

Tax Matters

The Newsletter of the New Mexico Tax Research Institute

Issue No. 2011-5

February 20, 2011

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

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

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

© 2011 NMTRI

IN THIS LEGISLATIVE SESSION ISSUE OF *TAX MATTERS*:

- **Into the Legislative Session**
- **List of Tax Related Legislation**
- **Happenings Leading Up to the Legislative Session**
- **Making a Difference One Plate at a Time**
- **Telecom Taxes, Anyone?**
- **Tax Quotable**

INTO THE LEGISLATIVE SESSION



The 2011 Regular Session of the New Mexico Legislature convened at noon on Tuesday, January 18, and ends at noon on March 19. The deadline for bill introduction was last Thursday, February 17. Legislation not acted on by the governor is pocket vetoed on April 8. The effective date of legislation without an emergency clause or effective date is June 17. Being a “long” or 60-day session, non-budgetary legislation and items not related to the budget are fair game and not limited by the call of the Governor. It continues to be a busy session, given the state’s ongoing fiscal crisis, as

high profile, contentious and painful budget and revenue issues are center stage along with anything else legislators wish to consider.

New Mexico has an uncompensated volunteer legislature comprised of a 70 member House of Representatives and a 42 member Senate. Legislative sessions alternate between 30-day budget related sessions in even numbered years, and unconstrained 60-day sessions in odd-numbered years.

The Last Gasp of Legislation...

A total of 655 House and 628 Senate bills have been introduced (the larger House got off to a much slower start, but managed to catch up and pass...). Last Thursday was the last day to introduce new legislation. The last 48 bills in both houses to be introduced were “dummy” or placeholder bills for “the public peace, safety and welfare”. Such bills are typically introduced near the introduction deadline by committee chairs to be used as vehicles for legislation that requires introduction (via amendment or substitute) after the introduction deadline. Our expectations regarding fewer tax proposals, plenty of accountability oriented bills, as well as similar but differently referenced “loophole” closures or “fairness” proposals continued to be met. Also met are continued expectations of less legislation in general, relative to other recent 60-day sessions (almost twice as many bills were introduced in prior legislative sessions). Still, we’re tracking well over a hundred tax and significant revenue related bills introduced thus far. (Let us know if you notice a bill not on the list that should be.)

The newly revised consensus revenue forecast was released. It was revised up slightly, however budget targets remain unchanged, with any excess revenue from the last forecast apparently to be used to partially restore our relatively low level of reserves. Shortly thereafter, the House passed its budget, mostly along party lines (see [House Bill 2](#)). The film incentives were left intact, although job training funding (“JTIP”) took a hit.

In the meantime, bills continue to get heard in their first committees, and committees that tend to be a last stop for tax related matters (e.g. House Taxation and Revenue (“HTRC”) and Senate Finance Committee (“SFC”)) are hearing proposals as well. The HTRC is still temporarily tabling all proposals with fiscal impacts per committee policy. As previously mentioned, the Senate Finance Committee has not been entertaining much in the way of spending proposals, and no tax increase proposals have been passed to the SFC thus far.

The only bill to “cross-over” from the House to the Senate so far is Rep. Eleanor Chavez’s [House Bill 161](#), which provides for a tax expenditure budget. The bill passed the House unanimously after being amended on the floor, and is now in the hands of the Senate Corporations committee. That proposal speaks to an issue that has been quite popular lately:

Accountability – what does it mean?

Emerging from a scandal ridden political environment where waste, fraud and corruption were the legitimate concerns of many voters and policy makers, provisions intended to improve transparency and accountability have abounded. But, are legislators improving things, or simply creating the illusions of oversight and accountability, while distracting from real issues and work?

First, more and better information is always a good thing. But, it can come at a serious cost, and if not accurate and well understood, can actually lead to bad decision making. This was evident after the Taxation and Revenue Department attempted to score the value of credits, deductions, and rate differentials in late last year. While being lectured by TRD and LFC that real “tax expenditures” weren’t necessarily limited to rate differentials, exemptions, deductions, and credits, nor are all those things necessarily tax expenditures, the information was immediately consumed and co-opted by special interests, lawmakers, and the press alike. The claims of “billions of dollars of giveaways” were true, only if one really believes that things like wages and dividends and interest should be subject to gross receipts tax.

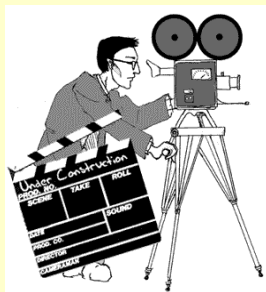
Oil and gas tax deductions for transportation (used in order to adjust the product value for tax purposes to the point where it’s severed) for instance, were singled out by industry opponents as industry “giveaways”, even though the tax structure becomes nonsensical without them. Similarly, we’ve seen proposals to raise rates such as those that in the extractive industries because rates on some products are lower than others. While tax rates may in fact be too low, or too high, its childish logic to assume that different products -- sold into differing markets, in differing volumes, and with differing means of production/extraction and differing impacts to the state -- should all be taxed at the same arbitrary rate. Surprisingly, no one has yet suggested that gasoline and diesel or alcohol and cigarettes be taxed at identical rates.

Most new tax break proposals (i.e. new or expanded credits and deductions) include requirements that the Taxation and Revenue Department study and report on the “effectiveness” of the measures, users, and other information. Chairman Sandoval has a proposal that more specifically requires the TRD to review all incentives and report in similar detail. Senators Smith and Keller have proposals requiring taxpayers’ report exemptions and deductions in excruciating detail. Representative Eleanor Chavez has a virtually incomprehensible reporting proposal singling out C-corporations (for some inexplicable reason) and governments as well. With the film subsidy, proponents want more study before changes are considered. Senators Keller and Rue have proposals expanding reporting requirements and Senator Phil Griego has a couple of memorials that call for studies of film incentives. It all sounds good, and the rhetoric is mostly well intended and good useful information IS a good thing. However there are costs associated with such measures. Taxpayer confidentiality, the lynchpin of a voluntary compliance system, usually comes under assault. Such considerations always need to be taken very seriously.

Without exception, all of these sorts of proposals present “unfunded mandates” to taxpayers as well the Taxation and Revenue Department. The detailed reporting requirements provide no penalties for non-compliance. All that really means is the TRD would be guaranteed to get bad data. Yet, it would still have to spend the resources to process it (resources that might otherwise be used on tax enforcement), and “good” taxpayers will spend time and money attempting to comply. (NM would transcend from having the simplest tax return in the country to one of the most, if not the most complicated, overnight.) The proposals to study and report out on film and other credits and incentives are also entirely unfunded. All the TRD is likely to be able to do is report what they report now: how much we spent on how many people, etc. The real understanding of the effectiveness and return on investment of these programs will continue to elude us because that question requires data that TRD cannot capture. Every dollar or hour the TRD spends trying to honor their new statutory responsibilities means time and money not spent carrying out their day to day duties of collecting tax dollars, distributing money, auditing, and educating taxpayers. “Good government” and “business friendly” means different things to different people, but it never means increasing burdens and costs on taxpayers and government alike, while not necessarily adding real offsetting value.

If policy makers and industry proponents want more than just the illusion of accountability, they’ll need to create and fund a group that can actually undertake this sort of effort for real. Otherwise, the topic becomes another distracting “shiny object” to keep us from focusing on real solutions.

Film Continues to Garner Attention



The film industry continues to be the focus of interest and debate in New Mexico. On Wednesday, the producers of “The Avengers” held a casting call across the street from the Roundhouse, where it was “Media Day.” We finally see the Governor’s film rebate rate reduction from 25% to 15% in the form of Representative White’s [HB 479](#). Two new Senate bills are also film incentive related. Senator Rue’s [SB 555](#) would require film credit recipients report “all direct production expenditures and postproduction expenditures” as a condition of application for the film production tax credit. Senator Smith’s [SB 568](#) caps annual film production tax credit payments at \$45 million per year (with those exceeding the cap being first in line in the following year), and creates a distribution to the retiree health care fund in the amount of \$2.5 million per month through July, 2016.

Why the debate? To recall, no one can say what the real fiscal impact of the subsidy program is, positive or negative. Two New Mexico specific studies were done, with differing goals, objectives and results. The most critical study was performed by the Arrowhead Institute at New Mexico State University ([here](#)). The more favorable and industry funded study was conducted by Ernst & Young, LLP ([here](#)).

[NMTRI note: Full disclosure, Arrowhead economist and former NMSU economics department chair Tony Popp is on the NMTRI board, and the principle author of the E&Y study is a friend and has presented at NMTRI conferences. Read them and see what you think. The latter study

required local government revenue to get over the hump and have a positive fiscal impact – perhaps the foundation for Senator Jennings proposal requiring cost sharing with local governments. Legislative Finance Committee reviews of the studies have taken a “split the baby” approach to the differing reports, with results somewhere in between the two, as was the case with a study in Massachusetts and one from the Federal Reserve Bank of Kansas City.]

New “raiser” proposals kept coming

Three income tax related proposals were introduced this week. Representative Maestas’ [HB 516](#) would stretch out existing tax brackets and add a 5%, 6% and 7% bracket with the highest bracket applying to incomes above \$1M for singles, and \$1.5M for married filing joint returns. Representative Miguel Garcia’s [HB 572](#) would add income tax brackets (one per year over three years) to the present law 4.9% (5.3% over \$167K single, \$250K married filing jointly/HOH; 6% over \$333K single, \$500K married filing jointly/HOH; 6.8 % over \$667K single, \$1M married filing jointly/HOH). Representative Stewart’s [HB 571](#) would eliminate the \$1000 minimum deduction and reduce the present law 50% capital gains deduction to 25% for single filers in excess of \$200K in taxable income, or in the case of married and HOH filers, \$250K. Representative Stewart has also introduced [HB 520](#), which would increase the rate of the emergency school tax on oil from 3.15% to 4% (the same as natural gas).

Senator Ortiz y Pino’s proposal in [SB 507](#) would increase the diesel tax every July from \$.21/gal to \$.23, \$.25 and \$.27/gal. It would also provide that the increases be indexed to rise annually thereafter with the producer price index for highways, streets and other heavy construction. Gasoline was indexed similarly and raised from \$.17/gal to \$.19, \$.21, and \$.23/gallon every July until the indexing provision kicks in.

Senator Campos wants to protect small wine growers from his [SB 551](#), which expands the production limit to qualify as a small wine grower from 900K liters to 1.2M liters, and creates tax limits by type (excluding small winer growers and a special 5 cent/gallon rate for microbrewers) and expands authority for local liquor tax imposition while also eliminating the administration fee.

Bills that cost money introduced

Tax proposals that will carry negative fiscal impacts were proposed to the bitter end. Representative Powdrell-Culbert introduced a companion to SB 179 with her [HB 523](#). It would provide an exemption from the compensating and gross receipts tax (GRT) on fuel used by locomotives. The exemptions are contingent on the Economic Development Department certification that the construction of a locomotive refueling facility in Dona Ana County has commenced by July 1, 2012. (Note: this essentially represents the third extension of this exemption, apparently resulting from construction delays).

In an apparent attempt to get government to fund more of the healthcare system Representative Nora Espinoza has introduced [HB 560](#), which provides a refundable personal income tax credit in an amount equal to most insurance premiums paid for by lower-income persons, and 50% of amounts paid by employers, and 35% of premiums paid by tax-exempt employers. The fiscal impact of this proposal should be quite large. An equally bad but well intended proposal to create incentive to start a service business can be found in Representative Maestas’ [HB 581](#),

which would provide a gross receipts tax deduction for receipts of services performed by self-employed individuals for 365 days from the date of registration of an individual who hadn't been previously registered with the Taxation and Revenue Department.

A few new tax credits have been introduced as well. Similar to the investment credit for manufacturers, Senator Morales introduced [SB 575](#), which would provide a credit in the amount of gross receipts or compensating tax paid on qualifying chile production equipment. The credit can be applied against up to 85% of taxpayers "modified CRS" liability and can be carried forward indefinitely. Senator Eric Griego's [SB 544](#) creates a personal income tax credit not to exceed \$5000 in the amount of \$500/month per 10 average patients treated per month for providing medication-assisted opioid addiction therapy to an average minimum of ten patients per month and may claim an additional five hundred dollars (\$500) for every additional average ten patients per month for whom the taxpayer provides medication-assisted opioid addiction therapy. The credit is not refundable but can be carried forward or transferred.

Lastly, Senator Payne's [SB 560](#) would create a corporate income tax credit for capital improvements in excess of \$10 million or more in new construction or renovations to regional, national or international corporate headquarters located in NM. The credit is in the amount of \$5000 for the gross wages paid to each new employee (not transfers) for up to three years. The credit cannot be carried forward or transferred, and taxpayers using the credit may not avail themselves of rural jobs, high wages jobs, or the additional credit portion of the technology jobs tax credits.

[NMTRI note: like earlier corporate economic development proposals, this appears to be an example of an economic development notion turned into a mostly ineffective (and accordingly inexpensive) gesture rather than a serious attempt at inducing broader taxpayer behavior]

And other stuff

Two property tax related measures were introduced. Representative Miguel Garcia has introduced [HB 482](#) which would require county assessors to include an estimate of tax due, calculated against the net taxable value with the prior year's rate less exemptions, in the required annual notices of value issued by the assessors. HTRC Chairman Sandoval has introduced what is likely the county assessors preferred approach for fixing tax lightning. His [HB 511](#) would incorporate tax ratios to limit valuation increases and benefit only owner-occupied residences to reduce the distortion of benefit and cure the constitutional problem.

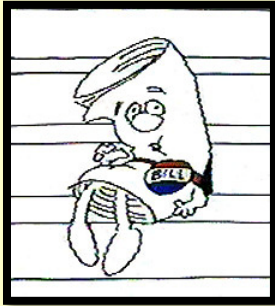
[NMTRI note: Garcia's idea does not seem like a bad one. Tax lightning represents an unconscionably inequitable approach to residential property taxation, and we're happy to see viable proposals to address the constitutionally defective status quo.]

Senator Campos, in his [SB 552](#), is hoping to clarify the meaning of "livestock" by adding examples of "livestock" for purposes of the gross receipts tax exemption for livestock found in Section 7-9-18, including horses, asses, mules, cattle, sheep, goats, swine, bison, poultry, ostriches, emus, rheas, camelids, and farmed cervidae (elk), as well as their carcasses, but not canines or felines.

Stay tuned... although the bill introduction period is done, there's still plenty more action to come, as there really is no end to the changes and mischief that can be worked with the grist in the system already...

The Legislative Council Service maintains copies of bills, compiles locators, and publishes lists of bill conflicts during the course of the session. Most information is available in a timely and electronic fashion from their rather robust website, which can be reached at <http://legis.state.nm.us/lcs/>. The New Mexico Taxation and Revenue Department publishes their fiscal impact reports ("FIR's") and provides access to proposed legislation [here](#) on their website. The TRD's FIR's are the primary source relied upon by the LFC's for their tax related FIR's.

Bills with significant tax or revenue implications introduced in 2011 Legislative Session:



If no effective date is mentioned, the bill lacks one and would take effect upon enactment, June 17, 2010. Effective date for GRT bills is July 1, 2011 unless otherwise noted. Income Tax bills are effective tax years beginning on or after January 1, 2011 unless otherwise noted. “TYBA” = Tax years beginning on or after. Other notes: “CS” indicates committee substitute; “a” indicates amended

Bill Number/ Sponsor:	Title: Link to bill language: Description	Assignments -Location:
HB 19 D.Kintgh	No Film Tax Credit & Limit film Investments HB 19 Repeals the Film Production Tax Credit and limits the film related investment that can be made from the severance tax permanent fund (no more that 3% of the fund in total), requires market rates, and SIC approval with substantial NM presence.	HLC/HTRC- HLC (tbl'd)
HB 23 M.H. Garcia	Liquor Excise Tax Distribution to Schools: HB 23 Increases the liquor excise tax across all beverage categories (i.e. beer from \$.41to \$1.48/gal, and spirits from \$1.60 to \$3.85/liter) and changes distributions in an effort to distribute the additional increase to the public school fund and hold the DWI grant fund to current distributions. Small wineries and local microbreweries are held harmless under this proposal.	HBIC/HTRC -HBIC
HB 25 Rehm	Reduce Hospital Tax Levy For Hospital Funding: HB 25 Effectively phases-out the property tax mill levy for UNMH in Bernalillo county to 10% of 2011 mill rates over four years.	HHGAC/HT RC-HHGAC
HB 39 Trujillo/P. Griego	Plug-in Electric Car Exemption: HB 39 Exempts qualified electric plug-in vehicles from the Motor Vehicle Excise Tax, changes the exemption from the GRT and compensating tax from vehicles held for sale or lease to plug-ins instead, and include it in the definition of “alternative energy vehicle” for purpose of the Alternative Energy Products Manufacturers Tax Credit. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	HBIC/HTRC -HBIC-DP/a- HTRC
HB 44 Williams Stapleton	Severance Tax Fund Investment in Energy: HB44 Provides for the investment of up to 10% of the severance tax permanent fund in “New Mexico renewable energy” only if the investment is in a “New Mexico renewable energy private equity fund”.	HENRC/HT RC-HENRC
HB 61 Rehm	“Net Income” Definition For Income Taxes: HB 61 Eliminates the requirement to add back state and local taxes itemized for federal purposes. The proposal essentially undoes the prior year’s change to require the add back, but fails to require taxpayers to include in income refunds of taxes previously deducted.	HCPAC/HT RC-HCPAC
HB 75 Gonzales	Geothermal Pump Tax Credit Refundability: HB 75 Makes the credit refundable above and beyond any existing taxpayer	HBIC/HTRC -HBIC-DP-

	income tax liability, requires taxpayers to obtain certificates of eligibility, and requires an annual report on the credit be prepared jointly by the EMNRD and TRD.	HTRC
HB 89 Sandoval/UI ibarra	Veteran Owned Business Gross Receipts: HB 89 Creates an exorbitantly expensive gross receipts tax deduction for sales of services pursuant to a contract or sub-contract with the federal government, if the seller is a veteran-owned business. This bill was endorsed by the Military and Veterans' Affairs committee.	HBIC/HTRC -HBIC-DP- HTRC
HB 102 E. Chavez	Internet Sales Gross Receipts: HB 102 Eliminates the exception from "engaging in business" for third party content owners on a world wide web site located in NM for purposes of imposition of the GRT. Also creates a presumption of taxability of non-New Mexico businesses that are referred by potential customers to the seller via agreement with a NM resident and has cumulative gross receipts tax from such referrers in excess of \$10,000 (so-called "Amazon" proposal).	HBIC/HTRC -HBIC
HB 119 D. Chavez	Income Tax Exemption For People Over 65: HB 119 Exempts from New Mexico personal income tax the income of <u>individuals</u> with adjusted gross income of \$70,000 or less, who are 65 years of age or older.	HCPAC/HT RC-HCPAC
HB 156 E. Chavez	Budget and Corporate Transparency: HB 156 Requires a tax expenditure budget of sorts, beginning with an incorrect definition of tax expenditure. Makes certain reporting requirements for "corporations" but not other business or non-business entities or individuals similarly situated. Adds agency reporting requirements regarding procurement of services.	HBIC/HHG AC/HTRC- HBIC
HB 161 E. Chavez	Tax Expenditure Budget Development and Report: HB 161 Requires the TRD to prepare an annual "tax expenditure budget" by October 15 of every year for the three preceding years, the current and upcoming fiscal years. Included are all tax expenditures in excess of \$5 million in the for all "significant general fund revenue sources" – meaning the primary tax programs.	HHGAC/HT RC- HHGAC- DP-HTRC- DP-fl/a PASSED/H- SCORC/SFC -SCORC
HB 165 Crook	Define "Modified Combined Tax Liability: HB 165 Makes a consistent definition of "Modified Combined Tax Liability" across tax credit programs (narrows some to gross receipts, compensating, and withholding taxes only... a change with little or no taxpayer impact). The proposal also makes clear that "modified combined tax liability" does not include local option taxes. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	HBIC/HTRC -HBIC
HB 166 Sandoval	Review Certain Tax Credits: HB 166 Inserts language into most business tax credits requiring the credits be reviewed every six years, usually by the Taxation and Revenue Department and other applicable agencies such as the Economic Development Department. Credits. Such reviews are intended to be evaluate the effectiveness of the credits relative to their cost, and intent,	HBIC/HTRC -HBIC-DP- HTRC

	current circumstances with the notion that ineffective credits be amended or repealed. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	
HB 198 B. Lujan	Tax Credits for Natural Gas as Vehicle Fuel: HB 198 Creates personal and corporate income tax credits of 70% of the cost of conversion of a motor vehicle to natural gas use, 50% of the installation cost of natural gas dispensing equipment (all after applicable federal credits), and an exemption from the Motor Vehicle Excise Tax for the one-time purchase of vehicles that can use natural gas. Conversion credit would expire 6/30/17, with the other credits and exemption expiring 6/30/16. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	HBIC/HTRC -HBIC-DP/a- HTRC
HB 200 Strickler	Reducing Corporate Income Tax Rates: HB 200 Phases in rate/bracket reduction by eliminating resulting in a single and top rate of 4.8% for tax years beginning on or after January 1, 2014.	HBIC/HTRC -HBIC-DP- HTRC
HB 222 Egolf	Reduce Unequal Treatment of Taxes & Credits: HB 222 Reduces the statewide gross receipts and compensating tax rate to 4 7/8% from 5 1/8% and increases severance tax rates on oil, natural gas, molybdenum, potash, and coal.	HBIC/HTRC -HBIC
HB 239 Garcia	Veteran Employment Tax Credit: HB 239 Creates a personal and corporate income tax credit for taxpayers who hire “qualified veterans” (discharged within the last eight months) and employ them for eight or more months.	HBIC/HTRC -HBIC-DP- HTRC
HB 250 Stewart	Define “Tobacco Products” & Enact Minimum Tax: HB 250 Expands the definition of “tobacco products” to include cigars and any product containing tobacco that is consumed without combustion. The proposal also more than doubles the rate of tax from 25% to 57% of the product value. Also creates a new category of tobacco product (“retail unit”) and provides for a minimum tax of \$1.66/retail unit.	HBIC/HTRC -HBIC
HB 265 McMillan	Military Retirement Income Tax Exemption: HB 265 Creates an exemption in the amount of 100% of military retirement or retainer pay otherwise included in income, for a military retiree or surviving spouse.	HHGAC/HT RC- HHGAC- DP-HTRC
HB 273 Trujillo	Small Business Tax Credit Eligibility Period: HB 273 Reinstates the Research and Development Small Business Tax Credit for the periods 7/1/2011 – 6/30/2015, except for applicability to the compensating tax, and attempts to structurally roll forward credits that could have been earned in the period the credit was expired (7/09-6/11).	HBIC/HTRC -HBIC-DP- HTRC
HB 281 Spence- Ezzell	TRD Secretary Approve Certain Evidence: HB 281 Adds “other evidence acceptable to the Secretary” to nontaxable transaction certificates for purposes of supporting the deduction provided in Section 7-9-47 NMSA 1978 (sale of tangible property for resale). Limits applicability to transactions for which a taxpayer’s administrative or judicial remedies have not been exhausted.	HBIC/HTRC -HBIC-DP/a- HTRC
HB 287 Jeff	Special Fuel Tax Deduction on Indian Land: HB 287 Creates a “special fuel” (aka diesel) tax deduction for retail sales of fuel on tribal reservation, pueblo grant or trust lands, provided the tribe impose	HBIC/HTRC -HBIC

	a same or similar tax and the seller is in compliance with those tribal tax laws.	
HB 288 Jeff	Teacher Income Tax Deduction on Indian Land: HB 288 Provide a personal income tax deduction in the amount of income earned by teaching full time at an Indian school if the teacher lived “full time” on the reservation. The deduction is effective tax years beginning 1/1/2011	HEC/HTRC- HEC-DP- HTRC
HB 304 Powdrell- Culbert	Angel Investment Tax Credit Extension: HB 304 Extends the availability of the Angel Investment Credit Act to investments made prior to 12/31/2015.	HBIC/HTRC -HBICDP/a- HTRC
HB 327 Gonzales	Property Value, Certain Tax Credits Accepted: HB 327 Precludes the use of federal tax credits when determining the value of certain “low-income” properties for purposes of property tax valuation and assessment.	HHGAC/HT RC-HHGAC
HB 328 Gonzales	Surcharges Imposed on Communication Services: HB 328 Amends the Enhanced 911 Act to add and modify definitions providing authority to impose surcharges on Voice Over Internet Protocol (VOIP) communications	HBIC/HTRC -HBIC
HB 335 Rehm	Reduce Mill Levy to Pay for County Hospital: HB 335 Repeals the UNMH mill levy imposed in Bernalillo County effective 1/01/2012. In exchange, the proposal authorizes a voter approved mill levy of up to 65 cents/\$1000 of net taxable value, requires periodic reauthorization, and provides for limits and reductions based on need.	HHGAC/HT RC-HHGAC
HB 343 Lujan	Political Subdivision Qualification to Tax: HB 343 Declares legislative intent with respect to taxes imposed by political subdivisions (cities, counties, universities, school districts, other) authorized by virtue of area, population, net taxable base for rate-setting purposes or other criteria to not be viewed as automatically precluding a subdivision from continuing to impose or re-impose that tax even though it may no longer meet one or more of the criteria that qualified it, provided that the tax has not been repealed or terminated.	HHGAC/HT RC- HHGAC- DP-HTRC
HB 361 Egolf	Point-of-Sale Surtax on Retail Alcohol Sales: HB 362 Essentially imposes an additional retail sales tax at the rate of 2.5% on the sale of alcoholic beverages	HBIC/HTRC -HBIC
HB 388 Gutierrez	College Textbook Purchase Gross Receipts: HB 388 Converts a gross receipts tax exemption to a deduction and make the sale of textbooks deductible students enrolled in New Mexico public post-secondary institutions.	HEC/HTRC- HEC
HB 421 Vigil	Increase Liquor Excise Tax: HB 421 Increases the liquor excise tax across all beverage categories (i.e. beer from \$.41to \$1.85/gal, and spirits from \$1.60 to \$4.98/liter) Small wineries and local microbreweries are held harmless under this proposal, and distributions of the tax revenues remain the same.	HBIC/HTRC -HBIC
HB 429 Lujan	Compensating Tax Transaction Requirements: HB 429 Closes a perceived loophole in the compensating tax imposition statute (7-9-7), and raises the compensating tax on services to 5.125% to match the other compensating and statewide gross receipts tax rates.	HBIC/HTRC -HBIC

HB 437 T.A. Garcia	Veteran's Property Tax Exemption: HB 437 Creates a property tax exemption for certain veteran's organizations property.	HTRC
HB 440 M.H. Garcia	Advanced Energy Tax Deductions for Some Leases: HB 440 Adds "leasing" of tangible personal property to the gross receipts tax deduction for certain eligible generation plant costs under Section 7-9-114, and extends the applicable period of the deduction from the year qualifying expenditures begin from 10 to 25 years.	HBIC/HTRC -HBIC
HB 444 Ben Lujan	Tax Credit for Certain Oil & Gas Wells: HB 444 Creates a oil and gas severance tax credit in an amount equal to 50% of the expenditures on a closed loop drilling circulation system, not to exceed \$100K per well. The credit would be effective 1/1/2011 – 12/31/2016 and cannot be carried forward.	HENRC/HT RC-HENRC
HB 448 D. Chavez	Tax Deduction for Certain Depreciable Assets: HB 448 Provides for state level Section 179 treatment of asset purchases (expensing rather than capitalization and depreciation) for assets otherwise precluded from being expensed by Section 179. Requires the inclusion of the expense in "base income" in the same year.	HBIC/HTRC -HBIC
HB 465 Martinez	Tax on Special Fuel Shipments: HB 465 Changes definitions such that diesel fuel that is loaded at a refinery or terminal of into tanks, cars, etc. for purposes of transportation to another rack, terminal, or facility that produces, blends, refines or compounds diesel fuel is not "received" (which is what subjects the fuel to taxation).	HENRC/HT RC-HENRC
HB 470 Ezell	Underpayment of Estimated Tax Penalty Changes: HB 470 Increases the threshold for the personal income tax estimated payment penalty exception from \$500 to \$1000 before underpayment penalties apply.	HBIC/HTRC -HBIC
HB 479 White	Reduce Film Production Tax Credit: HB 479 Reduces the tax credits rate of subsidy on qualified expenditures from 25% in present law to 15%	HBIC/HTRC -HBIC
HB 482 M. Garcia	Estimated Tax In Notices of Value: HB 482 Require county assessors to include an estimate of due, calculated against the net taxable value with the prior year's tax rate less exemptions, in required annual notices of value.	HTRC
HB 511 Sandoval	Valuing Owner-Occupied Residential Property: HB 511 Narrows valuation limitation on residential property to owner occupied and employs a tax ratio for purposes of calculating taxable value.	HCPAC/HA RK/SJC- HCPAC
HB 516 Maestas	Adjust Income Tax Rates: HB 516 Stretches out existing tax brackets and adds a 5%, 6% and 7% bracket with the highest applying to incomes above \$1M for singles, and \$1.5M for married filing joint returns.	HCPAC/HT RC-HCPAC
HB 520 Stewart	Equalize Emergency School Tax Rates: HB 520 Increase the rate of the emergency school tax on oil from 3.15% to 4%.	HEC/HTRC- HEC
HB 523 Powdrell- Culbert	Locomotive Fuel Tax Gross Receipts Deduction: HB 523 The proposal would provide an exemption from the compensating and gross receipts tax (GRT) on fuel used by locomotives. The exemptions	HTPWC//HT RC-HTPWC

	are contingent on certification by the Economic Development Department certification that the construction of a locomotive refueling facility in Dona Ana County has commenced by July 1, 2012. (Note: essentially represents the third extension of this exemption, apparently resulting from construction delays).	
HB 560 Espinoza	Health Care Tax Credit: HB 560 Provides a refundable personal income tax credit in an amount equal to premiums paid for by persons, and 50% of amounts paid by employers, and 35% of premiums paid by tax-exempt employers.	HCPAC/HT RC-HCPAC
HB 561 Doyle	Post-Secondary Intern Tax Credits: HB 561 Provides a personal and corporate income tax credit in an amount equal to 10% of wages paid to qualified interns.	HEC/HTRC- HEC
HB 568 Gonzales	Special Fuel Excise & Gas Tax Rate Change: HB 568 Changes the taxes imposed on diesel and gasoline from a volume based/fixed price per gallon (\$.21 and \$.17/gal, respectively) to a value-based percentage (8.7% and 7.2%, respectively).	HTPWC//HT RC-HTPWC
HB 571 M.P. Garcia	Capital Gains Deduction Limit: HB 571 Eliminates the \$1000 minimum deduction and reduces the present law 50% deduction to 25% for single filers in excess of \$200 in taxable income, or in the case of married and HOH filers, \$250K.	HBIC/HTRC -HBIC
HB 572 M.P. Garcia	Restore Progressivity to the Income Tax Rates: HB 572 Adds income tax brackets (one per year over three years) to the present law 4.9% (5.3% over \$167K single, \$250K married filing jointly/HOH; 6% over \$333K single, \$500K married filing jointly/HOH; 6.8 % over \$667K single, \$1M married filing jointly/HOH).	HCPAC/HT RC-HCPAC
HB 581 Maestas	Self-Employed Gross Receipts Tax Deduction: HB 581 Provides a gross receipts tax deduction for services performed by self-employed individuals for 365 days within the date of registration of an individual who hadn't been previously registered with the Taxation and Revenue Department.	HCPAC/HT RC-HCPAC
HB 602 Strickler	Manufactured Home Tax Amnesty: HB 602 Authorizes county treasurers to declare an amnesty period not to exceed three months in fiscal year 2012 for purposes of property taxes on manufactured homes. The amnesty is to be conducted in a manner consistent with those for managed audits in the Tax Administration Act (which applies to non-property state taxes). The proposal also provides for a permanent additional reduction in value of a manufactured home for property tax purposes in the amount of \$5000.	HHGAC/HT RC-HHGAC
SB 6 Wirth	Combined Tax Reporting for Some Corporations: SB 6 Mandates that all unitary corporations report as a combined group for corporate income tax purposes, but provides an exception – an election to file separately for manufactures. Repeals the option for a corporation to report on a federal consolidated basis.	SCORC/SFC -SCORC
SB 7	Net Taxable Income Determination SB 7	SCORC/SFC

Wirth	Imposes requirements to “add back” certain related party expenses separate company filers for purposes of determining taxable income for corporate income tax purposes.	-SCORC
SB 39 Keller	Tax Forms Itemizing Gross Receipts Exemptions: SB 39 Requires taxpayers with gross receipts to report most exemptions and all but one deduction separately by category, requiring substantially more effort on the part of taxpayers and the TRD in an effort to garner more detailed information from taxpayers. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	SCORC/SFC -SCORC
SB 44 Keller	Film Production Tax Credit Tracking & Review: SB 44 Requires additional information be disclosed and reported by film production companies utilizing film production tax credits. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	SCORC/SFC -SCORC- DP/a-SFC
SB 46 Griego	Extend Jet Fuel Gross Receipts Tax Credit: SB 46 Extends the present law deductions of 55% for jet fuel from the gross receipts and compensating tax from 6/2012 to 6/2017, and reduces the deduction to 40% in years thereafter.	SCORC/SFC -SCORC
SB 47 Keller	Tax & Rev Dept. Tax Expenditure Budget: SB 47 Requires the TRD to prepare an annual “tax expenditure budget” by October 15 of every year for the three preceding years, the current and upcoming fiscal years. Included are all tax expenditures in excess of \$5 million for all “significant general fund revenue sources” – meaning the primary tax programs. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	SCORC/SFC -SCORC- w/o rec-SFC
SB 81 Feldman	Tobacco Products Tax & Definitions: SB 81 Expands the definition of “tobacco products” to include cigars and any product containing tobacco that is consumed without combustion. The proposal also more than doubles the rate of tax from 25% to 57% of the product value. Also creates a new category of tobacco product (“retail unit”) and provides for a minimum tax of \$1.66/retail unit.	SCORC/SFC -SCORC
SB 84 P. Griego	Jet Fuel Gross Receipts Credit: SB 84 Extends the present law deductions of 55% for jet fuel from the gross receipts and compensating tax from 6/2012 to 6/2017, and reduces the deduction to 40% in years thereafter. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	SCORC/SFC -SCORC- DP-SFC
SB 94 E. Griego	Income Surtax, Distribution, & School Funds: SB 94 Creates a personal income tax “surtax” for taxable years 2011 through 2013, and distributes the proceeds to the public school fund and Medicaid program. The surtax is 3.3% of taxable income in excess of \$100K for singles and \$150K for married, head of household and surviving spouse filer. Married individual filing separately would pay the surtax on taxable incomes above \$75K.	SCORC/SFC -SCORC
SB 95 E. Griego	Internet Sales Gross Receipts: SB 95 Eliminates the exception from “engaging in business” for third party content owners on a world wide web site located in NM for purposes of imposition of the GRT. Also creates a presumption of taxability of non-New Mexico businesses that are referred by potential customers to the	SCORC/SJC/ SFC – SCORC-DP- SJC

	seller via agreement with a NM resident and has cumulative gross receipts tax from such referrers in excess of \$10,000 (so-called “Amazon” proposal).	
SB100 M.J. Garcia	Decrease Oil and Gas Severance Rates: SB 100 Would increase oil and gas emergency school tax rates while commensurately reducing the severance tax rates, effectively moving capital outlay money while adding approx \$100M/yr to the general fund.	SEC/SFC - SEC
SB 108 Eichenberg	Extend Annual Property Valuation Increases: SB 108 Limits the applicability of the 3% valuation limitation to owner occupied residences, eliminates the revaluation upon change in ownership, and provides for revaluation if owner-occupation ends.	SCORC/SFC -SCORC
SB 113 Boitano	Tax Credit for Certain Scholarship Donations: SB 113 Creates a personal income tax credit for donations to private school scholarship fund of up to \$500/yr. The TRD must analyze the effectiveness of the credit and report to the Revenue Stabilization and Tax Policy Committee on their findings every 4 years.	SEC/SFC- SEC
SB 135 Beffort	Family Assistance Employer Tax Credits: SB 135 Updates names and references of the former welfare-to-work personal and corporate income tax credits, and creates additional accountability and reporting requirements on the part of the TRD.	SCORC/SFC -SCORC- DP-SFC
SB 149 Ulibarri	Veteran Owned Business Preference: SB 149 Amends procurement code to creates new preference categories (“veteran-owned business”, “veteran owned-manufacturer”), and changes preference factors to favor the new veteran categories relative to resident non-veteran businesses, who in turn maintain a preference to nonresident businesses.	SPAC/SJS- SPAC-DP- SJC
SB 160 Ingle	Military Construction Service gross Receipts: SB 160 Reinstates the deduction for construction services performed on Cannon AFB from 7/1/11 – 12/31/14.	SCORC/SFC -SCORC
SB 169 Smith	Film Production Tax Credit Cap: SB 169 Limits allowable film tax credits for production and post production recipients to \$2 million dollars.	SCORC/SFC -SCORC
SB 170 Smith	Tax Itemization & Return Filing: SB 170 Requires taxpayers with gross receipts to report most exemptions and all but one deduction separately by category, requiring substantially more effort on the part of taxpayers and the TRD in an effort to garner more detailed information from taxpayers like SB39. Also requires more detailed reporting on the part of gasoline retailers, wholesalers, distributors, and rack operators as well as interstate telecommunications gross receipts taxpayers.	SCORC/SFC -SCORC
SB 178 Cisneros	Dialysis Facility Service Gross Receipts: SB 178 Adds and defines “dialysis facilities” to the ever-growing list of medical related professions and operations deductible when sold to Medicare or Tricare pursuant to Section 7-9-77.1	SCORC/SFC -SCORC- DP/a-SFC
SB 179 Nava	Locomotive Fuel Gross Receipts: SB 179 The proposal would provide an exemption from the compensating and	SCORC/SFC -SCORC-

	gross receipts tax (GRT) on fuel used by locomotives. The exemptions are contingent on certification by the Economic Development Department certification that the construction of a locomotive refueling facility in Dona Ana County has commenced by July 1, 2012. (Note: essentially represents the third extension of this exemption, apparently resulting from construction delays)	DNP-CS/DP-SFC
SB 189 Neville	Property Tax Increases & Reevaluations: SB 189 Provides for a phased-in return to current and correct value for residential properties for purposes of tax valuation and assessment. The proposal would limit property tax increases, regardless of change in ownership, to 3% per year for years following 2016.	SJC/SFC-SJC
SB 194 Smith	Repeal Venture Capital Investment Act: SB 194 Repeals a never used tax credit found in Article 2D of Chapter &, NMSA 1978. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	SCORC/SFC-SCORC
SB 210 Cisneros	Hydrogen Fuel Production Tax Credits: SB 210 Creates a personal and corporate income tax credit in an amount equal to generation costs, but not to exceed \$1/kilogram for the for the first 4 million kilograms of hydrogen sold by a qualified fuel generator or resource generator. The credit can be carried forward for ten years and creates reporting requirements for the TRD.	SCORC/SFC-SCORC
SB 217 Sharer	Military Retirement Pay Tax Exemption: SB 217 Creates an exemption in the amount of 100% of military retirement or retainer pay otherwise included in income, for a military retiree or surviving spouse.	SCORC/SFC-SCORC-DP-SFC
SB 234 Leavell	Solar Energy Gross Receipts: SB 243 Expands the GRT deduction for sales of solar energy systems to include the lease of such systems. It also expands the definition of solar energy system to one that supplies public utilities in addition to the property it's on.	SCONC/SCORC/SFC-SCONC
SB 243 Fischmann	Tax Increment District Requirements: SB 243 Limits Tax Increment District authorizations to only those districts that include at least twenty private property owners without business or family interests in the district, is limited to redevelopment of public improvements to existing infrastructure for urban renewal ("brown field redevelopment"). Improvements must remain owned by the local government or state, approved by the board of finance, and authorized by law.	SCORC/SFC-SCORC
SB 244 Fischmann	Motor Excise Tax Increase & Offset: SB 244 Increases the Motor Vehicle Excise Tax from 3% to 3% of the first \$10K of value and 5% on any excess. The proposal also phases-out the trade-in deduction over time, to zero beginning 7/1/2013.	SCORC/SFC-SCORC
SB 256 Ortiz y Pino	Soft Drink Sales Gross Receipts: SB 256 Amends the gross receipts tax deduction for food (Section 7-9-93) to exclude the "soft drinks." The proposal also creates a new distribution in the amount of the additional tax to the county-supported Medicaid fund Implicit implications are more detailed and complicated reporting will	SPAC/SCORC/SFC-SPAC

	likely be required to implement the distribution requirements of the bill.	
SB 258 B. Sanchez	Adjust Liquor Tax Distribution: SB 258 Increases the liquor excise tax across all beverage categories (i.e. beer from \$.41 to \$1.48/gal, and spirits from \$1.60 to \$3.85/liter) and changes distributions in an effort to hold the DWI grant fund to current distributions. Small wineries and local microbreweries are held harmless under this proposal. A new “mental health and substance abuse treatment fund” is created with and distributes 25.26% of the receipts from the tax to the new fund.	SCORC/SFC -SCORC
SB 264 Harden	Cigarette Taxes on Tribal Land: SB 264 Narrow’s the tribal exemption of the cigarette tax to apply only to sales of cigarettes to a tribe or licensed tribal member for sale to a tribal member on that tribe’s land. A “tax-credit stamp” is also created.	SIAC/SCOR C/SFC-SIAC
SB 282 Jennings	Tax Liability For Certain Physician Services: SB 282 Creates a credit for <i>doctors</i> in the amount of \$1000/ <i>patient</i> (up to 4) participating in cancer clinical trials. The purpose is to encourage physicians to participate as clinical trial investigators. The department is required to track the credit, along with all new credits, and report on its use and effectiveness annually.	SCORC/SFC -SCORC
SB 288 Ortiz y Pino	Sweetened Beverage Excise Tax: SB 288 Creates an excise tax on distributors for the sale of certain sweetened beverages at the rate of .5cents/ounce. Sales to the federal government, to vendors on tribal or pueblos lands, and to other retailers would be exempt. The proposal also requires distributors to obtain surety bonds. 95% of the proceeds would be distributed to the county-supported Medicaid fund, with the remaining 5% going to the new child obesity prevention fund created by the proposal. The money distributed to the county-supported Medicaid fund would explicitly not be subject to appropriation and is required to be spent on Medicaid.	SCORC/SFC -SCORC
SB 317 Lovejoy	Native American Tax Settlement Approp: SB 317 Creates an appropriation in the amount of \$500K fund payment of settlements with certain native American veterans who had state income tax withheld during their terms of service.	SIAC/SFC- SIAC-DP- SFC
SB 326 Ingle	TRD Secretary Approve Certain Evidence: SB 326 Adds “other evidence acceptable to the Secretary” to nontaxable transaction certificates for purposes of supporting the deduction provided in Section 7-9-47 NMSA 1978 (sale of tangible property for resale). Limits applicability to transactions for which a taxpayer’s administrative or judicial remedies have not been exhausted.	SCORC/SFC -SCORC
SB 342 Griego	Tax Credit for Certain Radio Stations: SB 342 Creates a gross receipts tax credit of 15% of the stations total gross receipts tax liability for a reporting period in which 20% of the music airtime is dedicated to “New Mexico musical acts.”	SCORC/SFC -SCORC
SB 409 Leavell	Advanced Energy Deduction for Certain Leases: SB 409 Adds “leasing” of tangible personal property to the gross receipts tax deduction for certain eligible generation plant costs under Section 7-9-	SCONC/SFC -SCONC

	114.	
SB 416 Harden	Autism Treatment Services Gross Receipts: SB 416 Expands the gross receipts tax deduction for certain medical services (7-9-93) to include services performed by persons licensed by CYFD to provide round-the-clock services for the treatment of persons with autism.	SCORC/SFC -SCORC
SB 422 Rodriguez	E911 Surcharge on Communications Services: SB 422 Amends the Enhanced 911 Act to add and modify definitions providing authority to impose surcharges on Voice Over Internet Protocol (VOIP) communications.	SJC/SFC- SJC
SB 431 Munoz	County Enviro Gross Receipts on energy: SB 431 Expands the 1/8 cent GRT county local option tax increment for county environmental services to include renewable energy facilities and systems (in addition to the current water, wastewater, and sewer systems).	SCONC/SFC -SCONC
SB 436 Ingle	Oil & Gas Withholding Info to Legislature: SB 436 Requires the Taxation and Revenue Department to report no later than December 1 of each year, the total amount of taxes withheld by remitters and paid to the Department during the previous calendar year, and the amounts credited against income taxes.	SCONC/SFC -SCONC
SB 437 Beffort	Cigarette Taxes for Early Childhood Programs: SB 437 Requires a distribution from net receipts attributable to the cigarette tax in the amount of 5% each to the Public Education Department and Children, Youth and Families Department for purposes of early childhood development programs.	SCORC/SFC -SCORC
SB 443 Sapien/B. Lujan	Weighted Sales Factor for Income Tax: SB 443 Creates tiered single sales factor elections based on qualified investments by manufacturers in a tax year (e.g. \$250M investment in year one would provide a two year single sale factor election for years 2 and 3, a \$500M investment would allow a 4yr election, \$750M a 6yr election, and \$1000M producing an 8yr elections. Investments in otherwise qualified equipment cannot be taken for purposes of the Investment Tax Credit.	SCORC/SFC -SCORC
SB 452 Smith	Food & Healthcare Tax Deduction Phase Out: SB 452 Phases out the gross receipts tax deductions for food and certain medical services (Section 7-9-93, 7-9-94) in ten percent increments over 10 years.	SCORC/SFC -SCORC
SB 455 Jennings	Film Production Tax Credit Changes: SB 455 Caps the film production tax credit at \$75 million and reduces municipal and county hold harmless distributions proportionally, where the respective populations exceed 30,000 people, by 40% of the film credit.	SCORC/SFC -SCORC
SB 462 Lopez	Manufacture Home Tax Amnesty: SB 462 Authorizes county treasurers to declare an amnesty period not to exceed three months in fiscal year 2012 for purposes of property taxes on manufactured homes. The amnesty is to be conducted in a manner consistent with those for managed audits in the Tax Administration Act (which applies to non-property state taxes). The proposal also provides for a permanent additional reduction in value of a manufactured home for property tax purposes in the amount of \$5000.	SCORC/SFC -SCORC
SB 472	High-Income Taxpayer Surtax: SB 472	SCORC/SFC

Sanchez	Imposes an income tax surtax of 1% on taxable income in excess of \$100K dollars for individuals, and \$160K for married filing joint returns.	-SCORC
SB 483 Munoz	Taxation of Political Subdivisions: SB 483 Declares legislative intent with respect to taxes imposed by political subdivisions (cities, counties, universities, school districts, other) authorized by virtue of area, population, net taxable base for rate-setting purposes or other criteria to not be viewed as automatically precluding a subdivision from continuing to impose or re-impose that tax even though it may no longer meet one or more of the criteria that qualified it, provided that the tax has not been repealed or terminated.	SCORC/SFC -SCORC
SB 507 Ortiz y Pino	Increase & Index Gas & Special Fuels Taxes: SB 507 Increases the diesel tax every July from \$.21/gal to \$.23, \$.25 and \$.27/gal and provides that the increases be indexed to rise annually thereafter with the producer price index for highways, streets and other heavy construction. Gasoline was indexed similarly and raised from \$.17/gal to \$.19, \$.21, and \$.23/gallon every July until the indexing provision kicks in.	SCORC/SFC -SCORC
SB 544 E. Griego	Opioid Treatment Income Tax Credit: SB 544 Creates a personal income tax credit not to exceed \$5000 in the amount of \$500/month per 10 average patients treated per month for providing medication-assisted opioid addiction therapy to an average minimum of ten patients per month and may claim an additional five hundred dollars (\$500) for every additional average ten patients per month for whom the taxpayer provides medication-assisted opioid addiction therapy. The credit is not refundable but can be carried forward or transferred.	SCORC/SFC -SCORC
SB 551 Campos	Small winery Capacity for Liquor Tax: SB 551 Expands the production limit to qualify as a small winer from 900K liters to 1.2M liters, and creates tax limits by type (excluding small winers and a 5 cent/gallon rate for microbrewers) and expands authority for local liquor tax imposition and eliminates administration fee.	SCORC/SFC -SCORC
SB 552 Campos	Tax Definition of Livestock: SB 552 Adds examples of “livestock” for purposes of the gross receipts tax exemption for livestock found in Section 7-9-18, including horses, asses, mules, cattle, sheep, goats, swine, bison, poultry, ostriches, emus, rheas, camelids, and farmed cervidae (elk), as well as their carcasses, but not canines or felines.	SCORC/SC ONC- SCORC
SB 555 Rue	Film Production Tax Credit Reporting: SB 555 Requires film credit recipients report “all direct production expenditures and postproduction expenditures” as a condition of application for the film production tax credit.	SCORC/SFC -SCORC
SB 560 Payne	Headquarters Corporate Income Tax Credit: SB 560 Creates a corporate income tax credit for capital improvements in excess of \$10 million or more in new construction or renovations to regional, national or international corporate headquarters located in NM. The credit is in the amount of \$5000 for the gross wages paid to each new employee (not transfers) for up to three years. The credit cannot be carried forward or transferred, and taxpayers using the credit may not avail themselves of	SCORC/SFC -SCORC

	rural jobs, high wages jobs, or the additional credit portion of the technology jobs tax credits.	
SB 568 Smith	Film Production & Educational Retirement: SB 568 Caps annual film production tax credit payments at \$45 million per year (with those exceeding the cap being first in line in the following year), and creates a distribution to the retiree health care fund in the amount of \$2.5 million per month through July, 2016.	SEC/SCORC /SFC-SEC
SB 575 Morales	Chile Industry Modernization Tax Credit: SB 575 Provides a credit in the amount of gross receipts or compensating tax paid on qualifying chile production equipment. The credit can be applied against up to 85% of taxpayers “modified CRS” liability and can be carried forward indefinitely.	SCONC/SC ORC/SFC- SCONC



Before the Sessions Started

In December and January, plenty of information was released. The consensus revenue forecast was revised for the last time in December. Some controversy and confusion was created prior to that when Governor Richardson’s estimates of the cost of providing current services differed dramatically from the Legislatures (\$450M vs. \$250M). The difference was assumptions (i.e. Legislative Finance Committee (“LFC”) assumed continuation of the austerity measures already in place and the Governor did not). Good news followed with an optimistic revision to the revenue forecast, reducing the less daunting LFC budget shortfall to \$211M. Both the LFC and Martinez administration issued proposed budgets that manage towards the LFC shortfall number, and aren’t really that far apart in terms of approach. The December consensus forecast can be found on the LFC website [here](#). The LFC budget recommendations can be found on the LFC website [here](#), and the Martinez administration’s proposal can be found on the Department of Finance and Administration website [here](#).



Making a Difference One Plate at a Time

Ever see those specialized New Mexico state license plates dedicated to or commemorating some special group or activity and wonder where they came from? For some lawmakers, their greatest contributions to the state will be the creation of a special plate for a special constituency. There is no committee in the Motor

Vehicle Division deciding on which special plates to make and for whom. Rather, each special plate requires specific legislation in the form of a bill introduced by a Senator or Representative, passed by both houses, and signed into law by the Governor in order to become official. While the plates look different, say different things, often carry differing fee schedules and are displayed by differing numbers of people for differing reasons, all are official New Mexico license plates. While social issues and matters of fiscal and tax policy consume the public attention and press coverage, license plates garner more effort and legislative attention than most people realize. In this legislative session for instance, the following plate related bills have been introduced:

BILL NUMBER	TITLE	SPONSOR
House Bill 114	Albuquerque Public Schools License Plate	Miera
House Bill 418	Golf Tourism License Plates	Hall
House Bill 420	West Las Vegas High School License Plates	Vigil
House Bill 476	Future Farmers of America License Plates	Gutierrez
Senate Bill 92	Air Medal Recipient License Plates	E. Griego
Senate Bill 130	Lea County Energyplex License Plates	Leavell
Senate Bill 140	Blood Donor Recognition License Plates	Nava
Senate Bill 298	Special Big Game Hunting License Plates	Sapien
Senate Bill 302	Registration Plate for Disabled Veterans	Martinez
Senate Bill 350	Special Girl Scout Registration Plate	Lopez
Senate Bill 364	Mutual Domestic Water Consumers Assoc. Plates	M.J. Garcia
Senate Bill 482	License Plates for Tribes and Local Governments	Cravens
Senate Bill 492	Golf Tourism License Plates	Asbill

Of course, not every proposal will survive. Let's hope the most important do.



Telecom Taxes Anyone? Tax Foundation Issues Rankings of telecom taxes and fees

The conservative Tax Foundation has issued its Fiscal Fact No. 259, which ranks the states by telecom taxes and fees imposed (New Mexico had the 20th highest combined rate). According to their press release:

- The average U.S. wireless consumer pays taxes and fees of **16.26 percent**, of which **state-local charges average 11.21 percent**.
- 23 states have average state-local wireless taxes and fees in **excess of 10 percent**; with federal taxes, some cell phone subscribers pay **more than 20 percent in taxes**.
- States favor the taxes because they can raise revenue in a relatively **hidden** way. For example, Texas sued Sprint because the company listed a state tax as a line-item in its bill, **rather than hiding it from customers**.
- Universal Service Fund (USF) charges are modest in most states but particularly excessive in **Nebraska and Kansas**, where they **exceed 4 percent of the wireless bill**.
- Cell phones are taxed at a much higher level than other consumer items, even as much as or more than alcohol or cigarettes. In **Nebraska**, the combined federal-state-local average rate is **23.69 percent**, and in four other states (Florida, Illinois, New York, and Washington), it **exceeds 20 percent**.
- Notably among local jurisdictions, **Baltimore, Maryland** imposes a **\$4 per line per month** tax on wireless users, on top of federal and state charges. Nearby **Montgomery County, Maryland** imposes a \$3.50 per line per month tax. These per line charges are especially burdensome on low-priced "family share" plans.
- Legislation entitled the Cell Phone Tax Moratorium Act that would restrict excessive state and local wireless taxes has been regularly introduced in Congress.
- **Table 1: Taxes and Fees on Wireless Service, July 2010**

<i>State</i>	<i>Average State-Local Tax Rate</i>	<i>Combined Federal-State-Local Rate</i>	<i>Rank</i>
Alabama	7.45%	12.50%	38
Alaska	6.69%	11.74%	42
Arizona	11.97%	17.02%	14
Arkansas	11.07%	16.12%	16
California	10.67%	15.72%	19

<i>State</i>	<i>Average State-Local Tax Rate</i>	<i>Combined Federal-State-Local Rate</i>	<i>Rank</i>
Colorado	10.40%	15.45%	22
Connecticut	6.96%	12.01%	41
Delaware	6.25%	11.30%	45
Florida	16.57%	21.62%	4
Georgia	8.57%	13.62%	29
Hawaii	7.75%	12.80%	37
Idaho	2.20%	7.25%	48
Illinois	15.85%	20.90%	5
Indiana	9.84%	14.89%	23
Iowa	7.91%	12.96%	35
Kansas	13.34%	18.39%	9
Kentucky	10.42%	15.47%	21
Louisiana	6.28%	11.33%	44
Maine	7.16%	12.21%	40
Maryland	12.23%	17.28%	11
Massachusetts	7.81%	12.86%	36
Michigan	7.27%	12.32%	39
Minnesota	9.38%	14.43%	26
Mississippi	9.08%	14.13%	27
Missouri	14.23%	19.28%	7
Montana	6.03%	11.08%	47
Nebraska	18.64%	23.69%	1
Nevada	2.08%	7.13%	49
New Hampshire	8.18%	13.23%	32
New Jersey	8.87%	13.92%	28
New Mexico	10.52%	15.57%	20
New York	17.78%	22.83%	3
North Carolina	9.43%	14.48%	25
North Dakota	10.68%	15.73%	18
Ohio	7.95%	13.00%	33
Oklahoma	10.74%	15.79%	17
Oregon	1.81%	6.86%	50
Pennsylvania	14.08%	19.13%	8
Rhode Island	14.62%	19.67%	6
South Carolina	9.52%	14.57%	24
South Dakota	12.02%	17.07%	13

<i>State</i>	<i>Average State-Local Tax Rate</i>	<i>Combined Federal-State-Local Rate</i>	<i>Rank</i>
Tennessee	11.58%	16.63%	15
Texas	12.43%	17.48%	10
Utah	12.16%	17.21%	12
Vermont	8.50%	13.55%	30
Virginia	6.56%	11.61%	43
Washington	17.95%	23.00%	2
West Virginia	6.23%	11.28%	46
Wisconsin	8.34%	13.39%	31
Wyoming	7.94%	12.99%	34
District of Columbia	11.58%	16.63%	-

- Note: The local rate is calculated as the average of the tax in the largest city and the capital city. Source: Scott Mackey, KSE Partners, LLP, based on Methodology from Council on State Taxation, *50-State Study and Report on Telecommunications Taxation*, May 2005.

The full report can be found on the Tax Foundation website [here](#).

TAX QUOTABLE:

I am thankful for the taxes I pay because it means that I'm employed.

~Nancie J. Carmody

The most important ways in which I think the Internet will affect the big issue is that it will make it more difficult for government to collect taxes.

~Milton Friedman



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



Join NMTRI today!

"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.