

Tax Matters

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

- **Don’t Forget the Principles**
- **The Legislative Session Moves On, and On...**
 - **Ongoing Tax Activity**
 - **List of Tax Related Legislation**
- **Knick Knacks**
 - **Mark your calendars...6th Annual NMTRI Tax Policy Conference**
 - **Will the Supreme’s take Dell?**
- **Tax Quotable**

DON'T FORGET THE PRINCIPLES

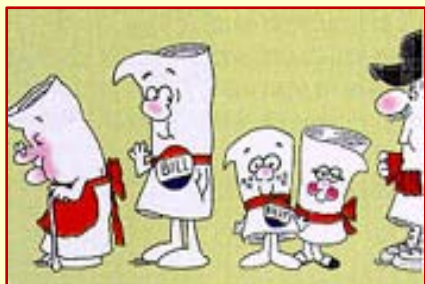


It's important, particularly when dealing with tough economies, tough decisions, and the emotionally charged subject of tax, to view the world in the context of principles. With only a week left to go in this legislative session, we've taken the opportunity to reprint ours, here:

State and local taxes should be adequate to provide an appropriate level of those goods and services best provided by the public sector, such as education, public safety, law enforcement, streets and highways, and the courts.

- State and local tax policy should do the least harm to the private economy. Therefore, tax bases should be as broad as possible so that tax rates can be as low as possible in order to raise the necessary revenues.
- State and local tax policy should be fair and equitable towards individuals and businesses similarly situated. Individuals with the same income level should be taxed the same. Businesses engaged in similar commercial activities should be subject to the same level of taxation.
- State and local tax policy should not be costly to administer and should be easily understood by taxpayers so as to minimize taxpayer compliance costs.
- The state and local tax burden should be evaluated on the basis of the impact of all taxes levied on a given taxpayer, not just a single tax or tax rate.
- Deviations from established tax policy in pursuit of economic development, social or other goals should be well-reasoned and pursued only when established tax policies are not significantly undermined and the results of such deviations can subsequently be measured and evaluated.

INTO THE LEGISLATIVE SESSION



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

As it's been for a month or so, only one tax related measure has passed both houses, Senator Smith's Senate Bill 80, the corporate income tax measure that restores the first estimated quarterly payment. It's also been signed into law by the governor. Only Seven House bills and eight other Senate bills have cleared the legislature and made it to the Governor's desk.

In the House...

Most tax provisions in the House that carry positive fiscal impacts end up temporarily tabled in the House Taxation and Revenue Committee (“HTRC”), and the House and Senate tend to end up in a periodic standoff where neither side really wants to hear any of the other’s bills until theirs’ begin to get heard. That said, bills do begin to cross over and be heard, and any remaining House tax bills intended to have a chance of survival are passed out of HTRC. There are over thirty tax related House bills now in the Senate. Most tax related measures are in or will end up in the Senate Finance Committee, which in this case serves a similar role as the HTRC in the House as the committee most responsible for matters of tax policy. There are no House bills currently at the Senate floor.

House Passes 10%-Plus Increase in Statewide GRT

The most notable tax law activity in the last week was the House passage on Friday of Representative Stewart’s large tax increase proposal tied to school funding, HB 346. As amended, the proposal increases statewide gross receipts tax increase by 0.75%. The proposal is estimated by TRD to increase GRT collections by about \$400 million per year. The floor debate focused mainly on education issues, and tax policy received relatively little attention. Some members, including Representative Heaton (D-Carlsbad) pointed out the regressive impacts of the GRT. The sponsor argued that 20% of the burden of the GRT is shifted to out-of-state residents, although the source of this information was not cited. Other members cited the significant potential for negative impacts of the proposal on the state’s economy.

NMTRI Comment: The fact that tax policy concerns were given little attention in the debate over such an important tax policy change is very troubling. Fiscal policy and tax policy are related but separate decision-making processes. The former determines the revenue needs, while the latter determines how to best generate the necessary using guidelines such as our principles of good tax policy. The proposal is subject to serious concerns on the fiscal policy side, because, while the proposal does guarantee a tax increase, it cannot guarantee all of the additional revenue will go to school funding since the funds are subject to appropriation by each year’s legislature. We are very concerned that desirable spending policy goals should not be used as a “stalking horse” to force poor tax policy decisions upon the state. Meanwhile, we continue to be concerned about the proposed tax rate increase. The single most important issue in the tax system is the pyramiding of the GRT on business purchases. The lack of appropriate deductions for business-to-business sales is estimated to contribute over 1/3 of the GRT tax base, or *more than \$1 billion per year in added tax liabilities for New Mexico businesses*. In addition to putting local businesses at a disadvantage relative to out-of-state competitors, this tax places an extra burden on smaller businesses, which are more likely to have to purchase inputs rather than providing them in-house. We have repeatedly cautioned against continued upward pressure on gross receipts tax rates to avoid making problems of pyramiding, regressivity, and over-reliance on the revenue source worse.

PTE Withholding on Hold?

Speaker of the House Ben Lujan told the New Mexico Society of CPAs that he intended to leave House Bill 8 on the table this session, and had no intention of further burdening small business in this economic environment. The remaining measures in the bill which hadn’t already been

passed along into other legislation were proposals to require all pass-through entities (“PTE’s”) to withhold quarterly on estimates of net income, and to extend the oil and gas proceeds withholding requirements to residents. The CPA Society, local oil and gas representatives, and general business representatives such as the Association of Commerce and Industry had expressed concern over the administrative impacts of the proposed requirements.

Most “committee bills” of the New Mexico Taxation and Revenue Department, mostly technical clean up bills but to include tax department’s income tax simplification bill are in Senate locations and moving forward.

In the Senate...

TIDD changes:

Several Senate bills concerning Tax Increment Development Districts (“TIDD”) are currently awaiting action in House committees. These include 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, which contains a number of modifications to the TIDD statutes is also waiting House committee action. 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.

Renewable energy incentives:

Two Senate bills that would expand tax incentives for renewable energy have cleared House Committees and await action on the House Floor. SB 237 creates new non-refundable personal and corporate income tax credits equal to 6% of investments in certain power generating facilities. 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%.

Miscellaneous:

Other tax measures that have passed the Senate are still awaiting action in their first House committee. These 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 which 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 which imposes new civil penalties for underreporting either mileage or weight; SB 219 which conforms cigarette tax act definitions with those in the Master Settlement Agreement; SB 501 distributions of county regional transit GRT collections; SB 541 appropriation for Native American tax settlements; SB 564 property tax increase disclosure information and SB 647 property tax special assessments for renewable energy installations.

Corporate franchise tax increase:

In Senate committee action, the committee substitute for SB 389 and SB 648 was tabled last week in SCORC. As discussed in last week’s newsletter, the substitute bill 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%. According to the TRD FIR, the bill would increase taxes by about \$100 million annually, and would also shift about \$100 million in tax from certain taxpayers to other taxpayers. SCORC committee members expressed concern about the potential impacts of such increases in the current economy.

Property tax value limits:

On Saturday the Senate approved a set of major changes to residential property tax valuation provisions in a Senate Floor Substitute for SB 181. The changes are targeted at the “tax lightning” phenomenon, created by the 3% annual limit on increased value for existing properties. The Substitute would (1) extend the 3% limit on annual value increases to properties that have been sold; (2) Rollback property values for owners of property purchased since 2001; (3) Rollback property values for owners of newly-constructed housing since 2001; and (4) Assess newly-constructed property at the average assessed/sales value of other properties in the county. In addition, the Substitute would require county assessors to post calculators on their web sites to enable taxpayers to readily calculate their property tax liability. Several senators expressed concern that the measure would limit local government revenues and would shift property tax liabilities among households. The sponsors argued that the revenue impacts would be modest – and would take the form of a reduced rate of growth rather than an outright decrease in revenue. Property tax shifts were estimated to be modest – on the order of 2% of annual property tax liability.

NMTRI Comment: Research Director Tom Clifford has been actively involved in analyzing potential fiscal impacts of the proposals, providing feedback to the sponsors and also to the Association of Counties, Municipal League and other affected parties. Dr. Clifford’s simulation model is only suggestive of likely impacts because parcel-specific information is not published. Some tentative conclusions from the simulations: (1) Tax savings for new home purchasers would be significant under the proposals, cutting liability by more than half under likely assumptions; (2) Shifted liability would result in annual tax increases of 2% to 3% for owners of existing homes; (3) Debt service capacity of local governments (and public schools) would be reduced by 2% to 3%; (4) The “Rollback” provisions of the package could cause significant one-time shifts in liability – increasing liability by 10% to 15% -- and reductions of debt service capacity – 5% to 10%. In the Senate Floor debate, Finance Committee Chair Senator John Arthur Smith suggested that these one-time impacts might be mitigated to some extent if the sponsors phased the proposals in over a period of several years.

For more information:

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

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



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

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

	tax levy for hospitals to reflect such reimbursement.	
HB 55 Begaye	Hospital GRT time and uses: HB 55 Subject to voter approval, San Juan County would be authorized to reimpose the local hospital GRT more than once up to a total of 40 years and to modify the uses to which revenue could be put.	HHGAC/HT RC-DP- HARK- DP=PASSE D/H- SCORC/SFC -SCORC- DP-SFC
HB 56 Begaye	Medical recordkeeping tax credit: HB 56 Creates a new income tax credit for pharmacists or physicians for 100% of the cost of equipment required to maintain electronic records of their patients. Credits could be claimed over a period of five years, with annual credit claims limited to the lesser of (1) 20% of the cost of the equipment; (2) the value of uncompensated care provided in the year and (3) tax liability. Applicable TYBA 1/1/2010.	HHGAC/HT RC- HHGAC- DP-HTRC
HB 57 Begaye	Local liquor surtax and rates: HB 57 Replaces the present law Local Liquor Excise Tax (which has never been imposed) with a Local Liquor Surtax imposed on wholesalers at the rate of 25% of the amount of Liquor Excise Tax they owe on products distributed to retailers within the imposing county. Allows any county in the state to impose the surtax by a vote of their governing board. Imposition would be for 3 years and could be extended upon approval by the voters.	HBIC/HTRC -HBIC
HB 61 Taylor	Rural health care tax credit eligibility: HB 61 Expands the definition of eligible areas to include those with a physician shortage of 15% or more as determined by the NM Dept. of Health. Expands the definition of "rural" to include municipalities less than 50,000. Effective 1/1/2009.	HHGAC/HT RC-DP- HTRC
HB 62 A. Lujan	Farm and ranch employee worker's compensation exemption: HB 62 Removes the exclusion of employees of family farms from worker's compensation requirements if the employer has 3 or more employees. Allows employers to exclude family member employees from WC. SB 9 is similar. The amendment provides an effective date of July 1, 2010.	HLC/HBIC- DP/a-HBIC
HB 64 M. Garcia	Restoring income tax progressivity: HB 64 Increases top individual income tax rate over several years from 4.9% to 8.2%. Also modifies the income levels at which various tax rates would 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- DP-SFC
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- PASSED/H- SFC
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 same taxes would be due on the shipments as under wine deliveries under present law.	HBIC/HTRC DP/a-HTRC- 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/HT RC-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/HT RC-HHGAC

HB 132 Miera	Educational property tax exemptions: HB 132 Exempts from property tax property that is leased to a public school district for public school purposes. Applies to 2009 and subsequent property tax years.	HEC/HTRC- HEC-DP- HTRC
HB 135 Miera	County health care GRT increment: HB 135 Authorizes the Bernalillo County Commission to continue to impose a 1/16% GRT option to fund health care for indigent patients after the June 30, 2009 sunset date in present law. The amendment adds an emergency clause which would make the bill effective immediately upon signature of the governor.	HHGAC/HT RC-DP/a- HTRC-DP PASSED/H (62-0) SCORC/SFC -SCORC- DP-SFC
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- DP-SFC
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- PASSED/H- SFC
HB 178 Crook	Unclaimed property recovery fee limit: HB 178 Limits the fee that may be collected for aiding in the recovery of unclaimed property to no more than 10% of the value of the property. Effective July 1, 2009.	HCPAC/HT RC-HCPAC
HB 179 Steinborn	Expand rural health care practitioner tax credit: HB 179 Changes the definition of a medically underserved area for purposes of the tax credit. Also changes the definition of "rural" under the credit so that it would include all areas of the state except for Bernalillo County.	HBIC/HTRC -HBIC
HB 203 R.S. Martinez	Expand rural health care practitioner tax credit: HB 203 Expands eligibility to occupational therapists, physical therapists, social workers and speech pathologists. Same as HB 129.	HHGAC/HT RC-DP- HTRC
HB 204 Sandoval	Extend horse racing act to 2015: HB 204 Extends the sunset date on the horse racing act from July 1, 2011 to July 1, 2015.	HHGAC/HT RC- DP-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	HBIC/HTRC DP-HTRC

	reimbursed by the Children, Youth and Families Department. Effective 7/1/2009.	
HB 251 Park	Updating property value with decreases: HB 251 Authorizes county assessors to decrease assessed value when necessary to bring property values to current and correct.	HHGAC/HT RC- HHGAC- DP/a-HTRC- DP- PASSED/H SCORC/SFC -SCORC- DP-SFC
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- DP-SFC
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 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	HCPAC/HT RC-HCPAC DP-HTRC- DP- PASSED/H SCORC/SFC -SCORC

	effects of “bracket creep.”	
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- DP-SFC
HB 305 Rehm	Front and rear vehicle license plates: HB 305 Requires two license plates for most vehicles beginning with their next renewal. Additional fee of up to \$5 is allowed to cover costs. Effective 1/1/2010.	HTPWC/HT RC- HTPWC-DP- HTRC
HB 320 Varela	Require tax expenditure budget: HB 320 TRD would be required to prepare and present a tax expenditure budget every year on all tax expenditures exceeding \$1 million annual general fund impact.	HBIC/HTRC -HBIC
HB 337 R. Gonzales	Water and sanitation district revenue: HB 337 TRD could release GRT taxpayer names and ID numbers to a water and sanitation district. Various changes to statutes governing the districts, including changing the confidentiality provision in the tax administration act to allow taxpayer information be shared with the districts.	HAGC/HTR C-HAGC- DP/a-HTRC- DP- PASSED/H SCONC/SJC -SCONC- DP-SJC- DP/a
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	HCPAC/HT RC-HCPAC- DP-HTRC

	1/1/2009.	
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. The HAFC committee substitute eliminates the personal income tax component while raising the gross receipts and compensating tax increase to .75%.	HTRC/HAF C-HTRC- DP-HAFC- DNP-CS- DP- PASSED/H- SCORC/SFC -SCORC
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-DP- PASSED/H- SFC
HB 376 R. Gonzales	Local government capital outlay gross receipts tax HB 376 Removes the requirements that a municipality have imposed all increments of the municipal GRT, the municipal infrastructure GRT and NOT have imposed the supplemental municipal GRT prior to imposing the capital outlay GRT. Removes the requirements that a county have imposed all increments of the county GRT and the county infrastructure GRT prior to imposing the county capital outlay GRT.	HHGAC/HT RC- HHGAC- DP-HTRC- DP- PASSED/H SCORC/SFC -SCORC
HB 388 Barreras	Property tax treatment of wastewater HB 388 Creates a special valuation method for wastewater system property. Such property would be valued at \$2.49 per 1,000 gallons of wastewater transmitted.	HBIC/HTRC -HBIC-DP- HTRC-DP- PASSED/H SCONC/SFC

		-SCONC- DP-SFC
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- DP-SFC
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- DP-SFC
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-DP- SFC
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

	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/a- FAILED/H- m/rcnsr adptd- tblad/H
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-DP/a- HTRC-DP
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-

	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- PASSED/H- SFC
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.	HTRC/HAF C-HTRC- DP-HAFC

	Unencumbered funds revert to the general fund at the end of fiscal year 2010.	
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-DP/a- HTRC
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 Begaye	Local hospital gross receipts imposition HB 764 Relaxes eligibility for the local hospital gross receipts tax local option. Newly eligible counties can impose a quarter percent in eighth percent increments but must dedicate the revenue as matching funds for federal state programs benefitting a hospital in the county that is designated a sole community provider. Voter approval is not required to enact the increases. Effective July 1, 2009.	HBIC/HTRC -HBIC-DP- HTRC
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-DP
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-w/o rec-HTRC
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. The HAFC amendment added requirements for attorneys who represent at hearings before the oil	HHGAC/HA FC-HHGAC- DP/a-HAFC- DP/a-fl/a-ref HJC

	conservation division certifying they're registered and paying gross receipts taxes. The house floor amendment excludes attorneys licensed in NM from the requirements of the HAFC amendment.	
HB827 Trujillo	Hybrid vehicle tax exemption HB 827 Creates a new motor vehicle exemption on issue of original certificate of a title a one-time motor vehicle excise tax exemption for certain hybrid vehicles purchased from July1, 2009 through June 30, 2014.	HBIC/HTRC -HBIC-DNP- CS-DP- HTRC
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-DP- HTRC
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-w/o rec-HTRC
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-DP- PASSED/H
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
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
HJR24 M. Garcia	Property tax exemption for certain people HJR 24 Proposes a constitutional amendment ballot measure that would require the legislature to create an exemption from property taxation for low-income persons at least 75 years old (indexed for inflation).	HTRC/HVE C-HTRC
HJR25 M. Garcia	Property tax exemption for disabled HJR 25 Proposes a constitutional amendment ballot measure that would require the legislature to create an exemption from property taxation for the primary residences of low-income disabled persons.	HTRC/HVE C-HTRC
HJR28 Maestas	Longterm homeowner property tax reduction HJR 28 Proposes a constitutional amendment ballot measure that provide for a property tax reduction of five percent after a homeowner occupies a residence continuously for fifteen years. Tax would continue to be reduced 5% per year to a maximum of 25%.	HTRC/HVE C-HTRC
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	SCONC/SC ORC/SFC- SFC

	into by the RETA. Effective 7/1/2009.	
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
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--HTRC
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.	SCORC/SFC -Passed Senate HBIC/HTRC

	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.	--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-HJC
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
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—House Floor
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— House Floor
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	SCORC/SFC -SFC

	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.	
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
CS SB 340 SCORC	Tax refund anticipation loan act SB 340 Companies offering refund anticipation loans would be required to be licensed and pay a \$100 fee. Imposes disclosure requirements and prohibits a variety of activities. Establishes fines for violations of the act.	SCORC/SFC -SFC
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/SJC/ SFC-SJC
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	SPAC/SCOR C/SFC--SFC

	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.	
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 Cisneros	Geothermal heat pump tax credit: SB 442 Provides new income tax and corporate income tax credits for 30% of the cost of installing “ground-coupled” heat pumps in residential or commercial buildings. Total credits claimed by one taxpayer are limited to \$9,000. Unused credits could be carried forward for ten years. A maximum of \$2 million per year in tax credits may be allowed to all taxpayers. Applies to tax years between 1/1/2010 and 12/31/2020.	SCORC/SFC -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 -SFC
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 -SFC
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	SCORC/SFC -SCORC

	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.	
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.	Passed Senate— HTPWC/ HTRC-- HTPWC
SB 505/a Payne	Communication system property taxes: SB 505 Exempts from the special valuations methods for communications systems those systems used for one-way communications.	SCONC/SC ORC- SCORC
SB 508 Lopez	Return income tax to pre-2004 rates: SB 508 Beginning in tax year 2010, income tax rates and brackets would revert to those that prevailed prior to the recent phase-in of reduced tax rates. Thus for example, married taxpayers filing joint returns would pay 6.0% on taxable income between \$24,000 and \$40,000, 7.1% between \$40,000 and \$64,000, 7.9% between \$64,000 and \$100,000 and 8.2% on amounts above \$100,000.	SCORC/SFC -SCORC
SB 509 McSorley	Tax increment development district formation: SB 509 Applies an inflation factor to the calculation of base gross receipts tax for purposes of calculating incremental GRT for distribution to a TIDD. Imposes additional reporting requirements on TIDD's. Restricts the approval of TIDD's for Greenfield developments. Limits to 50% the share of GRT that can be earmarked to a TIDD. Requires annual reports to the legislature on the status of TIDD's.	SCORC/SFC -SCORC
SB 523 Ortiz y Pino	Federal income deductions as state income: SB 523 Individual income taxpayers who itemize deductions on their federal return would be required to add back any state and local taxes included in 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	SCORC/SFC -SFC

	property is sold.	
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.	Passed Senate— HTRC/ HAFC-- HTRC
SB 552 Martinez	County correctional facility taxes: SB 552 Increases the county correctional facilities GRT option from 1/8% to ¼%. Voter approval would be required prior to imposing the additional 1/8%.	SCORC/SFC -SFC
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-refundable and no carryover is provided. Applies TYBA 1/1/2009.	SCORC/SFC -SCORC
SB 564 Duran	Property tax increase disclosure info: SB 564 County assessors would be required to provide a good faith estimate of the potential increase in property taxes after a home is sold. Property owners would be required to provide the information to any prospective purchaser.	Passed Senate— HHGAC/ HTRC-- HHGAC
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	Internet investment tax credit: SB 618	SCORC/SFC

Sharer	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.	-SFC
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 -SFC
SB 647a Wirth	Renewable energy financing district act: SB 647 Allows local governments to create special property tax districts composed of property owners who agree to be assessed a levy to pay off the cost of installing renewable energy equipment on their property. Districts would be authorized to issue bonds to finance equipment purchase and installation.	Passed Senate— HHGAC/ HTRC-- HHGAC
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 -SFC
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 -SFC
SB 677	No elected county assessors: SB 677	SPAC/SJC-

Boitano	Converts county assessor positions from elected to appointed.	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 -SFC
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

Knick Knacks

Mark Your Calendars NOW!

The Sixth Annual NMTRI Tax Policy Conference will be held at Sandia Resort and Casino north of Albuquerque on April 30th and May 1st. Topics will include trends and recent events in state and federal taxation, California and Texas discussions, property taxes and more. You will be inundated with details following the end of the legislative session on Saturday!

What's going on with Dell?

Dell Marketing LLP, fka Dell Catalogue Sales LP, has completed its petition for a writ of certiorari to the United States Supreme Court. The issue is whether a state has jurisdiction to tax a company that has no physical presence in the state if the company hires an independent contractor to perform warranty/maintenance contract repair services for the company's customers. New Mexico's Court of Appeals said yes and the New Mexico Supreme Court declined to take the case. The council of record for the state is Robert J. Desiderio, former Dean of the University of New Mexico School of Law and NMTRI member. A decision as to whether to take the case is expected by the end of the month.

TAX QUOTABLE:

"At my house, we have dogs, and I'm the one in charge of feeding them every morning. ... If I put out a whole week's food, they would eat it all and not have anything to eat for the rest of the week. Dog food, tax revenues -- it's the same thing," he said. Now, he added, "some smart-aleck reporter will say "governor compares the legislature to dogs." But I'm not going to do that -- because I love my Labradors."

CA Gov. Arnold Swarszenegger



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.

Join NMTRI today!