful owner or other person having valid lien upon the vehicle;

E. the registration of the vehicle stands suspended or revoked for any reason as provided in the motor vehicle laws of this state;

F. the required fee has not been paid;

[~~G. the motor vehicle excise tax has not been paid;~~

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~~H.~~] G. the weight distance tax has not been paid;

[~~I.~~] H. international fuel tax agreement taxes have not been paid;

[~~J.~~] I. if the vehicle is a mobile home, the property tax has not been paid;

[~~K.~~] J. the owner's address, as shown in the records of the division, is within a class A county or within a municipality that has a vehicle emission inspection and maintenance program and the applicant has applied at an office outside the designated county or municipality; or

[~~L.~~] K. the owner is required to but has failed to provide proof of compliance with a vehicle emission inspection and maintenance program, if required in the county or municipality in which the owner resides."

SECTION 77. Section 66-3-118 NMSA 1978 (being Laws 1978, Chapter 35, Section 65, as amended) is amended to read:

"66-3-118. MANUFACTURER'S CERTIFICATE OF ORIGIN--TRANSFER OF VEHICLE NOT PREVIOUSLY REGISTERED.--

A. Whenever a manufacturer or the agent or distributor of a manufacturer transfers a vehicle, not previously registered, to a dealer in this state, the manufacturer, agent or distributor at the time of transfer of the vehicle shall deliver to the dealer a manufacturer's certificate of origin. The certificate shall be signed by the manufacturer and shall specify that the vehicle described has

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been transferred to the dealer named and that the transfer is the first transfer of the vehicle in ordinary trade and commerce.

B. The certificate shall contain a description of the vehicle, number of cylinders, type of body, engine number, serial number or other standard identification number provided by the manufacturer of the vehicle and space for proper reassignment to a New Mexico dealer or to a dealer duly licensed or recognized as such in another state, territory or possession of the United States.

C. Any dealer when transferring a vehicle, not previously registered, to another dealer shall, at the time of transfer, give the transferee the proper manufacturer's certificate of origin fully assigned to the transferee.

D. When a vehicle not previously registered is transferred to a dealer who does not hold a franchise granted by the manufacturer of the vehicle to sell that type or model of vehicle, the transferee must obtain a registration of the vehicle and certificate of title [~~but shall not be required to pay the excise tax imposed by Section 7-14-3 NMSA 1978~~]."

SECTION 78. Section 66-3-401 NMSA 1978 (being Laws 1978, Chapter 35, Section 80, as amended) is amended to read:

"66-3-401. OPERATION OF VEHICLES UNDER DEALER PLATES.--

A. Any vehicle that is required to be registered pursuant to the Motor Vehicle Code and that is included in the

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inventory of a dealer may be operated or moved upon the highways for any purpose, provided that the vehicle display in the manner prescribed in Section 66-3-18 NMSA 1978 a unique plate issued to the dealer as provided in Section 66-3-402 NMSA 1978. This subsection shall not be construed as limiting the use of temporary registration permits issued to dealers pursuant to Section 66-3-6 NMSA 1978. Each dealer plate shall be issued for a specific vehicle in a dealer's inventory. If a dealer wishes to use the plate on a different vehicle, the dealer must reregister that plate to the different vehicle.

B. The provisions of this section do not apply to work or service vehicles used by a dealer. For the purposes of this subsection, "work or service vehicle" includes any vehicle used substantially as a:

(1) parts or delivery vehicle;

(2) vehicle used to tow another vehicle;

(3) courtesy shuttle; or

(4) vehicle loaned to customers for their convenience.

C. Each vehicle included in a dealer's inventory required to be registered pursuant to the provisions of Subsection A of this section must conform to the registration provisions of the Motor Vehicle Code, but is not required to be titled pursuant to the provisions of that code. When a vehicle is no longer included in a dealer's inventory, and is not sold

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or leased to an unrelated entity, the dealer must title the vehicle [~~and pay the motor vehicle excise tax that would have been due when the vehicle was first registered by the dealer~~].

D. In lieu of the use of dealer plates pursuant to this section, a dealer may register and title a vehicle included in a dealer's inventory in the name of the dealer upon payment of the registration fee applicable to that vehicle, [~~but without payment of the motor vehicle excise tax~~] provided the vehicle is subsequently sold or leased in the ordinary course of business in a transaction subject to the [~~motor vehicle excise~~] gross receipts tax or the leased vehicle gross receipts tax."

SECTION 79. Section 66-3-1006 NMSA 1978 (being Laws 1978, Chapter 35, Section 202, as amended) is amended to read:

"66-3-1006. GROUNDS FOR REFUSING REGISTRATION OR CERTIFICATE OF TITLE.--The division may refuse registration or issuance of a certificate of title or any transfer of a registration certificate if:

A. the division has reasonable grounds to believe that the application contains any false or fraudulent statement or that the applicant has failed to furnish the required information or reasonable additional information requested by the division or that the applicant is not entitled to the issuance of a certificate of title or registration certificate of the off-highway motor vehicle under the Motor Vehicle Code

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or laws of this state;

B. the division has reasonable grounds to believe that the off-highway motor vehicle is stolen or embezzled or that the granting of a registration certificate or the issuance of a certificate of title would constitute a fraud against the rightful owner or other person having a valid lien upon the off-highway motor vehicle;

C. the division has reasonable grounds to believe that a nonresident applicant is not entitled to registration issuance under the laws of the nonresident applicant's state of residence; or

D. the required fees have not been paid [~~or~~

~~E. the motor vehicle excise tax has not been paid pursuant to Chapter 7, Article 14 NMSA 1978~~]."

SECTION 80. Section 66-6-23 NMSA 1978 (being Laws 1978, Chapter 35, Section 358, as amended) is amended to read:

"66-6-23. DISPOSITION OF FEES.--

A. After the necessary disbursements for refunds and other purposes have been made, the money remaining in the motor vehicle suspense fund, except for remittances received within the previous two months that are unidentified as to source or disposition, shall be distributed as follows:

(1) to each municipality, county or fee agent operating a motor vehicle field office:

(a) an amount equal to six dollars

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($6.00) per driver's license and five dollars ($5.00) per identification card or motor vehicle or motorboat registration or title transaction performed;

(b) for each such agent determined by the secretary pursuant to Section 66-2-16 NMSA 1978 to have performed ten thousand or more transactions in the preceding fiscal year, other than a class A county with a population exceeding three hundred thousand or a municipality with a population exceeding three hundred thousand that has been designated as an agent pursuant to Section 66-2-14.1 NMSA 1978, an amount equal to one dollar ($1.00) in addition to the amount distributed pursuant to Subparagraph (a) of this paragraph for each driver's license, identification card, motor vehicle registration, motorboat registration or title transaction performed; and

(c) to each military installation designated as a fee agent pursuant to Section 66-2-14.1 NMSA 1978, an amount equal to one dollar fifty cents ($1.50) in addition to the amount distributed pursuant to Subparagraph (a) of this paragraph for each administrative service fee remitted by the military installation to the department pursuant to Subsection A of Section 66-2-16 NMSA 1978;

(2) to each municipality or county, other than a class A county with a population exceeding three hundred thousand or a municipality with a population exceeding three

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hundred thousand that has been designated as an agent pursuant to Section 66-2-14.1 NMSA 1978, operating a motor vehicle field office, an amount equal to one dollar fifty cents ($1.50) for each administrative service fee remitted by that county or municipality to the department pursuant to the provisions of Subsection A of Section 66-2-16 NMSA 1978;

(3) to the state road fund:

(a) an amount equal to the fees collected pursuant to Sections 66-7-413 and 66-7-413.4 NMSA 1978;

(b) an amount equal to the fee collected pursuant to Section 66-3-417 NMSA 1978;

(c) the remainder of each driver's license fee collected by the department employees from an applicant to whom a license is granted after deducting from the driver's license fee the amount of the distribution authorized in Paragraph (1) of this subsection with respect to that collected driver's license fee; [~~and~~]

(d) an amount equal to fifty percent of the fees collected pursuant to Section 66-6-19 NMSA 1978; and

(e) an amount equal to fifty percent of the fees collected pursuant to Section 75 of this 2025 act;

(4) to the transportation project fund, an amount equal to fifty percent of the fees collected pursuant to Section 75 of this 2025 act;

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[~~(4)~~] (5) to the local governments road fund, the amount of the fees collected pursuant to Subsection B of Section 66-5-33.1 NMSA 1978 and the remainder of the fees collected pursuant to Subsection A of Section 66-5-408 NMSA 1978;

[~~(5)~~] (6) to the department:

(a) any amounts reimbursed to the department pursuant to Subsection D of Section 66-2-14.1 NMSA 1978;

(b) an amount equal to two dollars ($2.00) of each motorcycle registration fee collected pursuant to Section 66-6-1 NMSA 1978;

(c) an amount equal to the fees provided for in Subsection D of Section 66-2-7 NMSA 1978, Subsection E of Section 66-2-16 NMSA 1978, Subsections K and L of Section 66-3-6 NMSA 1978 other than the administrative fee, Subsection C of Section 66-5-44 NMSA 1978 and Subsection B of Section 66-5-408 NMSA 1978;

(d) the amounts due to the department for the manufacture and issuance of a special registration plate collected pursuant to the section of law authorizing the issuance of the specialty plate;

(e) an amount equal to the registration fees collected pursuant to Section 66-6-6.1 NMSA 1978 for the purposes of enforcing the provisions of the Mandatory Financial

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Responsibility Act and for creating and maintaining a multilanguage noncommercial driver's license testing program; and after those purposes are met, the balance of the registration fees shall be distributed to the department to defray the costs of operating the division;

(f) an amount equal to fifty cents ($.50) for each administrative fee remitted to the department by a county or municipality operating a motor vehicle field office pursuant to Subsection A of Section 66-2-16 NMSA 1978;

(g) an amount equal to one dollar twenty-five cents ($1.25) for each administrative fee collected by the department or any of its agents other than a county or municipality operating a motor vehicle field office pursuant to Subsection A of Section 66-2-16 NMSA 1978; and

(h) an amount equal to the royalties or other consideration paid by commercial users of databases of motor vehicle-related records of the department pursuant to Subsection C of Section 14-3-15.1 NMSA 1978 for the purpose of defraying the costs of maintaining databases of motor vehicle-related records of the department; and after that purpose is met, the balance of the royalties and other consideration shall be distributed to the department to defray the costs of operating the division or for use pursuant to Subsection F of Section 66-6-13 NMSA 1978;

[~~(6)~~] (7) to each New Mexico institution of

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higher education, an amount equal to that part of the fees distributed pursuant to Paragraph (2) of Subsection D of Section 66-3-416 NMSA 1978 proportionate to the number of special registration plates issued in the name of the institution to all such special registration plates issued in the name of all institutions;

[~~(7)~~] (8) to the armed forces veterans license fund, the amount to be distributed pursuant to Paragraph (2) of Subsection E of Section 66-3-419 NMSA 1978;

[~~(8)~~] (9) to the children's trust fund, the amount to be distributed pursuant to Paragraph (2) of Subsection D of Section 66-3-420 NMSA 1978;

[~~(9)~~] (10) to the department of transportation, an amount equal to the fees collected pursuant to Section 66-5-35 NMSA 1978;

[~~(10)~~] (11) to the state equalization guarantee distribution made annually pursuant to the general appropriation act, an amount equal to one hundred percent of the driver safety fee collected pursuant to Subsection D of Section 66-5-44 NMSA 1978;

[~~(11)~~] (12) to the motorcycle training fund, seven dollars ($7.00) of each motorcycle registration fee collected pursuant to Section 66-6-1 NMSA 1978;

[~~(12)~~] (13) to the recycling and illegal dumping fund:

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(a) fifty cents ($.50) of the tire recycling fee collected pursuant to the provisions of Section 66-6-1 NMSA 1978;

(b) fifty cents ($.50) of each of the tire recycling fees collected pursuant to the provisions of Sections 66-6-2 and 66-6-4 NMSA 1978; and

(c) twenty-five cents ($.25) of each of the tire recycling fees collected pursuant to Sections 66-6-5 and 66-6-8 NMSA 1978;

[~~(13)~~] (14) to the highway infrastructure fund:

(a) fifty cents ($.50) of the tire recycling fee collected pursuant to the provisions of Section 66-6-1 NMSA 1978;

(b) one dollar ($1.00) of each of the tire recycling fees collected pursuant to the provisions of Sections 66-6-2 and 66-6-4 NMSA 1978; and

(c) twenty-five cents ($.25) of each of the tire recycling fees collected pursuant to Sections 66-6-5 and 66-6-8 NMSA 1978;

[~~(14)~~] (15) to each county, an amount equal to fifty percent of the fees collected pursuant to Section 66-6-19 NMSA 1978 multiplied by a fraction, the numerator of which is the total mileage of public roads maintained by the county and the denominator of which is the total mileage of public roads

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maintained by all counties in the state;

[~~(15)~~] (16) to the litter control and beautification fund, an amount equal to the fees collected pursuant to Section 66-6-6.2 NMSA 1978;

[~~(16)~~] (17) to the local government division of the department of finance and administration, an amount equal to the fees collected pursuant to Section 66-3-424.3 NMSA 1978 for distribution to each county to support animal control spaying and neutering programs in an amount proportionate to the number of residents of that county who have purchased pet care special registration plates pursuant to Section 66-3-424.3 NMSA 1978; and

[~~(17)~~] (18) to the Cumbres and Toltec scenic railroad commission, twenty-five dollars ($25.00) collected pursuant to the Cumbres and Toltec scenic railroad special registration plate.

B. The balance, exclusive of unidentified remittances, shall be distributed in accordance with Section 66-6-23.1 NMSA 1978.

C. If any of the paragraphs, subsections or sections referred to in Subsection A of this section are recompiled or otherwise redesignated without a corresponding change to Subsection A of this section, the reference in Subsection A of this section shall be construed to be the recompiled or redesignated paragraph, subsection or section."

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SECTION 81. Section 66-6-25 NMSA 1978 (being Laws 1978, Chapter 35, Section 360, as amended) is amended to read:

"66-6-25. REGISTRATION BY COUNTY OR MUNICIPALITY PROHIBITED.--

A. Except as provided in Subsection B of this section, no county or municipality shall require registration or charge fees for any vehicle subject to registration under the Motor Vehicle Code.

B. [~~Notwithstanding the provisions of Subsection A of this section~~] A county or municipality designated as an agent pursuant to Section 66-2-14.1 NMSA 1978 may impose a fee in an amount not to exceed five dollars ($5.00) per year in addition to any other registration fee required. [~~This fee shall not be imposed if the county or municipality has imposed a gasoline tax pursuant to the County and Municipal Gasoline Tax Act, the proceeds of which are used to fund a vehicle emission inspection program.~~] Any money collected as a result of the imposition of an additional fee pursuant to this subsection shall be used only to fund a vehicle emission inspection program."

SECTION 82. Section 66-12-5.2 NMSA 1978 (being Laws 1987, Chapter 247, Section 7) is amended to read:

"66-12-5.2. OWNER'S CERTIFICATE OF TITLE--FEES--DUPLICATES.--

A. Except as provided in Subsection C of this

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section, every owner of a boat subject to titling under the provisions of the Boat Act shall apply to the division for issuance of a certificate of title for the boat within thirty days after acquisition. The application shall be on forms the division prescribes and accompanied by the required fee. The application shall be signed and sworn to before a notary public or other person who administers oaths, or include a certification signed in writing containing substantially the representation that statements made are true and correct to the best of the applicant's knowledge, information and belief, under penalty of perjury. The application shall contain the date of sale and gross price of the boat or the fair market value if no sale immediately preceded the transfer and any additional information the division requires. If the application is made for a boat last previously registered or titled in another state or foreign country, it shall contain this information and any other information the division requires.

B. The division shall not issue or renew a certificate of number to any boat required to be registered and numbered in the state unless the division has issued a certificate of title to the owner, if the boat is required to be titled.

C. Any person who, on July 1, 1987, is the owner of a boat with a valid certificate of number issued by the state

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is not required to file an application for a certificate of title for the boat until [~~he~~] the person transfers any part of [~~his~~] the person's interest in the boat or he renews the certificate of number for the boat.

D. If a dealer buys or acquires a used boat for resale, [~~he~~] the dealer shall report the acquisition to the division on forms the division provides, or [~~he~~] the dealer may apply for and obtain a certificate of title as provided in this section. If a dealer buys or acquires a used unnumbered boat, [~~he~~] the dealer shall apply for a certificate of title in [~~his~~] the dealer's name within thirty days. If a dealer buys or acquires a new boat for resale, [~~he~~] the dealer may apply for a certificate of title in [~~his~~] the dealer's name.

E. Every dealer transferring a boat requiring titling under this section shall assign the title to the new owner or, in the case of a new boat, assign the certificate of origin. Within thirty days, the dealer or purchaser, as applicable, shall file with the division the necessary application and fee required under this section.

F. The division shall maintain a record of any certificate of title it issues.

G. No person shall sell, assign or transfer a boat titled by the state without delivering to the purchaser or transferee a certificate of title with an assignment on it showing title in the purchaser or transferee and with a

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statement of all liens upon the title. No person may purchase or otherwise acquire a boat required to be titled by the state without obtaining a certificate of title for it in [~~his~~] the person's name.

H. The division shall charge a ten dollar ($10.00) fee to issue a certificate of title, a transfer of title, a duplicate or corrected certificate of title.

I. If a certificate of title is lost, stolen, mutilated, destroyed or becomes illegible, the first lienholder or, if there is none, the owner named in the certificate, as shown by the division's records, shall within thirty days obtain a duplicate by applying to the division. The applicant shall furnish information concerning the original certificate and the circumstances of its loss, mutilation or destruction as the division requires. Mutilated or illegible certificates shall be returned to the division with the application for a duplicate. [~~Issuance of a duplicate certificate of title is not subject to the excise tax imposed under Section 66-12-6.1 NMSA 1978.~~]

J. The duplicate certificate of title shall be plainly marked "duplicate" across its face and mailed or delivered to the applicant.

K. If a lost or stolen original certificate of title for which a duplicate has been issued is recovered, the original shall be surrendered promptly to the division for

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cancellation."

SECTION 83. Section 66-12-6.1 NMSA 1978 (being Laws 1987, Chapter 247, Section 9) is repealed and a new Section 66-12-6.1 NMSA 1978 is enacted to read:

"66-12-6.1. [NEW MATERIAL] BOAT FUND.--The "boat fund" is created as a nonreverting fund in the state treasury. The fund consists of distributions, appropriations, gifts, grants, donations and other transfers to the fund. The division shall administer the fund, and money in the fund is appropriated to the division for improvements and maintenance of lakes and boating facilities owned or leased by the state and for administration and enforcement of the Boat Act."

SECTION 84. TEMPORARY PROVISION--EXHAUSTION OF CREDITS.--

A. If a taxpayer has met the eligibility requirements to apply for and claim a tax credit being repealed by this act for a period prior to the effective date of the repeal, the taxpayer may claim, and the taxation and revenue department may approve, the credit for those periods, including amounts that may be carried forward pursuant to those sections as they were in effect prior to the effective date of the repeal.

B. If a taxpayer has claimed and been awarded a tax credit being repealed by this act but a portion of the credit claimed remains unused, the taxpayer may claim the unused portion, including amounts that could have been carried forward

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pursuant to those sections being repealed as they were in effect prior to the effective date of the repeal.

SECTION 85. REPEAL--A PROVISION OF THE METROPOLITAN REDEVELOPMENT CODE.--Section 3-60A-49 NMSA 1978 (being Laws 2023, Chapter 112, Section 6) is repealed.

SECTION 86. REPEAL--PROVISIONS OF THE TAX INCREMENT FOR DEVELOPMENT ACT.--Sections 5-15-15.1, 5-15-21 and 5-15-29 NMSA 1978 (being Laws 2019, Chapter 275, Section 3, Laws 2006, Chapter 75, Section 21 and Laws 2019, Chapter 275, Section 8, as amended) are repealed.

SECTION 87. REPEAL--BONDS FOR COUNTY CORRECTIONAL FACILITY LOANS--OUTDATED SECTION OF LAW.--Section 6-21-5.1 NMSA 1978 (being Laws 1998, Chapter 65, Section 1, as amended) is repealed.

SECTION 88. REPEAL--PROVISIONS OF THE TAX ADMINISTRATION ACT.--Sections 7-1-6.4, 7-1-6.36, 7-1-6.46, 7-1-6.47, 7-1-6.52, 7-1-6.60 and 7-1-6.66 NMSA 1978 (being Laws 1983, Chapter 211, Section 9; Laws 1992, Chapter 50, Section 13 and Laws 1992, Chapter 67, Section 13; Laws 2004, Chapter 116, Sections 1 and 2; Laws 2005, Chapter 104, Section 1; Laws 2010, Chapter 31, Section 2; and Laws 2021, Chapter 4, Section 1, as amended) are repealed.

SECTION 89. REPEAL--OUTDATED PROVISION OF THE INCOME TAX ACT.--That version of 7-2-7 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3, Section 2) is repealed.

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SECTION 90. REPEAL--PROVISIONS OF THE INCOME TAX ACT AND CORPORATE INCOME AND FRANCHISE TAX ACT.--Sections 7-2-7.2 through 7-2-7.7, 7-2-18.2, 7-2-18.10, 7-2-18.11, 7-2-18.14, 7-2-18.17 through 7-2-18.26, 7-2-18.30, 7-2-18.33, 7-2-38, 7-2A-8.6, 7-2A-8.9, 7-2A-14, 7-2A-17.1 through 7-2A-26, 7-2A-29 and 7-2A-30 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3, Sections 3 and 4, Laws 2021, Chapter 4, Section 2, Laws 2022 (3rd S.S.), Chapter 2, Section 1, Laws 2022, Chapter 47, Section 4, Laws 2023, Chapter 211, Section 11, Laws 1984, Chapter 34, Section 1, Laws 2003, Chapter 331, Section 7, Laws 2003, Chapter 400, Section 1, Laws 2006, Chapter 93, Section 1, Laws 2007, Chapter 172, Section 1, Laws 2007, Chapter 204, Sections 2 and 3, Laws 2007, Chapter 361, Section 2, Laws 2008 (2nd S.S.), Chapter 3, Section 1, Laws 2009, Chapter 271, Section 1, Laws 2010, Chapter 84, Section 1, Laws 2018, Chapter 36, Section 1, Laws 2022, Chapter 47, Section 3, Laws 2019, Chapter 264, Section 1, Laws 1984, Chapter 34, Section 2, Laws 2003, Chapter 331, Section 8, Laws 1983, Chapter 218, Section 1, Laws 2003, Chapter 400, Section 2, Laws 2002, Chapter 59, Section 1, Laws 2007, Chapter 204, Section 4, Laws 2009, Chapter 271, Section 2, Laws 2010, Chapter 84, Section 2, Laws 2018, Chapter 36, Section 2 and Laws 2019, Chapter 270, Section 20, as amended) are repealed.

SECTION 91. REPEAL--RURAL JOB TAX CREDIT.--Section 7-2E-1.1 NMSA 1978 (being Laws 2007, Chapter 172, Section 2, as

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amended) is repealed.

SECTION 92. DELAYED REPEAL--FILM PRODUCTION TAX CREDIT ACT.--Sections 7-2F-1 through 7-2F-15 NMSA 1978 (being Laws 2002, Chapter 36, Section 1; Laws 2011, Chapter 165, Section 2 and Laws 2011, Chapter 177, Section 3; Laws 2003, Chapter 127, Section 2; Laws 2015, Chapter 143, Section 4; Laws 2011, Chapter 165, Sections 4 and 5; Laws 2015, Chapter 62, Section 1; Laws 2015, Chapter 143, Sections 5 through 10; and Laws 2019, Chapter 87, Sections 6 through 9, as amended) are repealed effective July 1, 2034.

SECTION 93. REPEAL--ESTATE TAX ACT AND ART ACCEPTANCE ACT.--Sections 7-7-1 through 7-7-20 NMSA 1978 (being Laws 1973, Chapter 345, Sections 1 through 12 and Laws 1983, Chapter 209, Sections 1 through 6, as amended) are repealed.

SECTION 94. REPEAL--PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT.--Sections 7-9-13.1, 7-9-13.3 through 7-9-13.5, 7-9-15, 7-9-19 through 7-9-25, 7-9-26.1, 7-9-29 through 7-9-31, 7-9-38.1 through 7-9-41, 7-9-41.4, 7-9-41.6, 7-9-47 through 7-9-54.5, 7-9-56.1 through 7-9-57.2, 7-9-60 through 7-9-61.2, 7-9-62.1 through 7-9-69, 7-9-71 through 7-9-76.2, 7-9-77.1, 7-9-78, 7-9-79.2 through 7-9-87, 7-9-89, 7-9-91 through 7-9-95, 7-9-98 through 7-9-103.2, 7-9-107 through 7-9-109, 7-9-110.2 through 7-9-112 and 7-9-118 NMSA 1978 (being Laws 1989, Chapter 262, Section 4; Laws 2001, Chapter 231, Section 12; Laws 2002, Chapter 20, Section 1; Laws

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2005, Chapter 351, Section 2; Laws 1970, Chapter 12, Section 1; Laws 1969, Chapter 144, Section 12; Laws 1988, Chapter 82, Section 1; Laws 1969, Chapter 144, Section 15; Laws 1987, Chapter 247, Section 1; Laws 1969, Chapter 144, Section 16; Laws 1987, Chapter 247, Section 2; Laws 1969, Chapter 144, Sections 17 and 18; Laws 2003, Chapter 62, Section 1; Laws 1970, Chapter 12, Section 3; Laws 1969, Chapter 144, Sections 23 and 24; Laws 1992, Chapter 50, Section 12 and Laws 1992, Chapter 67, Section 12; Laws 2002, Chapter 18, Section 2; Laws 1969, Chapter 144, Section 32; Laws 1970, Chapter 60, Section 2; Laws 1972, Chapter 61, Section 2; Laws 2009, Chapter 62, Section 1; Laws 2020 (1st S.S.), Chapter 4, Section 3; Laws 1969, Chapter 144, Sections 37 through 42; Laws 2012, Chapter 5, Section 6; Laws 1969, Chapter 144, Sections 43 and 44; Laws 1992, Chapter 40, Section 1; Laws 1995, Chapter 183, Section 2; Laws 2002, Chapter 37, Section 8; Laws 2003, Chapter 62, Section 4; Laws 2004, Chapter 16, Section 3; Laws 1998, Chapter 92, Sections 1 and 2; Laws 2003, Chapter 232, Section 1; Laws 1969, Chapter 144, Section 47; Laws 2002, Chapter 10, Section 1; Laws 1970, Chapter 12, Section 4; Laws 1981, Chapter 37, Section 52; Laws 2000, Chapter 48, Section 1; Laws 2000 (2nd S.S.), Chapter 4, Section 2; Laws 1969, Chapter 144, Sections 53, 54, 56 and 57; Laws 1984, Chapter 129, Section 2; Laws 1969, Chapter 144, Sections 58, 60, 61 and 63; Laws 1970, Chapter 78, Section 2; Laws 1991, Chapter 8, Section 3; Laws

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1998, Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4; Laws 2014, Chapter 26, Section 1; Laws 1971, Chapter 217, Section 2; Laws 1972, Chapter 39, Section 2; Laws 1977, Chapter 288, Section 2; Laws 1979, Chapter 338, Section 7; Laws 1984, Chapter 2, Section 6; Laws 1998, Chapter 96, Section 1; Laws 1969, Chapter 144, Section 65; Laws 2007, Chapter 204, Section 9; Laws 1993, Chapter 364, Sections 1 and 2; Laws 1994, Chapter 43, Section 1; Laws 1995, Chapter 155, Section 35; Laws 1998, Chapter 89, Section 2; Laws 2001, Chapter 135, Section 1; Laws 2004, Chapter 116, Sections 5 and 6; Laws 2005, Chapter 104, Sections 23 and 25; Laws 2005, Chapter 179, Section 1; Laws 2006, Chapter 35, Sections 1 and 2; Laws 2007, Chapter 3, Sections 16 through 18; Laws 2012, Chapter 12, Sections 2 and 3; Laws 2007, Chapter 172, Sections 9 through 11; Laws 2011, Chapter 60, Section 2 and Laws 2011, Chapter 61, Section 2; Laws 2011, Chapter 60, Section 3 and Laws 2011, Chapter 61, Section 3; Laws 2007, Chapter 361, Section 6; Laws 2007, Chapter 204, Section 10; and Laws 2021, Chapter 4, Section 3, as amended) are repealed.

SECTION 95. REPEAL--INVESTMENT CREDIT ACT.--Sections 7-9A-1 through 7-9A-11 NMSA 1978 (being Laws 1979, Chapter 347, Sections 1 and 2; Laws 2001, Chapter 57, Section 2 and Laws 2001, Chapter 337, Section 2; Laws 1979, Chapter 347, Sections 3 through 7; Laws 1983, Chapter 206, Section 6; Laws 1979, Chapter 347, Sections 8 and 9; and Laws 1997, Chapter 62,

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Section 2, as amended) are repealed.

SECTION 96. REPEAL--INTERSTATE TELECOMMUNICATIONS GROSS RECEIPTS TAX ACT.--Sections 7-9C-1 through 7-9C-11 NMSA 1978 (being Laws 1992, Chapter 50, Section 1 and Laws 1992, Chapter 67, Section 1; Laws 1992, Chapter 50, Section 2 and Laws 1992, Chapter 67, Section 2; Laws 1992, Chapter 50, Section 3 and Laws 1992, Chapter 67, Section 3; Laws 1992, Chapter 50, Section 4 and Laws 1992, Chapter 67, Section 4; Laws 1992, Chapter 50, Section 5 and Laws 1992, Chapter 67, Section 5; Laws 1992, Chapter 50, Section 6 and Laws 1992, Chapter 67, Section 6; Laws 1992, Chapter 50, Section 7 and Laws 1992, Chapter 67, Section 7; Laws 1992, Chapter 50, Section 8 and Laws 1992, Chapter 67, Section 8; Laws 1992, Chapter 50, Section 9 and Laws 1992, Chapter 67, Section 9; Laws 1992, Chapter 50, Section 10 and Laws 1992, Chapter 67, Section 10; and Laws 1992, Chapter 50, Section 11 and Laws 1992, Chapter 67, Section 11, as amended) are repealed.

SECTION 97. REPEAL--LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT ACT.--Sections 7-9E-1 through 7-9E-11 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 20, Sections 1 through 9 and Laws 2007, Chapter 172, Sections 19 and 20, as amended) are repealed.

SECTION 98. REPEAL--TECHNOLOGY JOBS AND RESEARCH AND DEVELOPMENT TAX CREDIT ACT.--Sections 7-9F-1 through 7-9F-13 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 22, Sections 1

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through 6, 8 and 9, Laws 2015 (1st S.S.), Chapter 2, Section 17, Laws 2000 (2nd S.S.), Chapter 22, Sections 10 through 12 and Laws 2015 (1st S.S.), Chapter 2, Section 18, as amended) are repealed.

SECTION 99. REPEAL--HIGH-WAGE JOBS TAX CREDIT.--Section 7-9G-1 NMSA 1978 (being Laws 2004, Chapter 15, Section 1, as amended) is repealed.

SECTION 100. REPEAL--AFFORDABLE HOUSING TAX CREDIT ACT.--Sections 7-9I-1 through 7-9I-6 NMSA 1978 (being Laws 2005, Chapter 104, Sections 17 through 22, as amended) are repealed.

SECTION 101. REPEAL--ALTERNATIVE ENERGY PRODUCT MANUFACTURERS TAX CREDIT ACT.--Sections 7-9J-1 through 7-9J-8 NMSA 1978 (being Laws 2007, Chapter 204, Sections 11 through 18, as amended) are repealed.

SECTION 102. REPEAL--RAILROAD CAR COMPANY TAX ACT.--Sections 7-11-1 through 7-11-6 NMSA 1978 (being Laws 1982, Chapter 18, Sections 17 through 22, as amended) are repealed.

SECTION 103. REPEAL--MOTOR VEHICLE EXCISE TAX ACT.--Sections 7-14-1 through 7-14-11 NMSA 1978 (being Laws 1988, Chapter 73, Sections 11 through 17, Laws 1991, Chapter 197, Section 4, Laws 1988, Chapter 73, Sections 18 and 19, Laws 1993, Chapter 347, Sections 4 and 5 and Laws 1988, Chapter 73, Sections 20 and 21, as amended) are repealed.

SECTION 104. REPEAL--ALTERNATIVE FUEL TAX ACT.--Sections 7-16B-1 through 7-16B-10 NMSA 1978 (being Laws 1995, Chapter

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16, Sections 1 through 10, as amended) are repealed.

SECTION 105. REPEAL--PROVISIONS OF THE SUPPLEMENTAL MUNICIPAL GROSS RECEIPTS TAX ACT AND MUNICIPAL LOCAL OPTION GROSS RECEIPTS AND COMPENSATING TAXES ACT.--Sections 7-19-14 and 7-19D-5 NMSA 1978 (being Laws 1979, Chapter 397, Section 5 and Laws 1993, Chapter 346, Section 5, as amended) are repealed.

SECTION 106. REPEAL--COUNTY AND MUNICIPAL GASOLINE TAX ACT.--Sections 7-24A-1 through 7-24A-21 NMSA 1978 (being Laws 1978, Chapter 182, Section 1, Laws 1991, Chapter 156, Section 2, Laws 1978, Chapter 182, Sections 3 through 6, Laws 1986, Chapter 74, Section 1, Laws 1978, Chapter 182, Section 7, Laws 1990, Chapter 88, Section 8 and Laws 1978, Chapter 182, Sections 8, 10 through 12 and 14 through 21, as amended) are repealed.

SECTION 107. REPEAL--INSURANCE PREMIUM TAX ACT.--Sections 7-40-1 through 7-40-10 NMSA 1978 (being Laws 2018, Chapter 57, Sections 1 through 7 and 10, as amended) are repealed.

SECTION 108. REPEAL--SESSION LAWS NOT YET IN EFFECT.--Laws 2023, Chapter 122, Section 2 is repealed.

SECTION 109. APPLICABILITY.--The provisions of Sections 27 through 29 of this act apply to taxable years beginning on or after January 1, 2026.

SECTION 110. EFFECTIVE DATE.--

A. The effective date of the provisions of Sections

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3 through 5 of this act is July 1, 2025.

B. The effective date of the provisions of Sections 1, 2 and 6 through 108 of this act is January 1, 2026.

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