

Tax Matters

The Newsletter of the New Mexico Tax Research Institute

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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**
- **Knick Knacks**
 - **Univ. Tenn. Study and other Combined Reporting Activity**
- **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 was the last day that new bills or capital outlay requests could be introduced.

As it was last week and the week before, still only five bills have been passed by both houses with the only tax related measure being Senator Smith's Senate Bill 80, the corporate income tax measure that restores the first estimated quarterly payment.

In the House...

Most tax provisions in the House that carry positive fiscal impacts end up temporarily tabled, and the House and Senate tend to end up in a periodic *détente*, where neither side really wants to hear any of the other's bills until theirs' begin to get heard. Not that it's necessarily indicative of intent or overall likelihood of ultimate passage, let's look at a few of the notable exceptions. Speaker Lujan's HB 75, which effectively extends the Investment Tax Credit and double weighted sales factor election for manufacturers for purposes of the corporate income tax, is in the Senate Corporations and Transportation Committee ("SCORC"). The investment credit serves as a band-aid or indirect mechanism for making the gross receipts tax more "normal" relative to its taxation of manufacturing inputs. The measure appears to enjoy broad support.

Representative Nathan Cote appears to have an inside track with two bills moving. His 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. The proposal appears intended to change the mechanism by which the income tax burden for Texans working in New Mexico is eliminated. (NMTRI note: personal income tax rates are significantly lower now than when the present law "relief" provisions were enacted). Effectively exempting taxable income up to \$100,000, House Bill 655 creates new \$5,000 and \$3,000 personal income tax credits. To be eligible, one must be an eligible military retiree healthcare practitioner providing health care services in an underserved rural area.

Two House property tax bills have made it to the Senate. Representative Al Park's HB 160 made it out of the House after significant changes were made by amendment in the House Taxation and Revenue Committee and is now in SCORC. The original bill would have extended the 3 percent limit on assessed value increases to properties when they are sold. As amended, the bill would leave in place the requirement that properties be brought up to current and correct when sold, the only change from present law being that the increased value would be phased in over a period of five years. House Bill 251 is also in SCORC. It requires county assessors to provide for declines in home values when updating values for property tax purposes. This requirement does not seem to be a material departure from what is required under present law and practice.

Representative Stewart's large tax increase proposal, HB 346, was amended in the House Appropriations and Finance Committee to eliminate the income tax increase and to increase the proposed overall gross receipts tax increase from .5% to .75%. NMTRI Note: this appears to be a movement in an unfortunate direction as we have repeatedly cautioned against continued upward pressure on gross receipts tax rates to avoid making problems of pyramiding, regressivity, and over-reliance worse.

House Bill 262, a comprehensive re-write of the income tax act, is also waiting in SCORC. This measure would replace the state's current system of progressive tax rates as well as various exemption, deductions and tax credits with a flat income tax rate of 4.9 percent, and a table of tax credits deigned to reflect the monetary value of the existing law provisions. Although proposed as a simplification measure, the proposal will require major changes in the way the tax is administered and complied with. In addition, the proposal "indexes" the new tax credits – i.e. adjusts them annually for inflation. Although this is beneficial to taxpayers, it also reduces revenue yielded by the tax by an increasing amount every year.

In the Senate...

On the Senate side of the aisle, notable tax measures include Tax Increment Development District ("TIDD") legislation. Several bills have passed the Senate that authorize the issuance of bonds to be financed by GRT intercepts: SB 19 (\$8.0 million for the downtown Las Cruces TIDD), SB 249 (\$408 million for the Westland Upper Petroglyphs project), SB 467 (\$164 million for the Winrock TIDD). SB 201 contains a number modifications to the TIDD statutes: the tax base for TIDD increments would include food and medical deductions; the formulas for determining base and incremental GRT are modified; more local option GRT 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, and TIDD's would be asked to contribute to a fund to finance costs of TRD's system changes. Meanwhile, bills that would limit the expansion of TIDD's, like SB 483 and SB 509, do not seem to be moving, suggesting that the legislature is still comfortable with this means of financing local infrastructure development..

The Senate has moved a couple of bills that would expand tax incentives for renewable energy. SB 237 creates new non-refundable personal and corporate income tax credits equal to 6% of investments in certain power generating facilities. Since the same investments are eligible for a GRT credit under present law Section 7-9G-2, the proposal appears to set up a opportunity for a "triple dip", i.e. a total of 18% of eligible expenditures. In addition, credits may be allocated among owners in a way that is not proportional to their ownership share. This provision may contribute to formation of a market in tax credits in New Mexico. SB 257 would make the income tax credit for solar equipment 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%.

Other tax measures that have passed the Senate include SB 45, which extends the sunset date on the R&D Small Business Tax Credit from June 30, 2009 to June 30, 2013. SB 89 would allow San Juan County 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. SB 213 imposes new civil penalties for underreporting either mileage or weight. SB 219 conforms cigarette tax act definitions with

those in the Master Settlement Agreement. Sale of cigarettes by manufacturers not in the MSA would be prohibited. The Tax Department would be authorized to revoke or suspend licenses for violations of the tax escrow requirements. Tribal sales would be exempted from the tobacco products tax.

Lastly, a possible committee substitute for SB 389 and SB 648 may be heard this week in SCORC. The substitute is similar in design to SB 648 as originally introduced. It would add a new franchise tax based on a company's payroll, property and sales as those are defined for purposes of apportioning corporate income tax. At the same time, it would reduce corporate income tax liability, first by introducing a new "zero bracket," and then by gradually reducing the top corporate income tax rate from 7.6% to 4.9%. A corporation's CIT owed would count as a credit against liability under the new franchise tax. Threshold amounts for the new franchise tax would insure that many smaller corporations would not owe additional tax. By the third year of the phase-in the package would raise about \$100 million per year in net revenues, according to TRD's FIR, but there would be larger shifts in tax revenue, with about 7,000 firms experiencing a net decrease in liability of about \$100 million, and a different group of 1,000 firms experiencing a net increase of \$200 million. Provisions of the bill apply to tax years 2009 and subsequent.

NMTRI Comment:

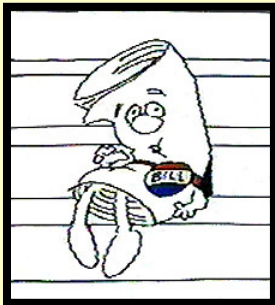
Our last newsletter contained a detailed review of SB 648, most of which is relevant to the committee substitute as well. The following is a summary of some of the concerns we have with the proposal:

- Fiscal impacts are uncertain because of the uncertainty about many rules that will have to be developed in its implementation.
- The proposal significantly increases complexity of the New Mexico tax system. The tax relies on the payroll/property/sales definitions under UDITPA, which are not currently used to determine liability, only to apportion it among states. The property factor is especially troubling. It is based on historic cost with no allowance for depreciation and with no offset for the liabilities incurred in acquiring property. The sales factor for purposes of the new tax may differ significantly from that for CIT. The provisions of PL 86-272 may not apply. The statute creates new rules for inclusion of "related business entities" that are different from present law and will require new analysis by taxpayers, essentially creating a new definition of "unitary" for purposes of this tax. Since the bill requires that the factors of related entities be reflected on the owner's tax return, and also that any CIT paid on behalf of an entity be allowed as a credit against the new tax, rules will be needed to clarify how these calculations will be done.
- The new franchise tax liability is insensitive to net income – it will impose a heavier burden on less-profitable firms and in soft economies. To the extent it falls on payroll and property, it will be seen as a disincentive to invest in those things in New Mexico.
- The tax appears discriminatory because it contains thresholds that exclude large numbers of taxpayers. Also, as a tax on only C-corporations and their affiliates, it excludes most businesses in the state. Most of the other states that have implemented some kind of

alternative business activity tax have tried to apply their tax to all types of business entities, not just to C-corporations.

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: |
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| 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 | Motor vehicle insurance violations: HB 29 | HTRC/HJC/ |

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| Rehm | Imposes a new \$75 reinstatement fee if vehicle registration lapses due to lack of insurance. Revenue would go to the motor Vehicle Division for enforcement. Changes the fine for lack of insurance from “up to \$300” to a fixed \$75 penalty assessment. Allows removal of license plate for lack of insurance and increases fee for replacing the plate from \$25 to \$100. Effective 7/1/2009. | HAFC-DNP- CS/DP-HJC 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- HARK- DP=PASSE D/H- SCRC/SFC- SCORK |
| 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. | HLC/HBIC- DP/a-HBIC |

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| | Allows employers to exclude family member employees from WC. SB 9 is similar. The amendment provides an effective date of July 1, 2010. | |
| HB 64 M. Garcia | Restoring income tax progressivity: HB 64 Increases top individual income tax rate over several years from 4.9% to 8.2%. Also modifies the income levels at which various tax rates would take effect, levels shown would apply to married taxpayers filing joint returns in 2014 and after: Taxable Income above \$24,000 6% Taxable Income above \$40,000 7.1% Taxable Income above \$64,000 7.9% Taxable Income above \$100,000 8.2% Effective 1/1/2010. | HBIC/HTRC -HBIC |
| HB 67 J. Campos | Mission transition program gross receipts: HB 67 Provides a GRT deduction for construction materials used on military installations. | HBIC/HTRC -DP-HTRC |
| HB 75 B. Lujan | Manufacturing & investment tax credits: HB 75 Extends corporate income tax double-weighted sales apportionment option sunset date from January 1, 2011 to January 1, 2020. Extends to 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. | HBIC/HTRC DP-HTRC- DP-HTRC- DP- PASSED/H (62-0) SCORC/SFC -SCORC |
| HB 78 Varela | Malt beverages as spirituous liquor: HB 78 Subjects flavored malt beverages to the liquor excise tax and directs revenue to programs for prevention of underage drinking. | HBIC/HTRC -HBIC |
| HB 84 Lundstrom | Uranium Legacy Clean-up Act: HB 84 Imposes a new surtax on uranium severance and processing at a rate of 2% of taxable value under the Resource Excise Tax (the current tax rate is 0.75%). No tax would be imposed on the purification, UF6 conversion, enrichment, deconversion, reprocessing or disposal of uranium. Revenue from the new tax – and 50% of revenue from the existing tax on uranium – would go to a new fund for programs designed to mitigate health effects of uranium mining activities prior to July 1, 2009. Effective 1/1/2010. | HENRC/HT RC/HAFC- HENRC |
| HB 89 Trujillo | Hybrid vehicle excise tax exemption: HB 89 Extends – from June 30, 2009 to June 30, 2014 – the motor vehicle excise tax exemption for gasoline-electric hybrid fuel vehicles. Corrects erroneous references to hybrid vehicles in several other tax statutes. | HBIC/HTRC DP-HTRC- DP-T |
| HB 98 T. Garcia | Greenhouse gas registry fees: HB 98 Authorizes the environmental improvement board or a local board to impose fees on emitters of more than 1,000 tons of carbon dioxide emissions. Fees would be set at whatever rate is necessary to cover costs of programs to monitor and inventory carbon dioxide emissions. A maximum of \$200 thousand total fees and \$10,000 per emission source would be collected. Effective July 1, 2009. | HENRC/HT RC/HAFC – DP-HTRC |
| HB 115 Irwin | Direct wine shipments: HB 115 Allows direct shipments to customers of limited amounts of wine. The | HBIC/HTRC DP/a-HTRC- |

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| | same taxes would be due on the shipments as under wine deliveries under present law. | DP-PASSED/H-SCORC/SJC-SCORC |
| HB 116 Heaton | Orthotic and prosthetic device GRT deduction: HB 116 Makes orthotics and prosthetics practitioners eligible for the income tax credit for rural health practitioners and also eligible for the GRT deductions for reimbursements by Medicare and by managed care. Effective July 1, 2009. | HHGAC/HTRC-DP-HTRC |
| 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/HTRC-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/HTRC-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- w/drn-T-ref- HTRC-DP/a- PASSED/H- SCORC/SFC- SCORC |
| 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-DP-T |
| 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/HTRC-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/HTRC-DP-HTRC |

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| 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-HTRC- DP- PASSED/H SPAC/SJC- SPAC-DP- SJC |
| HB 241 Cote | Child day care GRT deduction: HB 241 Provides a GRT deduction for providing child day care services that are reimbursed by the Children, Youth and Families Department. Effective 7/1/2009. | HBIC/HTRC DP-HTRC |
| 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- DNP-CS/DP- PASSED/H- SJC/SFC- SJC |
| 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- HTRC-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-DNP- CS/DP- HTRC-DP- PASSED/H- SCORC/SJC -SCORC |
| 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 | HCPAC/HT RC-HCPAC DP-HTRC- |

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| | 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." | DP-PASSED/H SCORC/SFC -SCORC |
| HB 266 Trujillo | Tax payments and installment agreements: HB 262 Lowers annual liability threshold for electronic payments requirement from \$25,000 to \$10,000. Electronic payments can be required for Cigarette tax, tobacco products tax and liquor excise tax. Third party payers would be subject to electronic payment requirements. Monthly filing threshold for CRS would be increased from \$200 to \$300. TRD would be allowed to serve warrants of levy upon financial institutions electronically. TRD could delay accrual of interest for disasters. Minimum penalty is increased from \$5 to \$25. Effective July 1, 2009. | HBIC/HTRC -HBIC- DP-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- DP-HTRC |
| 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 -SCONC |
| 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 |

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| 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 Varela | Retiree health care fund distribution HB 351 Removes the June 30, 2010 sunset date on the \$3 million annual distribution of income tax receipts to the retiree health care fund. | HHGAC/HT RC- HHGAC- DP-HTRC- DP- PASSED/H SPAC/SFC- SPAC-DP- SFC |
| 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 | HBIC/HTRC -HBIC-DP- |

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| | property would be valued at \$2.49 per 1,000 gallons of wastewater transmitted. | 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 TID Act. | HBIC/HTRC /HAFC- HBIC |
| 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 megawatthours (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-DNP- CS/DP- PASSED/H- SPAC/SFC- SPAC |
| 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 | HBIC/HTRC -HBIC w/o rec/a-HTRC |

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| | operating for at least 20 years. | |
| 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-DP-T |
| 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 amounts distributed to a TID in excess of amounts needed to cover debt service obligations would revert to the taxing authority creating the TIDD. | HBIC/HTRC -HBIC-DP- HTRC-DP/a- PASSED/H- SCORC/SFC -SCORC |
| 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/HTRC -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-DP/a- PASSED/H- SJC/SFC- SJC |
| 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-DP- PASSED/H- SCORC/LFC -SCORC |
| 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 | HTRC/HAF C-HTRC- DP-HAFC- |

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| | allows TRD to charge IRS a comparable fee for levies. | DP-PASSED/H-SJC/SFC-SJC |
| 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; \$.41 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. Effective July1, 2009. | HBIC/HTRC -HBIC-DP-HTRC-DP-T |
| 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-DP-HTRC |
| 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 | HTRC/HAF C-HTRC- DP-HAFC |

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| 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-DP- HTRC |
| 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- DP-HTRC— DP-fl/a- PASSED/H- SCORC- SFC-SCORC |
| 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- DP-HTRC |
| 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- DP-HTRC |
| 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- DP-HTRC |
| HB753 King | Air Force Base Battlespace Gross Receipts HB 753 Provides a gross receipts tax deduction for receipts from performing R&D services for battlespace environment programs at a NM Air Force base pursuant to a DOD contract. Effective July 1, 2009. | HBIC/HTRC -HBIC-DP- HTRC |
| HB764 | Local hospital gross receipts imposition HB 764 | HBIC/HTRC |

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| Begaye | 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 |
| 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-DNP- CS/DP- HTRC |
| 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, as well as personal and corporate income tax. The credits are based on costs associated with construction and design of certain “advanced energy” generation facilities. | 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-DP- HTRC |
| 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 |
| HB809 Gutierrez | Small Bakery Gross Receipts HB809 Expands the definition of “food” for purposes of the GRT deduction to food produced from a bakery that is a small business (defined as <=\$200K/YR in receipts) and includes “bakery” in the category of retail food stores that qualify for the deduction. Effective July 1, 2009. | 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- DP/a-HAFC |
| HB827 Trujillo | Hybrid vehicle tax exemption HB 827 Creates a new motor vehicle exemption on issue of original certificate of a | HBIC/HTRC -HBIC |

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| | title a one-time motor vehicle excise tax exemption for certain hybrid vehicles purchased from July1, 2009 through June 30, 2014. | |
| 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-DP- HTRC-DP/a- PASSED/H- SCORC/SFC -SCORC |
| 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 |
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| 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-DP- PASSED/H -SRC- SCORC- SRC |
| 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-DP- PASSED/H- SRC/SJC- SRC |
| 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 |
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| 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-DP- PASSED/H- SRC/SJC- SRC |
| 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/a 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.] | Passed Senate— HBIC/HTRC —HBIC |
| 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. | Passed Senate HBIC/HTRC -- HBIC |
| 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 |

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| SB 88 Neville | Expand definition of retail food store: SB 88 Expands definition of a food store for the GRT food deduction to include a store 75% of the gross revenue of which comes from ice, water and coffee. | SCORC/SFC -SFC |
| 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. | Passed Senate HHGAC/HT RC-- HHGAC |
| 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. County assessors would be required to publish a property tax calculator on the county's web site that would allow a property owner to enter information about their property and estimate what their property tax will be if the property is re-assessed. Applies to property tax years 2010 and subsequent. | SCORC/SFC -Senate Floor |
| SB 201/aaa 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. TIDD's would be asked to contribute to a fund to finance costs of TRD's system changes. | SCORC/SFC -Passed Senate HBIC/HTRC --HBIC |
| 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 -SFC |
| 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. | Passed Senate HBIC/HJC- HBIC |

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| CS/SB 237 SCORC | Renewable energy 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 credits. Credits may be allocated among owners in a way that is not proportional to their ownership share. Criteria for the present law CRS credit are modified to include geothermal facilities and solar facilities linked to a conventional power plant. | Passed Senate HENRC/HT RC--HENRC |
| SB 249aa Lopez | Tax increment development projects: SB 249 Authorizes the issuance of \$408 million of bonds for the Westland Upper Petroglyphs project. | SCORC/SFC -Passed Senate HBIC/HTRC -HBIC |
| 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. | Passed Senate HTRC-- HTRC |
| 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. Credit is only available if property taxes have not been claimed as an itemized deduction. | SCORC/SFC -SFC |
| CS SB 291 SCORC | 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. Increases the credit rate for certain building types. Allows credits to be earned by non-profit organizations, thus enabling them to transfer the credits to other taxpayers. | SCORC/SFC -SFC |
| 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 -SFC |
| 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 -SFC |
| 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 |

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| 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 -SFC |
| 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 -SFC |
| SB 384 Griego | Water and sanitation districts SB 384 Districts could receive the same kinds of tax return information about taxpayers within their district as is currently granted to local governments. Other changes are made to the sanitation district act. | SCONC/SJC -SJC |
| 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- SFC |
| SB 430a 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. The credit is not available if the taxpayer claimed an itemized deduction for their property tax. Present law language allocating income of non-resident employees at certain border businesses to their state of residence is repealed. | SPAC/SCOR C/SFC--SFC |
| SB 438a 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 -SFC |
| 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- SFC |
| SB 442 | Geothermal heat pump tax credit: SB 442 | SCORC/SFC |

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| Cisneros | 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. | -SFC |
| 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 455a 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 -SFC |
| 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 467aaa 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. Requires additional oversight by the Legislative Finance Committee and by the New Mexico Finance Authority. | Passed Senate HBIC/HTRC -HBIC |
| 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 501a 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. | SCORC/SFC -SFC |
| 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 | Return income tax to pre-2004 rates: SB 508 | SCORC/SFC |

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| Lopez | 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 |
| 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 their itemized deductions in determining taxable income for state income tax purposes. Applies to TYBA 1/1/2009. | SCORC/SFC -SCORC |
| 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 -SFC |
| 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 -SFC |
| 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- SFC |
| 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- | SCORC/SFC -SCORC |

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| | refundable and no carryover is provided. Applies TYBA 1/1/2009. | |
| 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-Senate Floor |
| 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. | SFC/SCORC -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 Munoz | State lodgers gross receipts surtax: SB 595 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/SFC -SCORC |
| CS SB 601 SCONC | 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 pursuant to a permit issued by the State Engineer. | SCONC/SFC -SFC |
| 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 -SFC |
| 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 -SFC |
| 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 | Renewable energy financing district act: SB 647 | SPAC/SFC- |

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| Wirth | 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. | Senate Floor |
| 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 Cisneros | Liquor excise tax distributions: SB 660 Creates a new distribution of \$20,000 per month of net liquor tax receipts to Taos County for alcohol detoxification and treatment programs. | SCORC/SFC -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 |
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| 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 |
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Knick Knacks

Combined reporting proposals continue to receive attention in several states. Wisconsin recently enacted mandatory combined reporting, Rhode Island and Maryland have had legislation introduced, and Alabama and North Carolina are thought to be moving in the same direction. The University of Tennessee recently issued a report on the fiscal effects of mandatory combined filing. The study was performed at the behest of the Tennessee Senate. A multi-state statistical analysis conducted as part of the overall project found that adopting mandatory combined filing does not significantly increase corporate income tax revenues. Although there are good reasons to be skeptical of such multi-state studies – the lack of consistent data being one of the primary – these results are important because of the objectivity and credibility of the authors, who include some of the more prominent economists working on the field of state and local taxation. A copy of the study can be found [here](#).

TAX QUOTABLE:

“The primary requisite for any new tax law is for it to exempt enough voters to win the next election”
~*unknown*



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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