

Tax Matters

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IN THIS “60 DAY SESSION” AND “SUPERBOWL” ISSUE OF *TAX MATTERS*:

- **The Legislative Session Moves Into Gear**
- **List of Tax Related Legislation**
- **Welcome New Members**
- **Knick Knacks**
- **Tax Quotable**

INTO THE LEGISLATIVE SESSION



The 2009 Regular Session of the New Mexico Legislature convened at noon on Tuesday, January 13, and ends at noon on March 21st. February 19th is the last day that new bills or capital outlay requests can be introduced.

The fastest moving tax bills so far have been House Bill 8 and Senate Bill 80. Both contain provisions that reinstate the first quarterly installment of corporate income tax estimated quarterly payments. The measure corrects a mistake and accelerates revenue to the state, helping to reduce the budget deficit. It is relatively non-controversial but for its timing the change would become effective very shortly before the first payment would be due. To mitigate the problem somewhat, both bills have been amended so that only 1/8 of the annual estimated payment is due by the 15th of the fourth month of the tax year, with the remaining 1/8 due on the 15th of the sixth month. These provisions apply only in tax year 2009, in subsequent years the full 1.4 payment will be due in the fourth month.

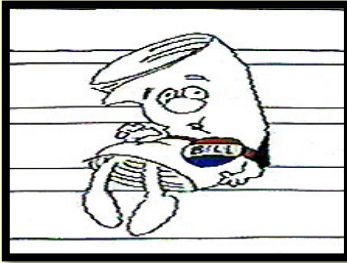
HB 8 was given a rare single committee assignment, and is now in the House floor. While the “money” part of the bill is relatively non-controversial, other wide reaching provisions would require quarterly withholding by all pass-through entities on *all* owners, both resident and nonresident. Currently, PTEs are required to withhold annually only on nonresident owners that don’t agree to file a return and pay any tax due. While HB 8 may have stalled, Senate Bill 80, which contains only the corporate income tax measure, is poised to be heard in the House Taxation and Revenue Committee as early as tomorrow. Meanwhile, the rather narrow film related withholding provisions of HB 8, along with the new film related gross receipts tax exemption and the broad reaching pass-through entity withholding expansions, have been introduced by Speaker Lujan in the form of House Bill 404. The bill, misleadingly titled “Clarify Film Production tax Credit,” may face opposition by local business interests and tax professionals.

Also recently introduced is the anticipated corporate income tax proposal mandating combined reporting. The provisions of the bill – SB 389 – do not address numerous important issues that will affect how the law is applied. The bill “earmarks” a portion of the revenue for public education. This earmark will be extremely difficult for TRD to administer, since it allocates a portion of each tax year’s revenue, and currently TRD does not separately state revenue by tax year as it is distributed. In addition, revenue gains for the measure are extremely difficult to predict – particularly because so many important administrative issues are unaddressed in the bill.

Not unexpectedly, several measures impacting personal income taxes have been introduced, to include Rep. Garcia’s proposal, House Bill 64, to raise personal income tax rates back up to 8.2% over a period of several years. Rep. Arnold-Jones’ has introduced a proposal to increase the capital gains exclusion to 100% (HB 460). HTRC Chairman Sandoval introduced an interim committee-endorsed proposal to simplify personal income tax reporting and index benefits (HB 262). Rep. Stewart has introduced a bill (HB 346) to raise significant amounts of revenue for public schools, with a one year income tax increase followed by a 0.5% increase in GRT and compensating tax rates.

In addition to our table below, the Legislative Council Service maintains copies of bills, compiles locators, and publishes lists of bill conflicts during the session. Most information, to include Legislative Finance Committee (“LFC”) fiscal impact reports (“FIR’s”), is available in a reasonably timely and electronic fashion from their rather robust website, which can be reached at <http://legis.state.nm.us/lcs/>. If you’re curious what the New Mexico Taxation and Revenue Department thinks about proposed legislation, you can find out from the list of their own FIR’s that they maintain on their website here: <https://ec3.state.nm.us/pdflists09/pdfindex.asp>. The NMTRD maintains a group of analysts dedicated to tax related issues, and their work often serves as a basis or source for other agencies such as the LFC.

Bills with significant tax or revenue implications introduced in 2009 Legislative Session:



If no effective date is mentioned, the bill lacks one and would take effect upon enactment, June 19, 2009. Effective date for GRT bills is July 1, 2009 unless otherwise noted. “TYBA” = Tax years beginning on or after.

Bill Number/ Sponsor:	Title: Link to bill language: Description	Assignments -Current Location:
CS-HB 8-A B. Lujan	Estimated tax payments and withholding: CS-HB 8 Effective in tax year 2009, adds a quarterly corporate income tax estimated tax payment by the 15 th day of the 4 th month of the tax year. A temporary provision applies to tax year 2009, with 1/8 of annual payments due by the fourth month and the remainder of the first quarterly payment due by the sixth month. Defines a “film performing artist entity” as pass-through entities for purposes of withholding tax. Quarterly withholding payments on owner’s net income are required of most pass through entities. The new withholding requirements take effect July 1, 2009 for film entities; January 1, 2010 for most other PTE’s. Exempt from the new requirements are distributions subject to the oil and gas withholding tax and distributions by a publicly traded partnership that is not treated as a corporation.	HTRC-H Floor
HB 27 Rehm	UNM hospitals health care surtax: HB 27 Creates a new gross receipts tax (“GRT”) surtax of 1/16% imposed statewide to fund UNMH; Eliminates property tax levy in Bernalillo County when surtax takes effect. Effective Jan. 2010	HHGAC/HT RC/HAFC- HHGAC
HB 29 Rehm	Motor vehicle insurance violations: HB 29 Imposes a new \$75 reinstatement fee if vehicle registration lapses due to lack of insurance. Revenue would go to the motor Vehicle Division for enforcement. Changes the fine for lack of insurance from “up to \$300” to a fixed \$75 penalty assessment. Allows removal of license plate for lack of insurance and increases fee for replacing the plate from \$25 to \$100. Effective 7/1/2009.	HTRC/HJC/ HAFC- HTRC
HB 34 Berry	Property tax information disclosure: HB 34 Title insurance companies would be required to disclose to purchasers of residential property that the assessed value and property tax liability on the property are likely to increase substantially in the first year after purchase.	HBIC/HTRC -HBIC
HB 48 Rehm	UNM health care reimbursement from counties: HB 48 Counties other than Bernalillo would be required to reimburse UNM hospital for medical services provided to residents of the counties.	HHGAC/HT RC-HHGAC

	Bernalillo County Commission would be required to reduce its property tax levy for hospitals to reflect such reimbursement.	
HB 55 Begaye	Hospital GRT time and uses: HB 55 Subject to voter approval, San Juan County would be authorized to re-impose the local hospital GRT more than once up to a total of 40 years and to modify the uses to which revenue could be put.	HHGAC/HT RC-HHGAC
HB 56 Begaye	Medical recordkeeping tax credit: HB 56 Creates a new income tax credit for pharmacists or physicians for 100% of the cost of equipment required to maintain electronic records of their patients. Credits could be claimed over a period of five years, with annual credit claims limited to the lesser of (1) 20% of the cost of the equipment; (2) the value of uncompensated care provided in the year and (3) tax liability. Applicable TYBA 1/1/2010.	HHGAC/HT RC-HHGAC
HB 57 Begaye	Local liquor surtax and rates: HB 57 Replaces the present law Local Liquor Excise Tax (which has never been imposed) with a Local Liquor Surtax imposed on wholesalers at the rate of 25% of the amount of Liquor Excise Tax they owe on products distributed to retailers within the imposing county. Allows any county in the state to impose the surtax by a vote of their governing board. Imposition would be for 3 years and could be extended upon approval by the voters.	HBIC/HTRC -HBIC
HB 61 Taylor	Rural health care tax credit eligibility: HB 61 Expands the definition of eligible areas to include those with a physician shortage of 15% or more as determined by the NM Dept. of Health. Expands the definition of “rural” to include municipalities less than 50,000. Effective 1/1/2009.	HHGAC/HT RC-HHGAC
HB 62 Lujan	Farm and ranch employee worker’s compensation exemption: HB 62 Removes the exclusion of employees of family farms from worker’s compensation requirements if the employer has 3 or more employees. Allows employers to exclude family member employees from WC. SB 9 is similar.	HLC/HBIC- HLC
HB 64 M. Garcia	Restoring income tax progressivity: HB 64 Increases top individual income tax rate over several years from 4.9% to 8.2%. Also modifies the income levels at which various tax rates would take effect, levels shown would apply to married taxpayers filing joint returns in 2014 and after: Taxable Income above \$24,000 6% Taxable Income above \$40,000 7.1% Taxable Income above \$64,000 7.9% Taxable Income above \$100,000 8.2% Effective 1/1/2010.	HBIC/HTRC -HBIC
HB 67 J. Campos	Mission transition program gross receipts: HB 67 Provides a GRT deduction for construction materials used on military installations.	HBIC/HTRC -HBIC
HB 75 B. Lujan	Manufacturing & investment tax credits: HB 75 Extends corporate income tax double-weighted sales apportionment option sunset date from January 1, 2011 to January 1, 2020. Extends to	HBIC/HTRC -HBIC

	the same date sunset in the investment tax credit on a higher rate of credit per additional employee. Also postpones to January 1, 2020 the effective date of annual limit on investment credits for one taxpayer of no more than \$2 million.	
HB 78 Varela	Malt beverages as spirituous liquor: HB 78 Subjects flavored malt beverages to the liquor excise tax and directs revenue to programs for prevention of underage drinking.	HBIC/HTRC -HBIC
HB 84 Lundstrom	Uranium Legacy Clean-up Act: HB 84 Imposes a new surtax on uranium severance and processing at a rate of 2% of taxable value under the Resource Excise Tax (the current tax rate is 0.75%). No tax would be imposed on the purification, UF6 conversion, enrichment, deconversion, reprocessing or disposal of uranium. Revenue from the new tax – and 50% of revenue from the existing tax on uranium – would go to a new fund for programs designed to mitigate health effects of uranium mining activities prior to July 1, 2009. Effective 1/1/2010.	HNERC/HT RC/HAFC- HENRC
HB 89 Trujillo	Hybrid vehicle excise tax exemption: HB 89 Extends – from June 30, 2009 to June 30, 2014 – the motor vehicle excise tax exemption for gasoline-electric hybrid fuel vehicles. Corrects erroneous references to hybrid vehicles in several other tax statutes.	HBIC/HTRC -HBIC
HB 98 T. Garcia	Greenhouse gas registry fees: HB 98 Authorizes the environmental improvement board or a local board to impose fees on emitters of more than 1,000 tons of carbon dioxide emissions. Fees would be set at whatever rate is necessary to cover costs of programs to monitor and inventory carbon dioxide emissions. A maximum of \$200 thousand total fees and \$10,000 per emission source would be collected. Effective July 1, 2009.	HENRC/HT RC/HAFC – HENRC
HB 115 Irwin	Direct wine shipments: HB 115 Allows direct shipments to customers of limited amounts of wine. The same taxes would be due on the shipments as under wine deliveries under present law.	HBIC/HTRC -HBIC
HB 116 Heaton	Orthotic and prosthetic device GRT deduction: HB 116 Makes orthotics and prosthetics practitioners eligible for the income tax credit for rural health practitioners and also eligible for the GRT deductions for reimbursements by Medicare and by managed care. Effective July 1, 2009.	HHGAC/HT RC-HHGAC
HB 129 Gutierrez	Expand rural health practitioner tax credit: HB 129 Would make occupational therapist, physical therapists, social workers and speech-language pathologists eligible for the credit. Effective 1/1/2010.	HHGAC/HT RC-HHGAC
HB 132 Miera	Educational property tax exemptions: HB 132 Exempts from property tax property that is leased to a public school district for public school purposes. Applies to 2009 and subsequent property tax years.	HEC/HTRC- HEC
HB 135 Miera	County health care GRT increment: HB 135 Authorizes the Bernalillo County Commission to continue to impose a 1/16% GRT option to fund health care for indigent patients after the June 30, 2009 sunset date in present law.	HHGAC/HT RC-HHGAC

HB 160 Park	No revaluation of property upon transfer: HB 160 Eliminates the requirement that residential property be revalued when sold or transferred. The 3% annual limit on assessed value growth would apply to properties that are transferred. Applies to property tax years 2009 and subsequent.	HBIC/HTRC -HBIC
HB 174 Roch	School event services GRT deduction: HB 174 Provides a GRT exemption for receipts from officiating at public school athletic events.	HBIC/HTRC -HBIC
HB 178 Crook	Unclaimed property recovery fee limit: HB 178 Limits the fee that may be collected for aiding in the recovery of unclaimed property to no more than 10% of the value of the property. Effective July 1, 2009.	HCPAC/HT RC-HCPAC
HB 179 Steinborn	Expand rural health care practitioner tax credit: HB 179 Changes the definition of a medically underserved area for purposes of the tax credit. Also changes the definition of “rural” under the credit so that it would include all areas of the state except for Bernalillo County.	HBIC/HTRC -HBIC
HB 203 R.S. Martinez	Expand rural health care practitioner tax credit: HB 203 Expands eligibility to occupational therapists, physical therapists, social workers and speech pathologists. Same as HB 129.	HHGAC/HT RC-HHGAC
HB 204 Sandoval	Extend horse racing act to 2015: HB 204 Extends the sunset date on the horse racing act from July 1, 2011 to July 1, 2015.	HHGAC/HT RC- HHGAC
HB 241 Cote	Child day care GRT deduction: HB 241 Provides a GRT deduction for providing child day care services that are reimbursed by the Children, Youth and Families Department. Effective 7/1/2009.	HBIC/HTRC -HBIC
HB 251 Park	Updating property value with decreases: HB 251 Authorizes county assessors to decrease assessed value when necessary to bring property values to current and correct.	HHGAC/HT RC-HHGAC
HB 257 Varela	Tax administration confidentiality: HB 257 Section 7-1-8 is re-written to make definitions and requirements clearer for entities that are authorized to receive tax return information under some circumstances. Newly-authorized to receive returns information are U.S. attorneys; Law enforcement agencies conducting joint investigations with TRD; The Alcohol, Tobacco and Firearms division of the U.S.; The Regulation and Licensing Department could receive information if a license holder is delinquent on tax payment or filing; the Human Services Department for purposes of reporting the use of federal funds to pay state credits; and Tax Increment Development Districts could receive the same kinds of information currently shared with local governments.	HTRC/HJC- HTRC
HB 258 Sandoval	Graduate gaming tax rate on smaller racetracks: HB 258 The gaming tax rate would be reduced from 26% for racetracks that had less than \$14 million of net win in the preceding year to 10% on the first \$10 million of net win and 26% thereafter. Effective 7/1/2009.	HBIC/HTRC -HBIC
HB 261 Sandoval	Estimated future property tax information to buyers: HB 261 Potential buyers of residential property would be provided with an	HBIC/HTRC -HBIC

	estimate of the possible property tax liability on the property calculated by multiplying the prevailing tax rates in the jurisdiction by one-third of the estimated sales price of the home. This information would be provided by real estate brokers, title companies and lending institutions.	
HB 262 Sandoval	Income tax credits: HB 262 The Income Tax Act would be substantially re-written. All tax brackets would be collapsed into one bracket with a 4.9% tax rate. The financial benefits currently provided by the lower rate brackets, the personal exemption, standardized deductions, the low- and middle-income personal exemption and the low-income comprehensive tax rebate would all be captured in a table of credits keyed to the taxpayer's income and number of exemptions. Taxpayers who itemize would still be able to deduct the excess of itemized over standard deductions. The definition of modified gross income would be simplified by eliminating some components. The credit amounts would be indexed to increase with inflation, reducing the effects of "bracket creep."	HCPAC/HT RC-HCPAC
HB 266 Trujillo	Tax payments and installment agreements: HB 262 Lowers annual liability threshold for electronic payments requirement from \$25,000 to \$10,000. Electronic payments can be required for Cigarette tax, tobacco products tax and liquor excise tax. Third party payers would be subject to electronic payment requirements. Monthly filing threshold for CRS would be increased from \$200 to \$300. TRD would be allowed to serve warrants of levy upon financial institutions electronically. TRD could delay accrual of interest for disasters. Minimum penalty is increased from \$5 to \$25. Effective July 1, 2009.	HBIC/HTRC -HBIC
HB 276 Anderson	Military retirement pay tax exemption: HB 276 Provides an income tax exemption for 50% of military retirement or retainer pay of an armed services retiree or surviving spouse. Applies to TYBA 1/1/2009.	HCPAC/HT RC-HCPAC
HB 277 Anderson	Uniformed service retirement tax exemption: HB 277 Provides an income tax exemption for retirement payments and survivor's benefits payments for service in the uniformed services of the U.S. Applies to TYBA 1/1/2009.	HCPAC/HT RC-HCPAC
HB 297 Heaton	Property tax on mutual domestic associations: HB 297 Exempts from property taxation commercial water property owned or sold by a nonprofit mutual domestic water association. Applies to TYBA 1/1/2010.	HAGC/HTR C-HAGC
HB 305 Rehm	Front and rear vehicle license plates: HB 305 Requires two license plates for most vehicles beginning with their next renewal. Additional fee of up to \$5 is allowed to cover costs. Effective 1/1/2010.	HTPWC/HT RC-HTPWC
HB 320 Varela	Require tax expenditure budget: HB 320 TRD would be required to prepare and present a tax expenditure budget every year on all tax expenditures exceeding \$1 million annual general fund impact.	HBIC/HTRC -HBIC
HB 337	Water and sanitation district revenue: HB 337	HAGC/HTR

Gonzales	TRD could release GRT taxpayer names and ID numbers to a water and sanitation district. Various changes to statutes governing the districts.	C-HAGC
HB 344 King	Dependent child day care expenses tax credit: HB 344 Increases the income threshold determining eligibility for the child care credit. Increases the maximum annual amount of credit that can be claimed by one taxpayer from \$480 to \$2,400. Applies to TYBA 1/1/2009.	HCPAC/HT RC-HCPAC
HB 346 Stewart	Education income tax surtax: HB 346 In tax years beginning in 2010, the income tax rate on the top brackets would be increased from 4.9% to 6.0%. TRD would estimate how much additional revenue this generates so that amount can be distributed to the public school fund. Beginning July 1, 2009, a surtax of 0.5% of the taxable base would be added to both the GRT and Compensating taxes.	HTRC/HAF C-HTRC
HB 351 Varela	Retiree health care fund distribution HB 351 Removes the June 30, 2010 sunset date on the \$3 million annual distribution of income tax receipts to the retiree health care fund.	HHGAC/HT RC-HHGAC
HB 359 J. Trujillo	Child daycare services GRT deduction HB 359 Provides a credit against GRT from providing child daycare services after June 30, 2009. The credit applies only to the state's share of GRT – i.e. 3.775% times taxable gross receipts in municipal areas and 5HBIC/HTRC-HBIC% in non-municipal areas.	
HB 374 R. Gonzales	Motor vehicle excise tax to state road fund HB 374 Beginning July 1, 2009, 16.5% of net receipts attributable to the Motor vehicle excise tax would be distributed to the state road fund. Currently those revenues are distributed to the General Fund.	HTRC/HAF C-HTRC
HB 375 R. Gonzales	Geothermal heat pump tax credits HB 375 Provides corporate and individual income tax credits for 30% of the cost of installing a geothermal heat pump up to a maximum of \$9,000 per taxpayer. A maximum of \$2 million of credits could be awarded in one year. The credits are non-refundable but could be carried forward for 10 years. The credits sunset in 2020.	HBIC/HTRC -HBIC
HB 376 R. Gonzales	Local government capital outlay gross receipts tax HB 376 Removes the requirements that a municipality have imposed all increments of the municipal GRT, the municipal infrastructure GRT and NOT have imposed the supplemental municipal GRT prior to imposing the capital outlay GRT. Removes the requirements that a county have imposed all increments of the county GRT and the county infrastructure GRT prior to imposing the county capital outlay GRT.	HHGAC/HT RC-HHGAC
HB 388 Barreras	Property tax treatment of wastewater HB 388 Creates a special valuation method for wastewater system property. Such property would be valued at \$2.49 per 1,000 gallons of wastewater transmitted.	HBIC/HTRC -HBIC
HB 392 Barela	Greenfield tax increment district procedures HB 392 Defines a Greenfield TID district. Requires additional notice be given to the state of a local government's intention to form a TID. Requires the Secretary of Finance and Administration be a member of the governing body of a TID. Adds food and medical services hold harmless	HBIC/HTRC /HAF C-HBIC

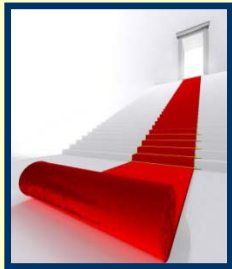
	distributions to the amounts distributed to TID's. Limits the share of state GRT revenue that can be distributed to a TID to 50%, or to 20% in a Greenfield TID, but the 20% can increase to as much as 50% if various criteria are met. Revenue distributions to a TID in excess of the amount needed for debt service would revert to the local government that created the TID. A task force would be created to oversee implementation of the TID Act.	
HB 404 Lujan	Clarify film production tax credit HB 404 Defines a "film performing artist entity" as a company that accepts payments on behalf of performing artists as eligible for film credits as long as the entity pays withholding tax. Such entities are defined as pass-through entities for purposes of withholding tax. Quarterly withholding payments on owner's net income are required of all pass through entities. The new withholding requirements take effect July 1, 2009 for film entities; January 1, 2010 for most other PTE's. Exempt from the new requirements are distributions subject to the oil and gas withholding tax and distributions by a publicly traded partnership that is not treated as a corporation. Provides a GRT exemption for receipts of a film entity from another film entity.	HBIC/HTRC -HBIC
HB 405 Lujan	Renewable energy production tax credit caps HB 405 Increases cap on production from solar-powered facilities from 500,000 megawatt-hours (MWh) to 1 million MWh. Creates new credit authority of up to 200,000 MWh for dairy or feedlot waste biomass facilities.	HBIC/HTRC -HBIC
HB 407 T. Garcia	Tax contribution to Vietnam veteran's memorial HB 407 Creates a new income tax check-off for donations to a veteran's memorial fund.	HBPAC/HT RC-HCPAC
HB 415 Arnold- Jones	5-year old small business GRT credit HB 415 Creates a new non-refundable credit against GRT liability for businesses with fewer than 50 employees. The credit rate would start at 0.25% for businesses operating for at least 5 years, and increase to 1% for those operating for at least 20 years.	HBIC/HTRC -HBIC
HB 429 Cote	Federal employee property tax income credit HB 429 Provides a non-refundable income tax credit for the lesser of property tax paid to another state or \$1,975 for non-resident taxpayers in the first three years they are employed at federal law enforcement facilities within 20 miles of the international border.	HBIC/HTRC -HBIC
HB 430 Cote	Border business employee tax credit HB 430 Provides a non-refundable income tax credit for the lesser of property tax paid to another state or \$1,975 for non-resident taxpayers in the first three years they are employed at certain business facilities within 20 miles of the international border. Present law language allocating income of non-resident employees at certain border businesses to their state of residence is repealed.	HBIC/HTRC -HBIC
HB 451 Lundstrom	Tax increment development district oversight HB 451 Local governments voting to establish a tax increment development district ("TIDD") would be required to provide notice to the state. The Secretary of Finance and Administration would be a member of the	HBIC/HTRC -HBIC

	governing board of any TIDD. Food and medical deductions would be added to the base for determining GRT distributions to a TIDD. GRT amounts distributed to a TID in excess of amounts needed to cover debt service obligations would revert to the taxing authority creating the TIDD.	
HB 460 Arnold-Jones	Net income deduction of capital gain income HB 460 Increases the income tax deduction for capital gains income from 50% to 100%. Applies to TYBA 1/1/2010.	HBIC;NTRC -HBIC
HB 463 Miera	Tax revenue to certain charter schools HB 463 Ballot measures in Bernalillo County on property taxes for public school improvements would not be required to contain funding for charter schools. Such schools would instead be funded as part of the school district's facilities master plan.	HEC/HTRC- HEC
HB 466 Miera	Public school lease purchase HB 466 Exempts from property tax property that is leased to a public school district for public school purposes. Makes several other changes to requirements for property tax impositions for public school capital purposes.	HEC/HTRC- HEC
HB 470 Sandoval	Westland tax increment project bonds HB 470 Authorizes the issuance of \$408 million of bonds for the Westland upper petroglyphs development to be paid with GRT increment financing.	
HB 480 Stewart	Economic development fiscal accountability HB 480 Requires the Economic Development Department to prepare a biennial report documenting economic development tax and spending initiatives.	HBIC/HTRC -HBIC
HB 490 Taylor	Taxation and revenue department agreements with IRS HB 490 TRD would be allowed to enter the state income tax levy program which requires acceptance of electronic levies from IRS (which carry a fee) and allows TRD to charge IRS a comparable fee for levies.	HTRC/HAF C-HTRC
HJR 1 Steinborn	Veteran's organization property tax exemption: HJR 1 Proposed constitutional amendment would provide a property tax exemption for property of a veteran's organization chartered by Congress.	HVEC/HTR C-HVEC
HJR 3 Park	Head of family property tax exemption: HJR 3 Proposes a constitutional amendment to increase the head of household property tax exemption from \$2,000 to \$20,000.	HVEC/HTR C-HVEC
HJR 4 E. Barela	National guard property tax exemption: HJR 4 Proposes a CA to make national guard veterans eligible for the \$4,000 property tax exemption for veterans.	HVEC/HTR C-HVEC
HJR 9 Taylor	Limit state expenditure increases HJR 9 Proposes a constitutional amendment to limit annual increases in expenditures to no more than 3.6% plus the rate of population growth.	HVEC/HTR C/HAF- HVEC
SB 19 Papen	Las Cruces downtown tax increment district: SB 19 Would authorize the issuance of \$7.25 million in bonds to be paid with GRT increment revenue. Effective 7/1/2009. [TRD notes that approval of the bonds is not required for the Board of Finance to authorize dedication of a portion of the State's GRT.]	SCORC/SFC -SCORC

SB 32 Cisneros	Land grant property conveyance tax credit: SB 32 Would make land grants which are treated as a subdivision of the state eligible for the present law tax credit for land donations. The credit is for 50% of the value of donated land and can be transferred to a third party.	SCONC/SC ORC/SFC- SCONC
SB 35 Harden	Renewable energy transmission project bonds: SB 35 New Mexico Finance Authority could issue bonds on behalf of the Renewable Energy Transmission Authority (RETA). The Credit Enhancement Account (funded by cigarette tax revenue) could be used to subsidize debt issued by RETA. Property leased from or purchased from RETA would be exempt from property tax. State Investment Council and the State Treasurer would be authorized to purchase debt issued by RETA. In addition to the present law tax exemption for bonds issued by RETA, exemption from tax would apply to any mortgages used as security for the bonds, to any personal or real property acquired with bond funding, and to any lease agreements entered into by the RETA. Effective 7/1/2009.	SCONC/SC ORC/SFC- SCONC
SB 45 B. Sanchez	Extend research and development tax credit: SB 45 Sunset date on the R&D Small Business Tax Credit would be extended from June 30, 2009 to June 30, 2013.	SCORC/SFC -SCORC
SB 58 R. Martinez	Expand rural health care tax credit: SB 58 Health care providers eligible for the credit would be expanded to include occupational therapists, physical therapists, social workers and speech and language pathologists. Effective 1/1/2010.	SCORC/SFC -SCORC
SB 69 Ortiz y Pino	No soft drink GRT deduction: SB 69 Soft drinks would be excluded from eligibility for the GRT deduction for food for home consumption. Effective 7/1/2009.	SCORC/SFC -SCORC
SB 80 Smith	Corporate income tax reporting dates: SB 80 Adds a quarterly estimated tax payment on the 15 th day of the fourth month of the tax year. Applied to TYBA 1/1/2009.	SCORC/SFC -SCORC w/drn-SFC- DP/a PASSED/S HTRC
SB 88 Neville	Expand definition of retail food store: SB 88 Expands definition of a food store for the GRT food deduction to include a store 75% of the gross revenue of which comes from ice, water and coffee.	SCORC/SFC -SCORC
SB 89 Neville	Local hospital GRT changes: SB 89 Subject to voter approval, San Juan County would be authorized to reimpose the local hospital GRT more than once up to a total of 40 years and to modify the uses to which revenue could be put.	SCORC/SFC -SCORC
SB 108 Beffort	Temporary tax amnesty program: SB 108 Authorizes TRD to conduct a 90-day tax amnesty program for taxes covered by the Tax Administration Act during FY 2010. Appropriates \$500,000 to the Department for the purpose.	SCORC/SFC -SCORC
SB 115 Boitano	Leased school property tax exemptions: SB 115 Exempts from property tax property that is leased to a public school district for public school purposes. Applies to 2009 and subsequent	SEC/SFC- SEC

	property tax years.	
SB 181 Boitano	No property revaluation upon sale: SB 181 Eliminates the requirement that residential property be revalued when sold or transferred. The 3% annual limit on assessed value growth would apply to properties that are transferred. Applies to property tax years 2009 and subsequent.	SCORC/SFC -SCORC
SB 201 B. Sanchez	Tax increment for development districts amendments: SB 201 Tax base for TIDD increments would include food and medical deductions. Modifies formulas for determining base and incremental GRT. Adds more local option GRT that can be dedicated to a TIDD. Any GRT increment dedicated to a TIDD in excess of the amounts needed for debt service would be distributed to the dedicating government entity.	SCORC/SFC -SCORC
SB 209 Rodriguez	Expand affordable housing tax credits: SB 209 Removes the limitation making the credits available only in counties with population less than 100,000.	SCORC/SFC -SCORC
SB 213 Beffort	Weight distance tax underreporting penalties: SB 213 Imposes new civil penalties for failure to report mileage or for underreporting either mileage or weight. Effective 7/1/2009.	SJC/SFC- SJC
SB 219 Morales	Cigarette tax act changes: SB 219 Conforms cigarette tax act definitions with those in the Master Settlement Agreement. Prohibits sale of cigarettes by manufacturers not in the MSA. Allows the Department to revoke or suspend licenses for violations of the tax escrow requirements. Exempts tribal sales from the tobacco products tax.	SCORC/SFC -SCORC
SB 237 Cisneros	Renewable energy production tax credit: SB 237 Makes geothermal facilities eligible for the advanced energy tax credit. Expands the classes of entities that may qualify for the credit.	SCONC/SC ORC- SCONC
SB 249 Lopez	Tax increment development projects: SB 249 Authorizes the issuance of \$408 million of bonds for the Westland Upper Petroglyphs project.	SCORC/SFC -SCORC
SB 257 Keller	Solar market development tax credit SB 257 The income tax credit for solar equipment would be 10% of the system cost without reference to any federal credit for which the equipment is also eligible. Under present law, the credit rate is 30%, but any federal credits must be subtracted from the 30%. Applies to TYBA 1/1/2009.	SCORC/SFC -SCORC
SB 272 Nava	Federal employee property tax income credit SB 272 Provides a non-refundable income tax credit for the lesser of property tax paid to another state or \$1,975 for non-resident taxpayers in the first three years they are employed at federal law enforcement facilities within 20 miles of the international border.	SCORC/SFC -SCORC
SB 291 Feldman	Sustainable building tax credit SB 291 Credits could be applied to manufactured housing that otherwise meets the requirements. Credit cap earmarked for commercial buildings could be used for multi-family housing if all current cap for residential housing has been allocated.	SCORC/SFC -SCORC
SB 324	Municipal environmental GRT rate SB 324	SCORC/SFC

Jennings	This local option tax rate would be increased from 1/16% to 1%. No voter approval is required to impose the tax.	-SCORC
SB 327 B. Sanchez	Chile production income tax credit SB 327 New non-refundable individual and corporate income tax credits would be provided equal to \$200 per acre of chile planted.	SCORC/SFC -SCORC
SB 333 Boitano	Reduce undeveloped property tax ratio SB 333 Reduces the assessment ratio for property tax purposes from 1/3 to 1/6.	SCORC/SFC -SCORC
SB 340 Morales	Tax refund anticipation loan act SB 340 Companies offering refund anticipation loans would be required to be licensed and pay a \$1,000 fee. Imposes disclosure requirements and prohibits a variety of activities. Establishes fines for violations of the act.	SCORC/SFC -SCORC
SB 355 Campos	Nonpublic school scholarship tax credit SB 355 Creates non-refundable corporate and individual income tax credits for donations to certain scholarship-granting organizations. Maximum annual credit amounts are \$500 (single), \$1,000 (Joint) and \$50,000 (corporate).	SEC/SFC- SEC
SB 366 Smith	Tax distribution to retiree health care SB 366 Deletes the sunset date on the annual distribution of \$3 million of net individual income tax revenue to the retiree health care fund. Increases employer contribution to the fund.	SCORC/SFC -SCORC
SB 374 Ortiz y Pino	Expand rural health care tax credit SB 374 Expands eligibility for the rural health care practitioners tax credit to include pharmacists and pharmacy technicians.	SCORC/SFC -SCORC
SB 384 Griego	Water and sanitation districts SB 384 Districts could receive the same kinds of tax return information about taxpayers within their district as is currently granted to local governments. Other changes are made to the sanitation district act.	SCONC/SJC -SCONC
SB 389 Wirth	Corporate tax to public school fund SB 389 Earmarks to the public school fund 1/6 of net revenue attributable to the corporate income tax. Mandates that all unitary corporations report as a combined group for corporate income tax purposes. Repeals the option for a corporation to report on a federal consolidated basis.	SCORC/SFC -SCORC
SJR 3 Payne	Limit real property taxes to one percent: SJR 3 Proposes a constitutional amendment to limit total property taxes levied on a property to no more than 1% of the current and correct value of the property.	SRC/SJC- SRC
SJR 9 Campos	Double statewide debt limit: SJR 9 Increases the limit on total General Obligation debt outstanding from one percent to two percent of the total value of taxable property. Additional proceeds are earmarked for health care facilities and higher education facilities.	SRC/SJC/SF C-SRC



WELCOME NEW MEMBERS: The New Mexico Tax Research Institute is delighted to welcome these new members and thank them for their support of good tax policy in New Mexico.

Kirtland Partnership Committee

A very special thank you goes to Executive Director Stuart Purviance, for making the membership happen and for his help, support and interest in good New Mexico tax policy.

KNICK KNACKS

California continues to give New Mexicans something to feel relatively good about. The state is no longer paying refunds of taxes, and won't until the budget crisis is resolved and cash flows restored. Recently speaking at a Sacramento Press Club luncheon, Governor Arnold Schwarzenegger said he "despises tax increases" but "mathematics are more powerful than ideology", when commenting on the realities of balancing a \$42 billion budget problem. Officials hope to reach a budget accord this week, but the scale of the shortfall and the unwillingness to increase already high taxes or decrease spending have slowed progress. Meanwhile, a Superior Court judge in Sacramento upheld the governor's plan to furlough state workers two days a month in order to save an estimated \$1.3 billion.

TAX QUOTABLE:

"Taxes grow without rain."

~Jewish Proverb



COMMENTS: Your suggestions and comments on this newsletter, the conferences (past or future), the Distinguished Lectures Series, our research or any aspect of NMTRI's operation and programs are welcome. Please send them to richard.anklam@nmtri.org, call 505-269-6791 or mail them to P.O. Box 91657, Albuquerque, New Mexico 87199-1657. You may also e-mail them to tom.clifford@nmtri.org or call him at 505-228-7129. We genuinely solicit your input and thank you for your support.



"The power to tax involves the power to destroy" - McCulloch v. Maryland, 17 U.S. 316 (1819), Chief Justice John Marshall.
"Taxes are what we pay for civilized society" Campaña General de Tabacos v. Collector, 275 U.S. 87, 100 (1927), Justice Oliver Wendell Holmes, dissenting.
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