HOUSE BILL 51

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

John Block

AN ACT

RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX CREDIT
AGAINST THE STATE GROSS RECEIPTS TAX FOR TAXPAYERS THAT
RECEIVED NO MORE THAN ONE MILLION DOLLARS ($1,000,000) IN GROSS
RECEIPTS IN THE PREVIOUS CALENDAR YEAR; INCLUDING THE AMOUNT OF
GROSS RECEIPTS FOR WHICH THE CREDIT MAY BE APPLIED IN A
CALCULATION FOR A DISTRIBUTION TO MUNICIPALITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-1-6.4 NMSA 1978 (being Laws 1983,
Chapter 211, Section 9, as amended) is amended to read:

"7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS
TAX.--

A. Except as provided in Subsection B of this
section, a distribution pursuant to Section 7-1-6.1 NMSA 1978
shall be made to each municipality in an amount, subject to any

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increase or decrease made pursuant to Section 7-1-6.15 NMSA

1978, equal to the product of the quotient of one and two

hundred twenty-five thousandths percent divided by the tax rate

imposed by Section 7-9-4 NMSA 1978 multiplied by the sum of the

net receipts, except net receipts attributable to a nonprofit

hospital licensed by the department of health, for the month

attributable to the gross receipts tax from the following

business locations plus the net receipts for the month that

would have been attributable to the gross receipts tax from the

following locations but for which a credit is applied pursuant

to Section 2 of this 2024 act:

(1)   within that municipality;

(2)   on land owned by the state, commonly known

as the "state fairgrounds", within the exterior boundaries of

that municipality;

(3)   outside the boundaries of any municipality

on land owned by that municipality; and

(4)   on an Indian reservation or pueblo grant

in an area that is contiguous to that municipality and in which

the municipality performs services pursuant to a contract

between the municipality and the Indian tribe or Indian pueblo

if:

(a)   the contract describes an area in

which the municipality is required to perform services and

requires the municipality to perform services that are

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1   substantially the same as the services the municipality

2   performs for itself; and

3   (b)   the governing body of the

4   municipality has submitted a copy of the contract to the

5   secretary.

6   B.   If the reduction made by Laws 1991, Chapter 9,

7   Section 9 to the distribution under this section impairs the

8   ability of a municipality to meet its principal or interest

9   payment obligations for revenue bonds outstanding prior to July

10   1, 1991 that are secured by the pledge of all or part of the

11   municipality's revenue from the distribution made under this

12   section, then the amount distributed pursuant to this section

13   to that municipality shall be increased by an amount sufficient

14   to meet any required payment, provided that the distribution

15   amount does not exceed the amount that would have been due that

16   municipality under this section as it was in effect on June 30,

17   1992.

18   C.   A distribution pursuant to this section may be

19   adjusted for a distribution made to a tax increment development

20   district with respect to a portion of a gross receipts tax

21   increment dedicated by a municipality pursuant to the Tax

22   Increment for Development Act.

23   D.   As used in this section, "nonprofit hospital"

24   means a hospital that has been granted exemption from federal

25   income tax by the United States commissioner of internal

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revenue as an organization described in Section 501(c)(3) of

the Internal Revenue Code."

SECTION 2. A new section of the Gross Receipts and

Compensating Tax Act is enacted to read:

"[NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX CREDIT--

TAXPAYERS WITH NO MORE THAN ONE MILLION DOLLARS ($1,000,000) IN

GROSS RECEIPTS IN THE PREVIOUS CALENDAR YEAR.--

A. Prior to July 1, 2029, a taxpayer may claim a

tax credit in an amount equal to twenty-five percent of the

taxpayer's tax liabilities in a taxable period against the

state gross receipts tax due; provided that the taxpayer

received no more than one million dollars ($1,000,000) in gross

receipts in the calendar year prior to the taxable period in

which the credit is claimed. The amount of credit shall not

exceed twenty thousand dollars ($20,000) per taxpayer per

calendar year.

B. To receive a credit provided by this section, a

taxpayer shall apply to the department on forms and in the

manner required by the department.

C. That portion of credit that exceeds a taxpayer's

tax liability in the taxable period in which the credit is

claimed may be carried forward to succeeding taxable periods.

D. A taxpayer that claims another credit against

the gross receipts tax shall not be eligible to claim the

credit provided by this section in the same taxable period.

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1   E.   A taxpayer allowed a tax credit pursuant to this

2   section shall report the amount of the credit to the department

3   in a manner required by the department.

4   F.   The department shall compile an annual report on

5   the credit that shall include the number of taxpayers approved

6   by the department to receive the credit, the aggregate amount

7   of credits approved and any other information necessary to

8   evaluate the credit. The department shall present the report

9   to the revenue stabilization and tax policy committee and the

10   legislative finance committee with an analysis of the cost of

11   the tax credit.

12   G.   As used in this section, "tax liabilities" means

13   state gross receipts tax liability and any local option gross

14   receipts tax liabilities in a taxable period."

15   **SECTION 3.** APPLICABILITY.--The provisions of Section 2 of

16   this act apply to tax liabilities from taxable periods

17   beginning on or after July 1, 2024.

18   **SECTION 4.** EFFECTIVE DATE.--The effective date of the

19   provisions of this act is July 1, 2024.

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