

# ***Tax Matters***

*The Newsletter of the New Mexico Tax Research Institute*

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## **IN THIS LEGISLATIVE SESSION ISSUE OF *TAX MATTERS*:**

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**HOLD THE DATE AND MARK YOUR CALENDARS NOW – 8<sup>TH</sup> ANNUAL NMTRI TAX POLICY CONFERENCE IS COMING!**

The Eighth Annual NMTRI Tax Policy Conference and annual members' meeting will be held at the Hotel La Fonda on the plaza in Santa Fe, May 12-13. You will be inundated with details following the end of session!

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**INTO THE LEGISLATIVE SESSION**



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

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 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

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.

**One last gasp...**

A total of 655 House and 628 Senate bills have been introduced. The last 48 bills in both houses were “dummy” or placeholder bills for “the public peace, safety and welfare.” Such bills are typically introduced near the deadline by committee chairs to be used as vehicles for legislation that requires introduction (via amendment or substitute) after the deadline. Our expectations regarding fewer tax proposals, plenty of accountability oriented bills, as well as “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.)

Despite the loss of an hour with the time change, the death march to the end of the Session (this Thursday at noon) continues. The House and Senate have been hearing each other's bills, so that logjam is over. So far, only six House bills and seven Senate bills have been passed by both houses, with only one bill besides the feed bill being signed thus far (HB 211 – Thanatopractice Board Sunset Date). There will certainly be more activity this week. The Senate will resolve its own wrangling over the film proposal passed by the House earlier in the week ([HTRC Committee Substitute for House Bill 607/622](#)), which impacts what can be spent elsewhere. Senator Phil Griego used one of his dummy bills as a vehicle for a similar but more industry friendly film provision that retains the House's annual cap of \$45 million, but excludes series productions from the limitation and creates a cumbersome refundable application fee structure for purposes of getting a placeholder in line with respect to the cap (see [Senate Bill 613](#)).

### **Most Favored Bills Status-Good Bill Day in House Tax and Rev**

On Wednesday, the House Taxation and Revenue Committee brought a handful of previously tabled bills off the table and passed them along to the House floor. This was expected at some point once the House reached resolution on their budget, and had a sense of how much money was available. Not every proposal will pass but the list is indicative of what the leadership has essentially agreed to and favored. Earlier in the meeting, Representative Larranaga passed his bill which once again would delay distributions to the Fire Protection Fund. The state fire marshal said the money was important and mostly used to assist poor and rural fire departments in meeting safety standards, obtain adequate equipment, etc., but they understood the fiscal crisis and hoped such a cost saving effort wouldn't be necessary next year. He didn't stay to see where his money was going. The table below can tell you:

<a href="#">HB39</a>	Electric Plug in Car Exemption	Trujillo	DP
<a href="#">HB75</a>	Geothermal Pump Tax Credit Refundability	Gonzales	T*
<a href="#">HB198</a>	Tax Credits for Natural Gas Vehicles	Lujan	DP
<a href="#">HB239</a>	Veteran Employee Tax Credit	Garcia	DP
<a href="#">HB273</a>	Small Business Tax Credit Eligibility Period	Trujillo	DP
<a href="#">HB304</a>	Extend Angel Investment Tax Credit	Powdrell-Culbert	DP
<a href="#">HB382</a>	Photosynthetic Energy Tax Credit	Sandoval	DP
<a href="#">HB470</a>	Underpayment Payment of Tax Penalty Changes	Ezell	DP
<a href="#">HB487</a>	Create Direct Wine Shipment Permit	Martinez	DP
<a href="#">HB288</a>	Teacher's Income Tax Deduction On Indian Land	Jeff	DP
<a href="#">HB523A</a>	Locomotive Fuel Tax GRT Deductions	Powdrell-Culbert	T*
<a href="#">HB200</a>	Corporate Income Tax Reduction	Strickler	T*

Some of the bills were narrowed or extended to limit the fiscal impact of the proposals. The relatively small and ineffective small business tax credit resurrection in House Bill 273 was made more so with efforts to reduce manipulation of credit amounts. Rep. Strickler's House Bill 200 was taken off the table and amended to extend the timeframe of rate reduction, but it was subsequently tabled.

*[NMTRI note: the proposal was too costly for passage this year and that was clearly understood by the sponsor.]*

Representative Bobby Gonzales was not in the room when his House Bill 75 (geothermal pump credit refundability) was taken off the table. It required a committee substitute that wasn't well understood, so the bill was tabled again until Friday when it was passed out. Ditto for House Bill 523 (locomotive fuel tax). On that bill, the intended beneficiary's competitor, BNSF, showed up to complain about having previously invested in the state but not getting the benefit that Union Pacific was poised to receive once the committee substitute bill was passed. The result was the passage of the committee substitute delayed until Friday as well.

*[NMTRI note: the first "Union Pacific" bills created a gross receipts and compensating tax deduction for fuel sold to or used by locomotive engines, contingent on Union Pacific having begun construction of a fueling facility in the southern part of the state. The committee substitute limits the deduction to fuel loaded or used by a common carrier at the facility in which the \$100 million+ investment was made. It makes for an interesting conundrum. Good tax policy principles suggest that similarly situated taxpayers be treated similarly (fairness principle). On the other hand, extending a tax break to BNSF while attempting to encourage Union Pacific to build a fueling facility had the effect of quadrupling the cost of the incentive, bringing greater concern and question of return on investment of such an all inclusive effort.]*

The day did have its moments of comedic relief. Rep. Garcia amended his House Bill 239 (veteran employee tax credits) to require that corporate employers be veteran owned to be eligible. The amendment was consistent with concerns raised regarding his Veteran's Committee's other bill, [House Bill 89](#), but made no policy sense whatsoever in the context of this bill. While the Taxation and Revenue Department attempted to alert the committee to the issue, the sponsor remained stalwart, the amendment was approved, and the bill was passed on to the floor of the House. Not being of sufficient size to be an inducement, the proposal results in an after the fact reward for some, and therefore probably not the highest and best use of taxpayers' dollars anyway. At least it's cheaper now.

While Senator Phil Griego's [Senate Bill 84](#) still get's the prize so far for most favored bill status (it's now in the House Taxation and Revenue Committee... last stop on the way to vote on the House floor), most of the House bills mentioned above are also already in their last Senate Committee, the Senate Finance Committee (HB 470, 487, and 288 are still in Senate Corporations). Griego's proposal would extend the present deduction for jet fuel of 55% past FY13 to FY17, when it otherwise it falls to back to 40%. Of course, it doesn't cost general fund money THIS fiscal year. While not costing any money, Senator Tim Keller's measure intended to improve industry accountability (see [Senate Bill 44](#)), is also in the House Taxation and Revenue Committee ("HTRC"). Both are interim Revenue Stabilization and Tax Policy Committee endorsed bills. Also in HTRC is Leavell's Senate Bill 233, a companion of Sandoval's House Bill 382 above.

The two bills that amend the Enhanced 911 Act, Representative Bobby Gonzalez's [House Bill 328](#) (in Senate Finance) and Senator Rodriguez's [Senate Bill 422](#) (in House Business and Industry), both continue to make progress and still appear destined for enactment. They add and modify definitions providing authority to impose surcharges on Voice Over Internet Protocol

(VOIP) and pre-paid phone communications, but also clarify that E911 charges would not be imposed on broadband Internet access charges. There isn't much opposition, and the counties support the measure. The bill does present some compliance burden for businesses and the Taxation and Revenue Department, and takes effect too quickly to be properly implemented, but that may be improved through amendment.

### **And other stuff**

Speaker Lujan's [House Bill 429](#), correcting an unintended "loophole" in the compensating tax (created last year when another loophole was closed), which moved out of the House Taxation and Revenue Committee without recommendation last week, was amended to try to fix a rate problem. The compensating tax rate on services refers to the wrong rate, 5% instead of 5.125%. That "fix" was included in the bill but was then amended out on the House floor. The bill will now be voted on by the House.

*[NMTRI note: the compensating tax bill is a no-brainer from a policy perspective, as there is no reason to have a tax structure that leaks in favor of out-of-state consumption. While it makes no sense to not increase the compensating tax rate on services to make it equal to the rate on other purchases, this issue is not as critical since few, if any, taxpayers are ever subject to the compensating tax on services.]*

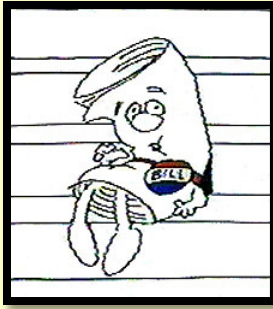
We mentioned in the last newsletter that Senator Cisneros's [Senate Bill 210](#), which would have created a personal and corporate income tax credit in an amount equal to generation costs, but not to exceed \$1/kilogram for the for the first 4 million kilograms of hydrogen sold by a qualified fuel generator or resource generator, got out of the Senate Finance Committee only to fail on the floor of the Senate. However, it was later reconsidered, amended and passed by the Senate, and is now in the House Energy and Natural Resources Committee.

Senator Eichenberg's proposal to address tax lightning continues to move and has the greatest chance of passage of all bills intended to address "tax lightning." having escaped the Senate Finance Committee for a Senate floor vote. His [Senate Bill 108](#) revalues properties sold from 2004 through present, limits the increase in value of residential property at 3% per year but caps them at current and correct values, and provides for a sales ration approach for valuing new construction. Representative Sandoval's approach in [House Bill 511](#) drew three committee assignments and has only been passed through one committee thus far.

Stay tuned... there's only this week left (Thursday), so times running out and plenty of activity will take place and legislators try to finish what they started.

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

<b>Bill Number/ Sponsor:</b>	<b>Title: Link to bill language: Description</b>	<b>Assignments -Location:</b>
HB 19 D.Kintgh	<b>No Film Tax Credit &amp; Limit film Investments</b> <a href="#">HB 19</a> 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)
HB 23 M.H. Garcia	<b>Liquor Excise Tax Distribution to Schools:</b> <a href="#">HB 23</a> 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	<b>Reduce Hospital Tax Levy For Hospital Funding:</b> <a href="#">HB 25</a> 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	<b>Plug-in Electric Car Exemption:</b> <a href="#">HB 39</a> 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-DP- PASSED/H- SCORC/SFC -SCORC
HB 44 Williams Stapleton	<b>Severance Tax Fund Investment in Energy:</b> <a href="#">HB44</a> 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	<b>“Net Income” Definition For Income Taxes:</b> <a href="#">HB 61</a> 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- DP- PASSED/H- SPAC/SJC
HB 75 Gonzales	<b>Geothermal Pump Tax Credit Refundability:</b> <a href="#">HB 75</a> Makes the credit refundable above and beyond any existing taxpayer income tax liability, requires taxpayers to obtain certificates of eligibility,	HBIC/HTRC -HBIC-DP- HTRC-DNP-

	and requires an annual report on the credit be prepared jointly by the EMNRD and TRD.	CS-DP
HB 89 Sandoval/UI ibarra	<b>Veteran Owned Business Gross Receipts: <a href="#">HB 89</a></b> 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	<b>Internet Sales Gross Receipts: <a href="#">HB 102</a></b> 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	<b>Income Tax Exemption For People Over 65: <a href="#">HB 119</a></b> 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	<b>Budget and Corporate Transparency: <a href="#">HB 156</a></b> 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	<b>Tax Expenditure Budget Development and Report: <a href="#">HB 161</a></b> 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- DP-SFC
HB 165 Crook	<b>Define "Modified Combined Tax Liability: <a href="#">HB 165</a></b> 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-DP- HTRC
HB 166 Sandoval	<b>Review Certain Tax Credits: <a href="#">HB 166</a></b> 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-DNP- CS/DP PASSED/H- SCORC/SC-

	current circumstances with the notion that ineffective credits be amended or repealed. The proposal is a Revenue Stabilization and Tax Policy Committee endorsed bill.	SCORC
HB 198 B. Lujan	<b>Tax Credits for Natural Gas as Vehicle Fuel: <a href="#">HB 198</a></b> 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-DP/a- fl/a- PASSED/H
HB 200 Strickler	<b>Reducing Corporate Income Tax Rates: <a href="#">HB 200</a></b> 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	<b>Reduce Unequal Treatment of Taxes &amp; Credits: <a href="#">HB 222</a></b> 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	<b>Veteran Employment Tax Credit: <a href="#">HB 239</a></b> 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	<b>Define “Tobacco Products” &amp; Enact Minimum Tax: <a href="#">HB 250</a></b> 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	<b>Military Retirement Income Tax Exemption: <a href="#">HB 265</a></b> 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	<b>Small Business Tax Credit Eligibility Period: <a href="#">HB 273</a></b> 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-DP/a- PASSED/h- SCORC/SFC -SCORC
HB 281 Spence- Ezzell	<b>TRD Secretary Approve Certain Evidence: <a href="#">HB 281</a></b> 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	<b>Special Fuel Tax Deduction on Indian Land: <a href="#">HB 287</a></b> Creates a “special fuel” (aka diesel) tax deduction for retail sales of fuel	HBIC/HTRC -HBIC

	on tribal reservation, pueblo grant or trust lands, provided the tribe impose a same or similar tax and the seller is in compliance with those tribal tax laws.	
HB 288 Jeff	<b>Teacher Income Tax Deduction on Indian Land:</b> <a href="#">HB 288</a> 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-DP/a- PASSED/h- SCORC/SFC -SCORC
HB 304 Powdrell- Culbert	<b>Angel Investment Tax Credit Extension:</b> <a href="#">HB 304</a> Extends the availability of the Angel Investment Credit Act to investments made prior to 12/31/2015.	HBIC/HTRC -HBICDP/a- HTRC-DP/a- PASSED/h – SCORC/SFC -SCORC
HB 327 Gonzales	<b>Property Value, Certain Tax Credits Accepted:</b> <a href="#">HB 327</a> 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	<b>Surcharges Imposed on Communication Services:</b> <a href="#">HB 328</a> Amends the Enhanced 911 Act to add and modify definitions providing authority to impose surcharges on Voice Over Internet Protocol (VOIP) and pre-paid phone communications.	HBIC/HTRC -HBIC-DP/a- HTRC-DP/a- PASSED/H- SJC/SFC- SJC-DP-SFC
HB 335 Rehm	<b>Reduce Mill Levy to Pay for County Hospital:</b> <a href="#">HB 335</a> 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	<b>Political Subdivision Qualification to Tax:</b> <a href="#">HB 343</a> 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- DP- PASSED/h- SCORC
HB 361 Egolf	<b>Point-of-Sale Surtax on Retail Alcohol Sales:</b> <a href="#">HB 361</a> Essentially imposes an additional retail sales tax at the rate of 2.5% on the sale of alcoholic beverages	HBIC/HTRC -HBIC
HB 382 Sandoval	<b>Photosynthetic Energy Tax Credit:</b> <a href="#">HB 382</a> Amends definitions of the Alternative Energy Product Manufacturers Tax Credit Act to include as an eligible alternative energy source, products directly secreted by a single cell photosynthetic organism. The credit provided is an amount equal to 5.0% of a taxpayer’s expenditures on qualified manufacturing equipment.	HENRC/HT RC-HENRC- DP-HTRC- DP/a-fl/a- PASSED/H- SFC

HB 388 Gutierrez	<b>College Textbook Purchase Gross Receipts: <a href="#">HB 388</a></b> 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	<b>Increase Liquor Excise Tax: <a href="#">HB 421</a></b> Increases the liquor excise tax across all beverage categories (i.e. beer from \$.41 to \$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	<b>Compensating Tax Transaction Requirements: <a href="#">HB 429</a></b> 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-w/o rec-T-fl/a- PASSED/H
HB 437 T.A. Garcia	<b>Veteran's Property Tax Exemption: <a href="#">HB 437</a></b> Creates a property tax exemption for certain veteran's organizations property.	HTRC-DP- PASSED/H- SCORC/SFC -SCORC
HB 440 M.H. Garcia	<b>Advanced Energy Tax Deductions for Some Leases: <a href="#">HB 440</a></b> 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-DP- HTRC-DNP- CS/DP- PASSED/H SCONC/SFC -SCONC
HB 444 Ben Lujan	<b>Tax Credit for Certain Oil &amp; Gas Wells: <a href="#">HB 444</a></b> 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	<b>Tax Deduction for Certain Depreciable Assets: <a href="#">HB 448</a></b> 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-DP- HTRC
HB 465 Martinez	<b>Tax on Special Fuel Shipments: <a href="#">HB 465</a></b> 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	<b>Underpayment of Estimated Tax Penalty Changes: <a href="#">HB 470</a></b> Increases the threshold for the personal income tax estimated payment penalty exception from \$500 to \$1000 before underpayment penalties apply.	HBIC/HTRC -HBIC-DP- HTRC-DP/a- PASSED/H- SCORC
HB 479 White	<b>Reduce Film Production Tax Credit: <a href="#">HB 479</a></b> Reduces the tax credits rate of subsidy on qualified expenditures from 25% in present law to 15%	HBIC/HTRC -HBIC

HB 482 M. Garcia	<b>Estimated Tax In Notices of Value: <a href="#">HB 482</a></b> 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 487 Martinez	<b>Create Direct Wine Shipment Permit: <a href="#">HB 487</a></b> Creates a new section of the Liquor Control Act providing for a direct wine shipment permit that allows the holder of a New Mexico winegrower's license or the holder of a winery license in a state other than New Mexico to obtain a permit that will allow up to two cases of wine per month to be shipped directly to a New Mexico resident.	HBIC/HTRC -HBIC-DP- HTRC-DP- PASSED/H- SCORC
HB 511 Sandoval	<b>Valuing Owner-Occupied Residential Property: <a href="#">HB 511</a></b> Narrows valuation limitation on residential property to owner occupied and employs a tax ratio for purposes of calculating taxable value.	HCPAC/HT RC/SJC- HCPAC-DP- HTRC
HB 516 Maestas	<b>Adjust Income Tax Rates: <a href="#">HB 516</a></b> 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	<b>Equalize Emergency School Tax Rates: <a href="#">HB 520</a></b> Increase the rate of the emergency school tax on oil from 3.15% to 4%.	HEC/HTRC- HEC
HB 523 Powdrell- Culbert	<b>Locomotive Fuel Tax Gross Receipts Deduction: <a href="#">HB 523</a></b> The proposal would provide an exemption from the compensating and 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).	HTPWC//HT RC- HTPWC- DP/a-HTRC- DNP-CS/DP
HB 560 Espinoza	<b>Health Care Tax Credit: <a href="#">HB 560</a></b> 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	<b>Post-Secondary Intern Tax Credits: <a href="#">HB 561</a></b> 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	<b>Special Fuel Excise &amp; Gas Tax Rate Change: <a href="#">HB 568</a></b> 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	<b>Capital Gains Deduction Limit: <a href="#">HB 571</a></b> 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	<b>Restore Progressivity to the Income Tax Rates: <a href="#">HB 572</a></b> Adds income tax brackets (one per year over three years) to the present	HCPAC/HT RC-HCPAC

	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).	
HB 581 Maestas	<b>Self-Employed Gross Receipts Tax Deduction: <a href="#">HB 581</a></b> 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- DP-HTRC
HB 602 Strickler	<b>Manufactured Home Tax Amnesty: <a href="#">HB 602</a></b> 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
HB 607 Ben Lujan	<b>Film Production Tax Credit Act: <a href="#">HB 607</a></b> Caps the film credit at \$45, requires two and three year installments for credits in excess of \$1 and 5 million, respectively; narrows and limits certain qualified expenditures, precludes interest on installment payments of credits, requires audits of credits in excess of \$5 million.	HTRC-DNP- CS/DP- PASSED/H SJC/SFC- SJC-w/drn- SFC
HB 622 Taylor	<b>Public Peace, Health, Safety, &amp; Welfare: <a href="#">HB 622</a></b> Caps the film credit at \$65, requires two and three year installments for credits in excess of \$1 and 5 million, respectively; narrows and limits certain qualified expenditures.	HTRC- succeeding entries H 607
SB 6 Wirth	<b>Combined Tax Reporting for Some Corporations: <a href="#">SB 6</a></b> 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 Wirth	<b>Net Taxable Income Determination <a href="#">SB 7</a></b> Imposes requirements to “add back” certain related party expenses separate company filers for purposes of determining taxable income for corporate income tax purposes.	SCORC/SFC -SCORC
SB 39 Keller	<b>Tax Forms Itemizing Gross Receipts Exemptions: <a href="#">SB 39</a></b> 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	<b>Film Production Tax Credit Tracking &amp; Review: <a href="#">SB 44</a></b> 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- DP/a-fl/a- PASSED/S -

		HTRC
SB 46 Griego	<b>Extend Jet Fuel Gross Receipts Tax Credit: <a href="#">SB 46</a></b> 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	<b>Tax &amp; Rev Dept. Tax Expenditure Budget: <a href="#">SB 47</a></b> 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- DNP-CS-DP
SB 67 Ryan	<b>Administrative Hearing Act: <a href="#">SB 67</a></b> Creates an Administrative Hearing Office with the General Services Department in which most state administrative hearing officers would be consolidated.	SRC/SJC/SF C–SRC- DNP-CS/DP- SJC
SB 81 Feldman	<b>Tobacco Products Tax &amp; Definitions: <a href="#">SB 81</a></b> 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	<b>Jet Fuel Gross Receipts Credit: <a href="#">SB 84</a></b> 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-DP- PASSED/S- HBIC/HTRC -HBIC-DP- HTRC
SB 94 E. Griego	<b>Income Surtax, Distribution, &amp; School Funds: <a href="#">SB 94</a></b> 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	<b>Internet Sales Gross Receipts: <a href="#">SB 95</a></b> 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).	SCORC/SJC/ SFC – SCORC-DP- SJC-DP-SFC
SB100 M.J. Garcia	<b>Decrease Oil and Gas Severance Rates: <a href="#">SB 100</a></b> Would increase oil and gas emergency school tax rates while commensurately reducing the severance tax rates, effectively moving	SEC/SFC – SEC-DP- SFC

	capital outlay money while adding approx \$100M/yr to the general fund.	
SB 108 Eichenberg	<b>Extend Annual Property Valuation Increases: <a href="#">SB 108</a></b> Revalues properties sold from 2004 through present, limits the increase in value of residential property at 3% per year, but caps them at current and correct values, and provides for a sales ration approach for valuing new construction.	SCORC/SFC –SCORC- DNP-CS/DP- SFC-DP/a- PASSED/S
SB 113 Boitano	<b>Tax Credit for Certain Scholarship Donations: <a href="#">SB 113</a></b> 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	<b>Family Assistance Employer Tax Credits: <a href="#">SB 135</a></b> 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-DP
SB 149 Ulibarri	<b>Veteran Owned Business Preference: <a href="#">SB 149</a></b> 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	<b>Military Construction Service gross Receipts: <a href="#">SB 160</a></b> Reinstates the deduction for construction services performed on Cannon AFB from 7/1/11 – 12/31/14.	SCORC/SFC -SCORC- DP-SFC
SB 169 Smith	<b>Film Production Tax Credit Cap: <a href="#">SB 169</a></b> Limits allowable film tax credits for production and post production recipients to \$2 million dollars.	SCORC/SFC -SCORC
SB 170 Smith	<b>Tax Itemization &amp; Return Filing: <a href="#">SB 170</a></b> 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	<b>Dialysis Facility Service Gross Receipts: <a href="#">SB 178</a></b> 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	<b>Locomotive Fuel Gross Receipts: <a href="#">SB 179</a></b> The proposal would provide an exemption from the compensating and 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)	SCORC/SFC -SCORC- DNP-CS/DP- SFC-DNP- CS/DP

SB 189 Neville	<b>Property Tax Increases &amp; Reevaluations: <a href="#">SB 189</a></b> 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	<b>Repeal Venture Capital Investment Act: <a href="#">SB 194</a></b> 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- DP-SFC-DP- PASSED/S- HBIC/HTRC -HBIC
SB 210 Cisneros	<b>Hydrogen Fuel Production Tax Credits: <a href="#">SB 210</a></b> 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- DP-SFC-DP- Failed/S- m/rnsr adptd-tbld/S- w/drn-fl/sub adptd-fl/a PASSED/S- HENRC/HT RC-HENRC
SB 217 Sharer	<b>Military Retirement Pay Tax Exemption: <a href="#">SB 217</a></b> 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 233 Leavell	<b>Plant Photosynthesis As Alternative Energy: <a href="#">SB 233</a></b> Amends definitions of the Alternative Energy Product Manufacturers Tax Credit Act to include as an eligible alternative energy source, products directly secreted by a single cell photosynthetic organism. The credit provided is an amount equal to 5.0% of a taxpayer's expenditures on qualified manufacturing equipment.	SCONC/SC ORC/SFC- SCONC- DP/a- SCORC-DP- SFC-DP/a- PASSED/S- HTRC
SB 234 Leavell	<b>Solar Energy Gross Receipts: <a href="#">SB 234</a></b> 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/SC ORC/SFC- SCONC
SB 243 Fischmann	<b>Tax Increment District Requirements: <a href="#">SB 243</a></b> 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	<b>Motor Excise Tax Increase &amp; Offset:</b> <a href="#">SB 244</a> 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	<b>Soft Drink Sales Gross Receipts:</b> <a href="#">SB 256</a> 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 likely be required to implement the distribution requirements of the bill.	SPAC/SCOR C/SFC- SPAC
SB 258 B. Sanchez	<b>Adjust Liquor Tax Distribution:</b> <a href="#">SB 258</a> 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	<b>Cigarette Taxes on Tribal Land:</b> <a href="#">SB 264</a> 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	<b>Tax Liability For Certain Physician Services:</b> <a href="#">SB 282</a> 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- DP-SFC- DP/a- PASSED/S- HBIC/HTRC -HBIC
SB 288 Ortiz y Pino	<b>Sweetened Beverage Excise Tax:</b> <a href="#">SB 288</a> 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	<b>Native American Tax Settlement Approp:</b> <a href="#">SB 317</a> 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	<b>TRD Secretary Approve Certain Evidence:</b> <a href="#">SB 326</a> 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).	SCORC/SFC -SCORC- DP-SFC- DP/a-fl/a-

	Limits applicability to transactions for which a taxpayer's administrative or judicial remedies have not been exhausted.	PASSED/S-HBIC/HTRC-HBIC
SB 342 Griego	<b>Tax Credit for Certain Radio Stations:</b> <a href="#">SB 342</a> 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	<b>Advanced Energy Deduction for Certain Leases:</b> <a href="#">SB 409</a> Adds "leasing" of tangible personal property to the gross receipts tax deduction for certain eligible generation plant costs under Section 7-9-114.	SCONC/SFC-SCONC-DP-SFC-DP/a-PASSED/S-HBIC/HTRC-HBIC
SB 416 Harden	<b>Autism Treatment Services Gross Receipts:</b> <a href="#">SB 416</a> 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-DP-SFC
SB 422 Rodriguez	<b>E911 Surcharge on Communications Services:</b> <a href="#">SB 422</a> 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-DP/a-SFC-DP/a-fl/a-PASSED/S-HBIC/HTRC-HBIC
SB 431 Munoz	<b>County Enviro Gross Receipts on energy:</b> <a href="#">SB 431</a> 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-DP-SFC
SB 436 Ingle	<b>Oil &amp; Gas Withholding Info to Legislature:</b> <a href="#">SB 436</a> 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-DP-SFC-w/drn-PASSED/S
SB 437 Beffort	<b>Cigarette Taxes for Early Childhood Programs:</b> <a href="#">SB 437</a> 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-DP-SFC
SB 443 Sapien/B. Lujan	<b>Weighted Sales Factor for Income Tax:</b> <a href="#">SB 443</a> 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	<b>Food &amp; Healthcare Tax Deduction Phase Out:</b> <a href="#">SB 452</a>	SCORC/SFC

Smith	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
SB 455 Jennings	<b>Film Production Tax Credit Changes: <a href="#">SB 455</a></b> 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	<b>Manufacture Home Tax Amnesty: <a href="#">SB 462</a></b> 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 Sanchez	<b>High-Income Taxpayer Surtax: <a href="#">SB 472</a></b> 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/SFC -SCORC
SB 483 Munoz	<b>Taxation of Political Subdivisions: <a href="#">SB 483</a></b> 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- DP-SFC-DP
SB 507 Ortiz y Pino	<b>Increase &amp; Index Gas &amp; Special Fuels Taxes: <a href="#">SB 507</a></b> 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	<b>Opioid Treatment Income Tax Credit: <a href="#">SB 544</a></b> 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- DP-SFC
SB 551 Campos	<b>Small winery Capacity for Liquor Tax: <a href="#">SB 551</a></b> 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	<b>Tax Definition of Livestock: <a href="#">SB 552</a></b> Adds examples of "livestock" for purposes of the gross receipts tax	SCORC/SC ONC-

	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-DP-SCORC-DP/a-SONC-DP-PASSED/S-HTRC
SB 555 Rue	<b>Film Production Tax Credit Reporting: <a href="#">SB 555</a></b> 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	<b>Headquarters Corporate Income Tax Credit: <a href="#">SB 560</a></b> 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 rural jobs, high wages jobs, or the additional credit portion of the technology jobs tax credits.	SCORC/SFC-SCORC-DP-SFC
SB 568 Smith	<b>Film Production &amp; Educational Retirement: <a href="#">SB 568</a></b> 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	<b>Chile Industry Modernization Tax Credit: <a href="#">SB 575</a></b> 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/SCORC/SFC-SCONC-DP-SCORC
SB 612 Phil Griego	<b>Alternative Low-Income Property Tax Rebate: <a href="#">SB 612</a></b> The committee substitute bill provides counties with an alternative schedule for low-income property tax rebate table. Under present law, taxpayer eligible to claim this rebate can have a maximum modified gross income of \$24,000 (in Los Alamos and Santa Fe County only currently participating). This bill would allow a county to choose an alternate rate table with a maximum modified gross income amount of \$16,000.	SCORC/SFC-SCORC-DNP-CS/DP-SFC
SB 613 Phil Griego	<b>Refundable Film Production Tax Credits: <a href="#">SB 613</a></b> Caps the film credit at \$45, requires two and three year installments for credits in excess of \$1 and 5 million, respectively; precludes interest on installment payments of credits, imposes a refundable application fee for “standing in line”; “series” productions (7 or more episodes per year and more than \$500K in expenditures) are not included in the limitations.	Ref SCORC-DNP-CS/DP-SFC



### Before the Sessions Started

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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 Legislature's (a \$450M vs. \$250M gap). The difference was due to assumptions (i.e. Legislative Finance Committee or "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](#).



### **Tax Department at Full Staff**

Secretary-designate Demesia Padilla was confirmed by the Senate on March 2, so she's now simply Secretary Padilla of the New Mexico Taxation and Revenue Department. We'd previously provided her biography along with Director of Tax Policy and Research Dr. Tom Clifford. The agency is now essentially full when it comes to appointed positions, and the biographies of most of the appointed positions expected to be filled are below. Not included in the biographies below is the most recent known hire, Administrative Services Division Director David Robbins. He joined just last week, served previously as a constituent service aide at the City of Albuquerque, and currently serves as member of the board of the Albuquerque Public Schools.

*[NMTRI note: not that it was ever really in question, the NMTRD members, board and staff congratulate Secretary Padilla on her appointment, and wish her the best in this challenging endeavor.]*

### **Demesia Padilla, CPA – Cabinet Secretary**

Demesia is a native New Mexican, born and raised in the South Valley. She attended Rio Grande High School and graduated with distinction from the University of New Mexico Anderson School of Management. She's a Certified Public Accountant in New Mexico and Nevada. She started her accounting career more than 25 years ago with the national firm of Deloitte & Touche in Las Vegas, Nevada, specializing in tax planning for small businesses and individuals.

Demesia was an Internal Revenue Service Agent in Albuquerque before starting her accounting firm, specializing in tax compliance, succession planning and estate planning. She also was appointed to serve in the Certified Public Accountant position on the New Mexico Gaming Control Board, and she was well respected and admired for her integrity, accounting skills and ability to work with everyone.

Demesia has been recognized as an outstanding South Valley citizen and a distinguished Rio Grande High School Alumni. She is an active member of her community and church, serving on numerous boards and committees. Currently, she is the chairperson for the Bernalillo County Audit Committee.

### **John Monforte – Deputy Cabinet Secretary**

Prior to joining TRD, John was the Executive Director of the New Mexico Gaming Control Board. He served in a similar capacity as the Executive Director of the Acoma Gaming Commission for the Pueblo of Acoma. Throughout his more than ten years of involvement in the regulation of gaming, John has been a frequent speaker at conferences, committee hearings and training courses across the country and has drafted minimum internal control standards at the federal, state and tribal level. He also served as a *guardian ad litem* representing the best interests of neglected and abused children.

John received a Bachelor's degree in history and in political science from Kansas State University and a law degree from the University of Kansas School of Law. He currently resides in Rio Rancho with his wife Dishayne and three children.

### **Thomas Clifford, Ph. D. – Director, Tax Policy and Research**

After earning his Ph. D. in economics from the University of California, Santa Barbara, Tom spent 10 years in Washington, D.C. working for the U.S. Congress. Tom served as Chief Economist and later Deputy Cabinet Secretary for the New Mexico Department of Finance and Administration from 1997 to 2001. From 2002 to 2007, Tom supervised the Tax Research Office of the New Mexico Taxation and Revenue Department.

From 2007 to mid-2009, Tom conducted independent research on state and local tax policy for the New Mexico Tax Research Institute. From 2009 to 2011 Tom was Chief Economist for the Legislative Finance Committee. In his current position, Tom coordinates Department tax policy, aiding in the development of new legislation, regulations and policy research.

### **Cesario S. Quintana – Director, Property Tax Division**

Cesario was born and raised in New Mexico. He grew up in Alamogordo and is married to Mary D. Quintana. They have two children - 13-year-old son Joshua and 11-year-old daughter Laura. Cesario became a New Mexico certified appraiser shortly after starting as an appraiser in the Otero County Assessor's Office in 1987.

While in Otero County, Cesario served as Senior Appraiser/Field Supervisor, overseeing the day-to-day operations of the appraisal staff. He also was responsible for training the appraisal staff in the use of the CAMA System (Computer Assisted Mass Appraisal), doing sales analysis, performing ratio studies, conducting data collection, and for the valuation of residential properties, commercial properties and land. In 2006, he moved to Dona Ana County and filled the position of Commercial Senior Appraiser, performing many of the same duties as in Otero County.

### **Gregory J. Saunders – Chief Information Officer**

From 1998 through December 2010, Greg served the Gaming Control Board as Deputy Executive Director, Chief Information Officer and Public Information Officer. Greg gathered a top notch team at the Gaming Control Board and implemented a comprehensive Regulatory Control System to electronically monitor and control statewide gaming activities.

Prior to joining the Gaming Control Board, Greg and his team successfully built the primary Information Technology infrastructure for the New Mexico Children, Youth and Families

Department. At that agency, he was responsible for implementing a new client tracking system and connecting 72 statewide sites to the central location. Greg is also an instructor at the Central New Mexico Community College, where he teaches basic computer operations and software. He is a published author and does book reviews for several web sites. Greg, who lives in Albuquerque, holds a Bachelor's degree in business and a Master's degree in management.

### **Terry Rister – Director, Audit, Compliance and Revenue Processing Division**

Terry is a former gas distribution utility operations executive. He served as the Vice President of Gas Distribution and Transmission for the Public Service Company of New Mexico (PNM). In that position, he was the senior officer in charge of the company's statewide natural gas distribution and transmission operations serving 485,000 customers. He managed 760 team members employed in 21 offices across New Mexico, including seven key managers in the areas of operations, engineering, technical services, materials management and accounting. He also served as Vice President of Customer Services for PNM and as the company's front-line executive spokesperson in related arenas including public affairs, labor relations, and government compliance. Since retiring from the gas utility, Terry has consulted with multiple clients, including the Massachusetts Office of the Attorney General, on the topics of capital program planning, infrastructure replacement programs, pipeline integrity and safety, and regulatory compliance.

Terry received his Bachelor of Science degree from the University of Texas at El Paso. He has completed post graduate executive programs at Texas A&M, the University of Michigan's Public Utility Executive Program, and Stanford University's Executive Program. Subjects in his post-graduate studies included strategic planning, financial management, forecasting, constraint theory, business process design, strategic leadership, performance measurement and management control systems. Terry is married to Lisa, who is a CPA and a former CFO and has extensive finance and treasury experience. Their two boys are both married and live in Maine and Hawaii. Terry's hobbies include golf, mountain biking, hiking, and white water rafting in his Avon.

### **Alvan Romero – Director, Tax Fraud Investigations Division**

Alvan is the founding Director of the Tax Fraud Investigations Division. He has headed a team, including Certified Public Accountants, Certified Fraud Examiners and a Computer Investigative Specialist, in conducting tax fraud investigations. He oversaw over 50 state tax criminal cases with 98 percent of them resulting in convictions. Under his leadership, TFID also assisted the FBI and the U.S. Attorney's Office in a couple of high-profile public corruption cases. He also supervises the Internal Audit Bureau, the Internal Investigations Bureau and the Forensic Audit Bureau.

A former special agent with the Internal Revenue Service – Criminal Investigation, Alvan was honored by former United States Attorney (New Mexico District) Greg Fouratt, the New Mexico Society of CPAs and a number of New Mexico legislators for his role in the investigation of public corruption cases. Alvan is a CPA and a CFE and is Certified in Financial Forensics. He frequently makes white-collar crime presentations to state-wide professional organizations and university groups, including accounting groups, attorney groups, law enforcement organizations and non-profit organizations. He is member of various professional organizations, such as the American Institute of Certified Public Accountants, New Mexico Society of Certified Public Accountants, Association of Certified Fraud Examiners, Association of Latino

Professionals in Finance and Accounting and the Institute of Internal Auditors, and has served in leadership positions within those organizations.

### **Keith McAllen Perry – Director, Motor Vehicle Division**

Keith retired from the United States Air Force in 1998 as a colonel with 30 years service and, as a pilot, logged over 4,000 hours flying fixed-wing and rotary wing aircraft. In June 1998, he began working as a Trainer for the Taxation and Revenue Department and in October 1998, moved to the Motor Vehicle Division where he became the Deputy Director. In February 2007, he accepted an assignment as the Marketing and Planning Division Manager with the City of Albuquerque's Transit Department "ABQ Ride"

Keith was born in San Francisco, California and grew up in the East Bay City of Hayward. He holds a Bachelor of Science degree in biological sciences from California State College at Hayward and a Master of Science degree in management from La Verne College in La Verne, California.

### **Nelson J. Goodin – Chief Legal Counsel**

Nelson was raised in Reserve, N.M. After graduating from Reserve High School in 1983, he attended Brigham Young University, receiving a Bachelor of Arts degree in international relations and Portuguese. He then moved to San Diego, California, where he attended California Western School of Law and received his law degree in 1991.

After receiving his law degree, Nelson worked in private practice in San Diego in the areas of insurance defense, insurance law and wage and hour disputes. In 1999, he received his Masters of Law in Taxation degree from the University of San Diego School of Law. In 2000, he returned to New Mexico, where he worked for the 3<sup>rd</sup> Judicial District Attorney's Office in Las Cruces for over 10 years. As a Deputy District Attorney in Las Cruces, Nelson prosecuted all types of violent crimes as well as white collar, contractor fraud and tax fraud cases.

### **S.U. Mahesh – Director of Communications**

Mahesh has over 25 years of combined experience in communications, journalism, public relations and marketing fields. Prior to joining TRD in July 2009, Mahesh worked as Director of Public Relations and Marketing at the New Mexico Department of Transportation. At NMDOT, Mahesh successfully implemented marketing campaigns against drunken driving. He also oversaw community outreach and public involvement initiatives to garner support for a \$1.6 billion transportation infrastructure program, including public transportation and major construction projects. Mahesh serves as the spokesperson for TRD and oversees all public relations and marketing activities for the Department, including initiatives by MVD.

Prior to working at NMDOT, Mahesh worked as a news reporter for the Albuquerque Journal, covering crime, local and state government issues, legislature and politics. He also worked for newspapers and a wire service in Chicago, Illinois and Green Bay, Wisconsin. Mahesh holds two Bachelor of Science degrees in chemistry and in communications and journalism; a Master's degree in communications from Roosevelt University in Chicago; and a Master's degree in business administration from the College of Santa Fe.

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## **KNICK KNACKS**

## Brunori Cracks Us Up

The following are excerpts from *The Politics of State Taxation* by State Tax Notes contributing editor David Brunori at Tax Analysts. Since we'd been following Amazon related activities recently, we noticed Brunori's timely comments on that subject as well as those related to New Mexico's largest tax policy blunder in recent years – the exorbitantly expensive “food tax” repeal along with the pyramiding and regressivity enhancing rate increase (not to mention the associated “hold-harmless” mechanism - whose repeal now strikes fear in the hearts of local governments). Brunori was generally commenting on the Tax Foundation's recently published State Business Tax Climate Index that we discussed recently and can be read [here](#). Directly below is what Brunori had to say about Amazon and below that is what he had to say on food taxes:

### ***“Amazon to California: Back Off or We'll Kill Our Employees***

*OK, Amazon isn't actually going to kill anyone. But the company that's on every state's list of ways to raise more revenue did send California a threatening letter. California has a budget deficit so big that it can no longer be stated in numbers. It's simply “very big.” The state would like to make it a little smaller by requiring Amazon to collect and remit some sales tax on sales to Californians. Many legislators, and State Board of Equalization Chair Betty T. Yee (D), would like California to pass an “Amazon” tax, which would deem any business that uses affiliates to have nexus with the state for sales tax purposes. Amazon — because it really isn't as nice as its PR department would lead you to believe — said that if California proceeds with trying to make it collect taxes, the company would put 10,000 Californians out of work. Amazon has managed to get away with these types of threats for way too long. Aren't people sick of the whining? Aren't people tired of Amazon threatening to leave the state if it's required to be a good corporate Citizen? Every business in America is expected to play by the rules”.*

### ***Food Taxes***

*First, I sang the praises of the Tax Foundation. Now I'm going to criticize the 32 states that exempt some or all food for home consumption from sales taxation. I'll be kicked out of the good-liberals club any day now. Only 13 states — Alabama, Arkansas, Hawaii, Idaho, Illinois, Mississippi, Missouri, Oklahoma, South Dakota, Tennessee, Utah, Virginia, and West Virginia — tax groceries. Good for them. The exemption for groceries distorts the market, benefits rich people, and makes compliance and administration more expensive. It's an inefficient and expensive way of providing tax relief. What states should do is exempt purchases made with federal food stamps. Then we'd know that only the poorest folks are getting relief. Alternatively, more states should follow those few states that tax groceries but provide a refundable income tax credit to the poorest citizens.”*

*[NMTRI note: we couldn't have said it better ourselves, and, curiously, NM provided both a targeted income tax rebate specifically for the purpose of offsetting the regressivity of the tax on food as well as an exemption for food stamps. Efforts have been made to correct this policy blunder entered into for political reasons, but bad ideas are hard to get past politically. The glory is gone, but the cost lingers on.]*

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## TAX QUOTABLE:

"We stand today at a crossroads:  
One path leads to despair and utter hopelessness.  
The other leads to total extinction.  
Let us hope we have the wisdom to make the right choice."

*~Woody Allen*

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**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](mailto: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.



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"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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