

Tax Matters

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

- **The Legislative Session Moves On...**
 - **Ongoing Tax Activity**
 - **List of Tax Related Legislation**
 - **Senate Finance Committee hears from NMTRI and others**
- **Knick Knacks**
 - **California Reaches Budget Deal**
- **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 (last Thursday) was the last day that new bills or capital outlay requests could be introduced.

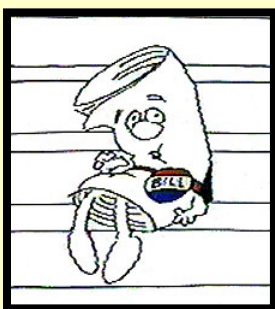
Still only five bills have been passed by both houses, including Senator Smith's Senate Bill 80, the corporate income tax measure that restores the first estimated quarterly payment. A few more tax oriented Senate bills have managed to pass the Senate and go the House. These include Senator Beffort's Senate Bill 213 which increases penalties for underreporting weight distance taxes, and Senator Morales's Senate Bill 219 which makes changes to the Cigarette Tax Act in an attempt achieve conformity with the tobacco master settlement agreement (no noted fiscal impact). The House has been more active, with HB 75 (extend investment credit and double weighted sales factor), HB 204 (extend Horse Racing Act), HB 251 (updating property values with decreases), HB 258 (graduate gaming tax rates on certain tracks), HB 262 (department "committee" bill to re-write/simplification/index personal income tax), HB 266 (department "committee" raising certain minimum penalties and electronic reporting thresholds), HB 388 (adds commercial wastewater property to the list of property subject to special valuation methods), HB 404 (film incentives clarification and gross receipts tax exemption) and HB 405 (expands renewable energy production tax credit limitations) all passing the House and moving to the Senate.

Thursday's bill introduction saw a flurry of bill introductions to including the usual "dummy" bills. Dummy bills are typically introduced with a title of Public Peace, Health, Safety & Welfare, and contain little, if any, real language and essentially don't do anything but serve as vehicles for future modification. If the need for a new bill comes along the bills can be amended to reflect the sponsor's intentions. At the end of the day, 943 House bills and 742 Senate bills were introduced.

That said, there wasn't very much high profile tax legislation introduced in the last week. Of most interest in the House perhaps was Representative Miguel Garcia's House Bill 877, which adds an additional 5.3% tax bracket to the existing rate/bracket structures for single, married and head of household income tax filers in tax years beginning on or after 1/1/2010, followed by a 6.0% bracket in 2011 and a 6.8% bracket in 2012. The most significant Senate bill for business introduced was perhaps Senator Wirth's SB 648, which essentially creates an alternative minimum tax for corporate taxpayers. Corporate income tax ("CIT") rates would be modified to 0% on the first \$250,000 of taxable income and 7.6% on amounts above \$250,000. The corporate franchise tax would be increased by a tax at a rate of 0.084% times the sum of 1) the excess above \$5 million of the taxpayer's property in the state, (2) the excess above \$1.2 million of the taxpayer's payroll and (3) the excess above \$9.3 million of the taxpayer's sales in New Mexico. Property, payroll and sales would be defined as under the apportionment rules in section 7-4 NMSA. Taxpayers would be allowed to take a credit against the new tax for the amount of CIT they owe. **NMTRI Comment:** This proposal appears to be an attempt to increase revenue from larger corporate income taxpayers who do not otherwise owe CIT. One concern with this approach is that the lack of CIT liability is usually a sign of the lack of profitability, so the new tax may be a heavier financial burden than the present law CIT.

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. Other notes: CS=committee substitute; A=amended

Bill Number/ Sponsor:	Title: Link to bill language: Description	Assignments -Location:
CS HB 8A 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 w/drn ref HTRC- HTRC
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
CS 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	HTRC/HJC/ HAFC-DNP- CS/DP-HJC

	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.	DP/a-HAFC w/drn PASSED/H SJC/SFC- SJC
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 -DP-HTRC
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. Bernalillo County Commission would be required to reduce its property tax levy for hospitals to reflect such reimbursement.	HHGAC/HT RC-HHGAC
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-DP- HTRC
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- DP-HTRC
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-DP- HTRC
HB 62 A. 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. The amendment provides an effective date of July 1, 2010.	HLC/HBIC- DP/a-HBIC
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	HBIC/HTRC -HBIC

	<p>take effect, levels shown would apply to married taxpayers filing joint returns in 2014 and after:</p> <p>Taxable Income above \$24,000 6%</p> <p>Taxable Income above \$40,000 7.1%</p> <p>Taxable Income above \$64,000 7.9%</p> <p>Taxable Income above \$100,000 8.2%</p> <p>Effective 1/1/2010.</p>	
HB 67 J. Campos	<p>Mission transition program gross receipts: HB 67 Provides a GRT deduction for construction materials used on military installations.</p>	HBIC/HTRC -DP-HTRC
HB 75 B. Lujan	<p>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 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.</p>	HBIC/HTRC DP-HTRC- DP-HTRC- DP- PASSED/H (62-0) SCORC/SFC -SCORC
HB 78 Varela	<p>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.</p>	HBIC/HTRC -HBIC
HB 84 Lundstrom	<p>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.</p>	HENRC/HT RC/HAFC- HENRC
HB 89 Trujillo	<p>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.</p>	HBIC/HTRC DP-HTRC
HB 98 T. Garcia	<p>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.</p>	HENRC/HT RC/HAFC – DP-HTRC
HB 115 Irwin	<p>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.</p>	HBIC/HTRC DP/a- HARK-DP-T
HB 116 Heaton	<p>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</p>	HHGAC/HT RC-DP- HTRC

	deductions for reimbursements by Medicare and by managed care. Effective July 1, 2009.	
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-DP- HTRC
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. The amendment adds an emergency clause which would make the bill effective immediately upon signature of the governor.	HHGAC/HT RC-DP/a- HTRC-DP PASSED/H (62-0) SCORC/SFC -SCORC
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. The amendment changes the bills application from property tax years 2009 and subsequent, to 2010 and subsequent.	HBIC/HTRC DP/a-w/drn ref HJC
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-DP- HTRC
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-DP- HTRC
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- DP-HARK- DP- PASSED/H SPAC/SJC- SPAC
HB 241 Cote	Child day care GRT deduction: HB 241 Provides a GRT deduction for providing child day care services that are	HBIC/HTRC DP-HTRC

	reimbursed by the Children, Youth and Families Department. Effective 7/1/2009.	
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- DP/a-HTRC- DP- PASSED/H SCORC/SFC -SCORC
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- DP-HJC
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-DP- HARK-DP/a PASSED/H SCORC/SFC -SCORC
HB 261 Sandoval	Estimated future property tax information to buyers: HB 261 Potential buyers of residential property would be provided with an 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.	HBIC/HTRC -HBIC
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 DP-HTRC- DP- PASSED/H SCORC/SFC -SCORC
HB 266 Trujillo	Tax payments and installment agreements: HB 262 Lowers annual liability threshold for electronic payments requirement	HBIC/HTRC -HBIC- DP-

	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.	HTRC- DP-PASSED/H SCORC/SFC -SCORC
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-DP-HTRC-DP-PASSED/H SCONC/SFC
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-DP-HTRC
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 R. Gonzales	Water and sanitation district revenue: HB 337 TRD could release GRT taxpayer names and ID numbers to a water and sanitation district. Various changes to statutes governing the districts.	HAGC/HTR C-HAGC-DP/a-HTRC-DP-PASSED/H SCONC/SJC
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-DP-HTRC
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-DP-HAFC
HB 351	Retiree health care fund distribution HB 351	HHGAC/HT

Varela	Removes the June 30, 2010 sunset date on the \$3 million annual distribution of income tax receipts to the retiree health care fund.	RC- HHGAC- DP-HTRC- DP- PASSED/H SPAC/SFC- SPAC
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 in non-municipal areas.	HBIC/HTRC HBIC-DP- HTRC
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-DP- HTRC
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- DP-HTRC- DP- PASSED/H SCORC/SFC -SCORC
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-DP- HTRC-DP- PASSED/H SCONC/SFC -SCONC
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 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	HBIC/HTRC /HAF- HBIC

	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 amendment removes non-film PTE requirements.	HBIC/HTRC -HBIC-DP/a- HTRC-DP- PASSED/H SCORC/SFC -SCORC
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-DP- HTRC-DP- PASSED/H SCORC/SFC -SCORC
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 w/o rec- HTRC
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.	HLC/HTRC- HLC-DP- HTRC
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 governing board of any TIDD. Food and medical deductions would be added to the base for determining GRT distributions to a TIDD. GRT	HBIC/HTRC -HBIC-DP- HTRC-DP/a- T

	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-DP- HTRC
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.	HBIC/HTRC -HBIC
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-DP- HTRC
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-DP-HAFC
HB505 Trujillo	Retail Communication Gross Receipts HB 505 Creates a five year phased in gross receipts and compensating tax deduction for the sale, lease, or use of most communications equipments and services by communications providers. Begins "fiscal year 2010".	HBIC/HTRC -HBIC-DP- HTRC
HB509 B. Lujan	Health care practitioner gross receipts HB 509 Expands the existing gross receipts tax deduction for certain healthcare services by certain healthcare practitioners to include receipts from co-payments and adding and broadening definitions. Effective July 1, 2009.	HHGAC/HT RC- HHGFAC- DP-HTRC
HB510 B. Lujan	Clinical nonprofit lab service gross receipts HB 510 Creates a credit against gross receipts for unpaid clinical laboratory services performed by a not-for-profit clinical laboratory. The credit is phased-in over three years beginning July 1, 2009.	HHGAC/HT RC- HHGAC- DP-HTRC
HB528 Vigil	Increase liquor excise tax HB 528 Increases liquor excise tax from: \$1.60to \$4.98 per liter of spirituous liquors; \$4.1 to \$1.85 per gallon of beer; \$1.50 to \$2.77 per liter of fortified wine. The bill does not propose to increase the \$.08/gallon and \$.10/liter taxes on locally brewed beer or local small wine growers, respectively. Effective July 1, 2009	HBIC/HTRC -HBIC
HB554 R. Gonzales	Special fuel from vegetable oil tax deduction HB 554 Creates a new deduction from gross receipts and special fuels ("diesel") tax fuel consisting of ninety percent or more vegetable or animal fat.	HBIC/HTRC -HBIC-DP- HTRC

	Effective July1, 2009.	
HB556 R. Gonzales	Local option hospitality excise tax HB 556 Authorizes a new local option tax (“hospitality liquor excise tax”) to be voter imposed by municipalities with populations of 15,000 or fewer according to the 2000 census. The tax would be 2% of the retail value of alcoholic beverages served. Half the proceeds must be dedicated exclusively to economic development projects within the municipality, and the other half to that or certain other uses such as transportation, tax administration, and tourism.	HBIC/HTRC /HAFC- HBIC
HB571 Mary Helen Garcia	Chile production income tax credit HB 571 Creates a personal and corporate income tax credit for chile producers, in the amount of \$200 per acre of planted chile. Applicable TYBA 1/1/2009 but prior to January 1, 2012.	HBIC/HTRC -HBIC
HB626 Sandoval	Investment credit time period HB 626 Extends to July 1, 2016 a higher rate of credit per additional employee. Also postpones to June 30, 2016 the effective date of annual limit on investment credits for one taxpayer of no more than \$2 million	HBIC/HTRC -HBIC
HB627 Maestas	Albuquerque route 66 tax increment district HB 627 Appropriates \$100,000 to the local government division of the DFA for the purpose of a study of the feasibility of establishing a tax increment district along the Central Avenue Route 66 corridor in Albuquerque. Unencumbered funds revert to the general fund at the end of fiscal year 2010.	HTRC/HAF C-HTRC- DP-HAFC
HB632 Lundstrom	Increase weight distance tax rate HB 632 Weight determined tax rates for buses and non-buses are increased approximately 5% across the board. Effective July1, 2009.	HTPWC/HT RC-HTPWC
HB649 R. Gonzales	Increase motor vehicle excise tax & create fund HB 649 Increases the MVX to 4% from the current 3%. Creates “state transit fund” and distributes the additional tax to the fund, primarily for the purpose of supporting transportation services and districts. Effective July 1, 2009.	HTRC/HAF C-HTRC
HB655 Cote	Military retiree rural health care tax credit HB 655 Effectively exempting taxable income up to \$100,000, the proposal creates a new \$5,000 and 3,000 personal income tax credit. To be eligible, one must be an eligible military retiree healthcare practitioner providing health care services in an underserved rural area. Applicable TYBA 1/1/2009.	HCPAC/HT RC-HCPAC
HB657 MH Garcia	Substitute teaching tax deduction HB 657 Provides a personal income tax deduction of up to \$50,000 in income earned from substitute teaching by a retired full time teacher with 20 or more years of experience. TYBA 1/1/2009.	HEC/HTRC- HEC
HB680 Taylor	Health practitioner gross receipts definition HB 680 Expands healthcare practitioner gross receipts tax deduction to include copayments and other patient payments made in connection with a healthcare insurer or managed health care provider. Effective July 1, 2009.	HHGAC/HT RC-HHGAC

HB682 Rehm	Motor vehicle tax as actual price paid HB 682 Strikes current law provision that requires value for purposes of the motor vehicle excise tax be the “reasonable value” if the price paid does not reflect that, essentially limiting taxable value to the price paid.	HCPAC/HT RC-HCPAC
HB725 Kintigh	Repeal film production tax credit HB 725 Repeals the film production tax credit and limits the amount and type of film related investments that can be made from the severance tax permanent fund. Effective July 1, 2008	HBIC/HTRC -HBIC
HB742	Cigarette tax rated & distribution HB 742 More than doubles the current cigarette tax rates (approx. 209% increase) while decreasing distribution percentages to specific beneficiaries by an average 31% (the general fund is the remaining beneficiary). The proposal also increases the tobacco products tax by 60% (25% to 40% of retail value) and reduces discounts for cigarette stamps. Effective July 1, 2009.	HBIC/HTRC -HBIC w/drn - ref HHGAC/HT RC-HHGAC
HB764 Begaye	Local hospital gross receipts imposition HB 764 Relaxes eligibility for the local hospital gross receipts tax local option. Newly eligible counties can impose a quarter percent in eighth percent increments but must dedicate the revenue as matching funds for federal state programs benefitting a hospital in the county that is designated a sole community provider. Voter approval is not required to enact the increases. Effective July 1, 2009.	HBIC/HTRC -HBIC
HB783 Martinez	Occupancy tax rates & uses HB 783 Allows an increase in the occupancy (“lodgers”) tax a governing body can impose from 5% to 7%, but only municipalities that have a state-designated arts and cultural district within its boundaries. The additional revenue must be used for cultural development and heritage tourism activities located within the arts and cultural district.	HBIC/HTRC -HBIC
HB784 Gardner	Biogas fuel production facility tax credit HB 784 Creates personal and corporate income tax credits for the production of biogas (>=50% methane and produced from qualified energy source) in the amount of \$2.92/million BTU’s produced. The credit is non-refundable and can be carried forward for five years.	HBIC/HTRC -HBIC
HB791 M. Garcia	Tax increment district maximum period HB791 Limits years in which gross receipts may be dedicated to a tax increment development district be limited to 25 years.	HBIC/HTRC -HBIC
HB796 Gonzales	Tax credits for renewable energy HB796 Creates and expands credits for certain renewable energy generating facilities and their owners to include gross receipts, compensating, and withholding tax programs.	HBIC/HTRC -HBIC
HB802 Lundstrom	Weight distance tax on certain vehicles HB802 Increases the weight distance tax rate schedule for vehicles and buses over 48,001 lbs by approximately. Effective July 1, 2009.	HTPWC/HT RC-HTPWC
HB805 Barela	Liquor excise tax distribution administration HB805 Limits liquor excise tax distributions to counties to for purposes of DWI programs to the maximum approved by the DWI grant council and limits allowable administrative costs to 5%. Emergency clause.	HBIC/HTRC -HBIC

HB815 Stewart	Gross receipts to midwife-nurse insurance HB 815 Requires attorneys who participate in medical malpractice cases to separately report the receipts from those activities so the tax department can identify and distribute twenty percent of the net gross receipts attributable tax to a fund that is created to subsidize medical malpractice insurance for nurses and midwives.	HHGAC/HA FC-HHGAC
HB827 Trujillo	Hybrid vehicle tax exemption HB 827 Creates a new motor vehicle exemption on issue of original certificate of a title a one-time motor vehicle excise tax exemption for certain hybrid vehicles purchased from July 1, 2009 through June 30, 2014.	HBIC/HTRC -HBIC
HB860 Barreras	Regional transit tax distribution & info HB 860 Provides for distribution to regional transit districts of amounts collected from the county regional transit GRT. Provides an exemption from confidentiality requirements for regional transit districts to receive information pursuant to the tax.	HTPWC/HT RC-HTPWC
HB870 Park	Winrock tax increment development project HB 870 Authorizes the issuance of \$137 million for the first two portions of the Winrock TIDD and another \$27 million for the third stage.	HBIC/HTRC -HBIC
HB872 Gardner	No severance tax project in certain counties HB 872 Restricts the issuance of severance tax bonds for the benefit of city or county projects that have zoning or other onerous ordinances that have an onerous effect upon the extractive industries.	HENRC/HT RC-HENRC
HB877 M. Garcia	Restore income tax progressivity HB877 Adds an additional 5.3% tax bracket to the existing rate/bracket structures for single, married and head of household income tax filers in tax years beginning on or after 1/1/2010, followed by a 6.0% bracket in 2011 and a 6.8% bracket in 2012.	HCPAC/HT RC-HCPAC
HB888 T. Garcia	Veterans' employment tax credit HB888 Provides a personal and corporate income tax credit of an amount up to \$300 of wages paid to eligible veterans (discharged within prior year). The credit can be taken for up to two years per individual veteran, and can be carried forward for three years.	HBIC/HTRC -HBIC
HJM 34 Taylor	Tax & rev business advisory committee: HJM 34 Calls for the Taxation and Revenue Department to establish a business tax advisory committee.	HBIC
HJM70 Begaye	Military duty income tax withholding HJM 70 Requests the department of defense study the extent of state income tax withholding from pay of Native Americans who were domiciled within their tribal boundaries during their time in the military.	HCPAC
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-DP-HTRC
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-DP-HTRC
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/HAFC- HVEC
CS/SB 19 Papen	Las Cruces downtown tax increment district: SB 19 Would authorize the issuance of \$8.0 million in bonds to be paid with GRT increment revenue. [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 -SFC
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- SFC
SB 35/a Harden	Renewable energy transmission project bonds: SB 35 New Mexico Finance Authority could issue bonds on behalf of the Renewable Energy Transmission Authority (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- SFC
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 -SFC
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/aa Smith	Corporate income tax reporting dates: SB 80 As amended, adds a quarterly estimated tax payment on the 15 th day of the fourth month of the tax year. Temporary provisions reduce the quarterly payment otherwise due by April 15, 2009 to 1/8 of annual estimated payments. The remainder of the 25 percent first quarterly payment is due June 15. Applied to TYBA 1/1/2009.	SCORC/SFC /HTRC- Signed Feb. 6, Ch. 4 Laws 2009
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	SCORC/SFC -SFC

	coffee.	
SB 89 Neville	Local hospital GRT changes: SB 89 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.	SCORC/SFC -SFC
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 -SFC
SB 115/a 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 2010 and subsequent property tax years.	SEC/SJC/SF C-SFC
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 -SFC
SB 201/a 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. \$600 thousand appropriated to TRD for related systems changes.	SCORC/SFC -SFC
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/a Beffort	Weight distance tax underreporting penalties: SB 213 Imposes new civil penalties for underreporting either mileage or weight. Effective 7/1/2009.	SJC/SFC- Passed Senate HTPWC/HJ C-HTPWC
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 - S Floor
CS/SB 237 SCONC	Renewable energy production tax credit: SB 237 Creates new personal and corporate income tax credits equal to 6% of investments in certain power generating facilities. The credits are non-refundable but may be carried forward for 10 years. The same investments are eligible for a GRT credit under present law Section 7-9G-2 but not for other GRT credits. Criteria for the present law credit are modified to include geothermal facilities and solar facilities linked to a conventional power plant.	SCONC/SC ORC- SCORC

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 -SFC
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 Jennings	Municipal environmental GRT rate SB 324 This local option tax rate would be increased from 1/16% to 1%. No voter approval is required to impose the tax.	SCORC/SFC -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 -SFC
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.	SCONC/SJC -SCONC

	Other changes are made to the sanitation district act.	
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
SB 412 Nava	Education GRT surtax: SB 412 Adds a 0.75% surtax to both the GRT and the Compensating tax with revenue earmarked to public school funding. Implementation is contingent on passage by the current legislature of revisions to the public school funding formula.	SEC/SFC- SEC
SB 430 Nava	Border business income tax credit: SB 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.	SPAC/SCOR C-SPAC
SB 438 Harden	Dyed special fuel GRT: SB 438 A new GRT deduction would be created for special fuel that is dyed under federal regulations. Dyed fuel is also deductible for purposes of the special fuels excise tax. Effective July 1, 2009.	SCORC/SFC -SCORC
SB 440 Wirth	Cultural property transfer income tax credit: SB 440 Increases the maximum cultural property income tax credit from \$25,000 to \$50,000 and from \$50,000 to \$75,000 if the property is in an arts and cultural district. Reduces the rate of the corporate income tax credit from 50% to 20% of property value. Increases the maximum amount of corporate income tax credit that may be claimed for one property from \$25,000 to \$125,000 or \$250,000 if in an arts and cultural district. Makes both tax credits transferable. Applies to properties receiving approval on or after 1/1/2010.	SPAC/SFC- SPAC
SB 442 Cisneros	Geothermal heat pump tax credit: SB 442 Provides new income tax and corporate income tax credits for 30% of the cost of installing “ground-coupled” heat pumps in residential or commercial buildings. Total credits claimed by one taxpayer are limited to \$9,000. Unused credits could be carried forward for ten years. A maximum of \$2 million per year in tax credits may be allowed to all taxpayers. Applies to tax years between 1/1/2010 and 12/31/2020.	SCORC/SFC -SCORC
SB 452 M.J. Garcia	Retail communications services GRT: SB 452 Creates new GRT and compensating tax deductions for the sale or lease of communications equipment to a provider of retail communications services who provides an NTT. The deductions are phased in over five years beginning in fiscal year 2010.	SCORC/SFC -SFC
SB 455 Ortiz y Pino	Special fuel from vegetable oil tax deduction: SB 455 Provides deductions from special fuels tax and GRT for fuel made from vegetable oil or animal fat that is used in an auxiliary fuel system. Effective 7/1/2009.	SCORC/SFC -SCORC

SB 457 Boitano	2005 value for certain transferred properties: SB 457 Residential property transferred between January 1, 2005 and December 31, 2009 would be re-valued at its 2005 value for property tax purposes. Effective 1/1/2010.	SCORC/SFC -SCORC
SB 458 Boitano	Valuation of new residential construction: SB 458 Newly constructed residential property would be valued at 80% of its price for property tax purposes. Applies to TYBA 1/1/2010.	SCORC/SFC -SCORC
SB 467 Ortiz y Pino	Winrock tax increment development project: SB 467 Authorizes the issuance of \$137 million for the first two portions of the Winrock TIDD and another \$27 million for the third stage.	SCORC/SFC -SFC
SB 483 McSorley	Tax increment development district moratorium: SB 483 For a period from the effective date through March 31, 2011, prevents the approval or formation of new Greenfield TIDD's. Creates a task force to evaluate the TIDD program and to report to the Legislature by June 30, 2010. \$100,000 is appropriated to the Legislative Council Service to support the task force.	SCORC/SFC -SCORC
SB 487 Munoz	Local liquor excise tax authority and limits: SB 487 Extends authority to impose a local liquor excise tax to any county. Newly eligible counties would be able to impose tax at new rates: \$0.99 per liter of spirituous liquors, \$0.25 per gallon of beer, \$0.28 per liter of wine, and \$0.93 per liter of fortified wine. Reduced tax rates are provided for micro-breweries and small winers. Effective 7/1/2009.	SCORC/SFC -SCORC
SB 501 Ortiz y Pino	Transit district tax distribution: SB 501 Provides for distribution to regional transit districts of amounts collected from the county regional transit GRT. Provides an exemption from confidentiality requirements for regional transit districts to receive information pursuant to the tax.	SCORC/SFC -SCORC
SB 505/a Payne	Communication system property taxes: SB 505 Exempts from the special valuations methods for communications systems those systems used for one-way communications.	SCONC/SC ORC- SCORC
SB 508 Lopez	Return income tax to pre-2004 rates: SB 508 Beginning in tax year 2010, income tax rates and brackets would revert to those that prevailed prior to the recent phase-in of reduced tax rates. Thus for example, married taxpayers filing joint returns would pay 6.0% on taxable income between \$24,000 and \$40,000, 7.1% between \$40,000 and \$64,000, 7.9% between \$64,000 and \$100,000 and 8.2% on amounts above \$100,000.	SCORC/SFC -SCORC
SB 509 McSorley	Tax increment development district formation: SB 509 Applies an inflation factor to the calculation of base gross receipts tax for purposes of calculating incremental GRT for distribution to a TIDD. Imposes additional reporting requirements on TIDD's. Restricts the approval of TIDD's for Greenfield developments. Limits to 50% the share of GRT that can be earmarked to a TIDD. Requires annual reports to the legislature on the status of TIDD's.	SCORC/SFC -SCORC
SB 523 Ortiz y Pino	Federal income deductions as state income: SB 523 Individual income taxpayers who itemize deductions on their federal return would be required to add back any state and local taxes included in	SCORC/SFC -SCORC

	their itemized deductions in determining taxable income for state income tax purposes. Applies to TYBA 1/1/2009.	
SB 530 Campos	Energy generators renewable tax credit: SB 530 Increases the annual amount of renewable energy production tax credits from 2.5 million megawatt hours to 3.2 million MWh. Imposes new limits on total credits according to the source of the power. Applies to TYBA 1/1/2009.	SCONC/SFC -SCONC
SB 537 Boitano	Property taxation & valuation upon sale: SB 537 Requires re-valuation of residential property in tax year 2010 to bring all counties up to at least 92% of current and correct market value. The 3% annual limit on residential property value increases would be reinstated beginning in tax year 2011. The 3% limit would continue to apply when a property is sold.	SCORC/SFC -SCORC
SB 541/a Lovejoy	Native American veterans' tax settlement fund: SB 541 Makes several administrative changes to the management of the fund. Appropriates \$2 million from the General Fund to the fund for its purposes.	SIAC/SFC- SFC
SB 552 Martinez	County correctional facility taxes: SB 552 Increases the county correctional facilities GRT option from 1/8% to 1/4%. Voter approval would be required prior to imposing the additional 1/8%.	SCORC/SFC -SCORC
SB 554 Ulibarri	County gross receipts tax for bond repayment: SB 554 Authorizes counties to use an additional 1/16% of their county local option GRT for bond debt service repayment.	SFC-SFC
SB 558 Beffort	Retired military medical practitioner tax deduction: SB 558 Allows an income tax deduction for the retirement pay of a retired military medical practitioner who provides at least 2,080 hours per year of medical services in a medically underserved area. Applies to TYBA 2009.	SPAC/SFC- SPAC
SB 559 McSorley	Employer family medical leave tax credit: SB 559 Allows employers an individual or corporate income tax credit for 25% of the wage cost of providing family medical leave. The credit is non-refundable and no carryover is provided. Applies TYBA 1/1/2009.	SCORC/SFC -SCORC
SB 564 Duran	Property tax increase disclosure info: SB 564 County assessors would be required to provide a good faith estimate of the potential increase in property taxes after a home is sold. Property owners would be required to provide the information to any prospective purchaser.	SCONC/SC ORC- SCONC
SB 576 Fischmann	Tax increment defined: SB 576 Narrows the definition of GRT increment revenue to the GRT paid by new companies or companies newly-located in New Mexico.	SCORC/SFC -SCORC
SB 578 Cisneros	Local option hospitality liquor tax act: SB 578 Authorizes municipalities of less than 15,000 population to impose a 2% tax on the retail value of alcoholic beverages. Imposition would be subject to voter approval and funds would be used for economic development projects.	SCORC/SFC -SCORC
SB 595	State lodgers gross receipts surtax: SB 595	SCORC/SFC

Munoz	Imposes a 10% tax on gross receipts from offering temporary lodging. Proceeds are earmarked to new funds and to the General Fund. Effective 1/1/2010.	-SCORC
SB 601 Leavell	Use of conserved water from tax credits: SB 601 Allows water for which the tax credit for agricultural water conservation has been claimed to be put to beneficial consumptive use.	SCONC/SFC -SCONC
SB 603 Campos	Private school tuition tax deduction: SB 603 Creates an income tax deduction for up to \$500 per year of tuition for a dependent to attend a private, non-profit elementary or secondary school.	SEC/SFC- SFC
SB 618 Sharer	Internet investment tax credit: SB 618 Creates a non-refundable credit against CRS taxes for 100% of expenses of constructing high-speed internet delivery systems in counties other than Class A counties. Applies to TYBA 1/1/2010.	SCORC/SFC -SCORC
SB 619 Sharer	Taxation of energy imports: SB 619 Exempts from corporate income tax income from the sale of energy outside the state. The exclusion begins at 100% and phases down to 25%. Applies TYBA 1/1/2010.	SCORC/SFC -SCORC
SB 620 Sharer	Energy exporting jobs tax credit: SB 620 Creates a new refundable credit against CRS taxes for 25% of the wages and benefits paid to a new employee in an energy-exporting job. Applies TYBA 1/1/2020.	SCORC/SFC -SCORC
SB 641 Cisneros	Tax administration food & medical credits: SB 641 Allows for the downward adjustment of the hold harmless distribution rate when a municipality or county reduces its total GRT imposed. Extends period of time to file a protest from 30 days to 90 days. Allows representation by enrolled agents for state income tax hearings. Increases the threshold for tax abatements requiring AG's approval from \$10,000 to \$25,000. Other administrative changes are made to the Tax Administration Act.	SCORC/SFC -SCORC
SB 647 Wirth	Renewable energy financing district act: SB 647 Allows local governments to create special property tax districts composed of property owners who agree to be assessed a levy to pay off the cost of installing renewable energy equipment on their property. Districts would be authorized to issue bonds to finance equipment purchase and installation.	SPAC/SFC- SPAC
SB 648 Wirth	Corporate income tax rates and payments: SB 648 Corporate income tax rates would be modified to 0% on the first \$250,000 of taxable income and 7.6% on amounts above \$250,000. The corporate franchise tax would be increased by a tax at a rate of 0.0084% times the sum of 1) the excess above \$5 million of the taxpayer's property in the state, (2) the excess above \$1.2 million of the taxpayer's payroll and (3) the excess above \$9.3 million of the taxpayer's sales in New Mexico. Property, payroll and sales would be defined as under the apportionment rules in section 7-4 NMSA. Taxpayers would be allowed to take a credit against the new tax for the amount of corporate income tax they pay. Applies TYBA 1/1/2010.	SCORC/SFC -SCORC
SB 660	Liquor excise tax distributions: SB 660	SCORC/SFC

Cisneros	Creates a new distribution of \$20,000 per month of net liquor tax receipts to Taos County for alcohol detoxification and treatment programs.	-SCORC
SB 665 Cravens	Malt beverages as spirituous liquor: SB 665 Subjects flavored malt beverages to the liquor excise tax and directs revenue to programs for prevention of underage drinking.	SCORC/SFC -SCORC
SB 673 Eichenberg	State-assessed property tax revenue fund: SB 673 Provides a distribution of 1% of property taxes collected from state-assessed property to a fund for the Property tax Division for administrative purposes.	SCORC/sfc- SCORC
SB 677 Boitano	No elected county assessors: SB 677 Converts county assessor positions from elected to appointed.	SPAC/SJC- SPAC
SB 684 Keller	Oil and gas revenue predictability: SB 684 Authorizes the State Board of Finance to enter into hedging contracts if the Board finds that the contracts will reduce volatility of severance tax bonding fund revenue.	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



NMTRI highlights important tax issues for Senate Finance Committee

In response to an invitation from the Senate Finance Committee (LFC), NMTRI Executive Director Richard Anklam participated in a February 17 panel of tax experts to discuss issues facing the 2009 legislature. Others included The Legislative Finance Committee's Norton Francis and Taxation and Revenue's Dr. Jim Nunns. Representing business was ACI's Dr. Beverlee McClure, Norm Becker, and Bob Gallagher of the New Mexico Oil and Gas Association. Bill Fulginiti and Jim O'Neill represented municipal and county issues and concerns. LFC Chairman John Arthur Smith reminded his members that they were the committee responsible for understanding tax policy issues and protecting the state's tax base.

After a review of the principles of good tax policy upon which the institute is based, Richard provided background information about New Mexico's system. As of FY 2007, general sales taxes comprised over 40% of the almost \$8 billion per year in state and local taxes collected in New Mexico, highlighting the state's extremely high reliance on this source. Property taxes

were 14% and income taxes 15%, while severance taxes contributed another 14%. Just over half of all tax revenue goes to the state's General Fund with another third going to local governments. When compared with other states, New Mexico ranks high in terms of the total size of the state and local government sector as a share of the economy. Property taxes as a percent of personal income are only about half of the national average, but sales taxes are almost 50% higher than average. Taxes imposed directly on businesses are 20% above the national average and rank as the 11th highest in the country – even when these figures have been adjusted to exclude severance taxes.

The single most important issue in the tax system is the pyramiding of the Gross Receipts Tax (“GRT”) on business purchases. The lack of appropriate deductions for business-to-business sales is estimated to contribute over 1/3 of the GRT tax base, or more than \$1 billion per year in added tax liabilities for New Mexico businesses. In addition to putting local businesses at a disadvantage relative to out-of-state competitors, this tax places an extra burden on smaller businesses, which are more likely to have to purchase inputs rather than providing them in-house. Other GRT issues include regressivity, tax base erosion due to remote commerce and political tax base erosion due to deductions and credits for non-tax policy purposes. Joining the Streamlined Sales Tax Agreement offers the state some potential to prevent base erosion, but increasingly complex provisions – including “split rate” tax credits designed to hold local governments harmless – may present obstacles to joining the Agreement.

Major issues with the Property Tax include large and growing disparities among taxpayers due to the 3% annual limit on assessed value growth of residential property, rapid tax liability growth despite value limits and yield control and uneven assessment and administrative practices around the state. The state's income tax has seen major changes in recent years and the implications are not yet entirely clear. The lower, flatter tax rate structure means that the tax is more competitive with neighboring states, but revenue growth will not be as rapid as in prior years. New credits for low-income families will increase re-distribution through the tax code but will also reduce revenue. Numerous new credits and deductions for social and environmental policy purposes threaten to reduce the efficiency and adequacy of the tax. Present law corporate income tax is a “mixed bag” for taxpayers – relatively high tax rates are offset for some and to some extent by provisions allowing filing group options. Proposals to require combined reporting by unitary corporations offer the prospect of an uncertain increase in revenue but at the cost of a more complex tax system and economic development concerns given the relatively high rates. The state's road fund is under pressure from several directions, according to the Transportation Department. Revenues, which are largely based on per unit gasoline and diesel taxes, have not kept pace with escalating construction costs and with the state's increasing demand for mass transportation projects. One option under considerations by the legislature is to raise the Motor Vehicle Excise Tax with the increased revenue earmarked to the Road Fund. This tax, currently at 3%, is below the GRT and also below the excise tax charged in many other states.

On the perennial issue of tax incentives, Richard argued that this is not a “black and white” issue for the state. On the positive side, these can help the state compete with larger, more advanced economies. The cost is a more complicated, unfair tax system, and encouraging the suspicion that it's “who you know” that determines your tax liability. Finally, Richard discussed some revenue raisers that have been proposed to deal with the state's current fiscal imbalance. Increasing the GRT should be avoided – as should new alternative minimum tax proposals that

target gross revenue – because of the pyramiding burden that is already imposed on New Mexico businesses. Severance taxes are also high enough, and the state imposes significant amounts of GRT on the inputs purchased by the industry. Repealing the income tax deduction for state and local taxes would increase complexity and would exacerbate the state’s differences with it’s neighbors. Raising cigarette taxes will have a limited revenue impact -- and a minimal impact on consumption -- unless an attempt is made to limit the “leakage” of tax-exempt purchases from tribal and internet sellers that grows as you raise the incentive to do so. If additional revenue is needed, the state could reconsider some of the tax preferences adopted in recent years, as the fiscal picture has changed dramatically since these were approved. A copy of the presentation can be accessed [here](#).

Knick Knacks

California Reaches Budget Compromise

California’s legislature reached a budget compromise on February 19. The measure was signed by Governor Schwarzenegger yesterday. According to the California Taxpayer’s Association, the accord included the following tax measures:

- Temporarily increase the existing Personal Income Tax brackets by 0.25 percent (or 0.125 percent if federal stimulus dollars reach a specified amount). The lowest bracket will be 1.25 percent (increased from the current 1 percent) with the highest bracket being 9.55 percent (increased from the current 9.3 percent – although current law also includes an additional 1 percent for income over \$1 million). If the federal stimulus reaches a specified amount, the increase will be halved, so the lowest bracket would become 1.125 percent and the highest would become 9.425 percent (plus the 1 percent "millionaire's tax"). This provision is for taxable years beginning on or after January 1, 2009 through December 31, 2010 (two years), unless it is extended to 2013. In addition, the Alternative Minimum Tax, currently 7 percent, will be either 7.25 percent or 7.125 percent, depending on the federal stimulus.
- Temporarily increase the sales tax by 1 percent. The tax increase would be effective April 1, 2009 through June 30, 2011 (or 2012 if the voters approve the budget reform proposal).
- Temporarily increase the Vehicle License Fee on many Californians’ from the current 0.65 percent to 1.15 percent. This would be in place from May 2009 to June 2011 (or until June 2013 if the voters approve the budget reform proposal).
- Temporarily reduce the dependent credit from \$309 to \$99. The credit would be reduced for tax years 2009 through 2010 (or 2012 if the voters approve the budget reform measure).

The budget also included several economic stimulus provisions:

- Provides an elective single sales factor apportionment methodology. Excludes from this election those already excluded from the four-factor formula: extractive business, agriculture, savings and loans, and banks and financial activities. Revenue loss is expected to be \$700 million annually and growing to \$1.5 billion. The Senate and Assembly floor analyses, as well as the Governor's Office bill description, clearly state that the provision will allow (not require) companies to apportion income to this state using only a sales factor, beginning in 2011. However, the bill itself may be ambiguous on this point.
- Establishes defined thresholds, including amount of sales and property in this state, for economic nexus, i.e. "doing business in this state."
- Defines "gross receipts" for purposes of the sales factor to include gross amounts received for goods or services or for use of property to produce business income, but specifically excludes treasury function transactions. States that this is a clarification of existing law.
- "Clarifies" treatment of unitary groups to comport with the Finnegan Rule. Requires the sales factor to include all sales of a unitary group and to include sales of the group that are not subject to apportionment to any other state.
- Removes the "cost of performance" standard to allocate sales based on the extent of the benefit provided in California.
- Establishes a 20 percent to 25 percent motion picture tax credit, capped at \$100 million annually in total and allocated by the California Film Commission.
- Provides a temporary hiring tax credit of \$3,000 to small business with fewer than 20 employees. This credit is capped at \$400 million in total, and is allocated.

TAX QUOTABLE:

“The avoidance of taxes is the only intellectual pursuit that carries any reward.”

~John Maynard Keynes



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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