

1 SENATE BILL 263

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

3 INTRODUCED BY

4 Carlos R. Cisneros

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10 AN ACT

11 RELATING TO TAXATION; IMPOSING THE STATE GROSS RECEIPTS TAX ON
12 A NONPROFIT HOSPITAL; IMPOSING THE GOVERNMENTAL GROSS RECEIPTS
13 TAX ON A GOVERNMENT HOSPITAL; PROVIDING THAT THE NET
14 GOVERNMENTAL GROSS RECEIPTS ATTRIBUTABLE TO GOVERNMENT
15 HOSPITALS SHALL BE DISTRIBUTED TO THE GENERAL FUND; AMENDING
16 AND REPEALING A DISTRIBUTION AND TAX CREDIT RELATED TO
17 HOSPITALS; MAKING APPROPRIATIONS.

18
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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

22 "7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS
23 TAX.--

24 A. Except as provided in Subsection B of this
25 section, a distribution pursuant to Section 7-1-6.1 NMSA 1978

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1 shall be made to each municipality in an amount, subject to any
2 increase or decrease made pursuant to Section 7-1-6.15 NMSA
3 1978, equal to the product of the quotient of one and two
4 hundred twenty-five thousandths percent divided by the tax rate
5 imposed by Section 7-9-4 NMSA 1978 multiplied by the net
6 receipts, except net receipts attributable to a nonprofit
7 hospital licensed by the department of health, for the month
8 attributable to the gross receipts tax from business locations:

9 (1) within that municipality;

10 (2) on land owned by the state, commonly known
11 as the "state fairgrounds", within the exterior boundaries of
12 that municipality;

13 (3) outside the boundaries of any municipality
14 on land owned by that municipality; and

15 (4) on an Indian reservation or pueblo grant
16 in an area that is contiguous to that municipality and in which
17 the municipality performs services pursuant to a contract
18 between the municipality and the Indian tribe or Indian pueblo
19 if:

20 (a) the contract describes an area in
21 which the municipality is required to perform services and
22 requires the municipality to perform services that are
23 substantially the same as the services the municipality
24 performs for itself; and

25 (b) the governing body of the

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1 municipality has submitted a copy of the contract to the
2 secretary.

3 B. If the reduction made by Laws 1991, Chapter 9,
4 Section 9 to the distribution under this section impairs the
5 ability of a municipality to meet its principal or interest
6 payment obligations for revenue bonds outstanding prior to July
7 1, 1991 that are secured by the pledge of all or part of the
8 municipality's revenue from the distribution made under this
9 section, then the amount distributed pursuant to this section
10 to that municipality shall be increased by an amount sufficient
11 to meet any required payment, provided that the distribution
12 amount does not exceed the amount that would have been due that
13 municipality under this section as it was in effect on June 30,
14 1992.

15 C. A distribution pursuant to this section may be
16 adjusted for a distribution made to a tax increment development
17 district with respect to a portion of a gross receipts tax
18 increment dedicated by a municipality pursuant to the Tax
19 Increment for Development Act."

20 SECTION 2. Section 7-1-6.38 NMSA 1978 (being Laws 1994,
21 Chapter 145, Section 1, as amended) is amended to read:

22 "7-1-6.38. DISTRIBUTION--GOVERNMENTAL GROSS RECEIPTS
23 TAX.--

24 A. A distribution pursuant to Section 7-1-6.1 NMSA
25 1978 shall be made in amounts equal to the following

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1 percentages of the net receipts attributable to the
2 governmental gross receipts tax, less the net receipts
3 attributable to a hospital licensed by the department of
4 health:

5 (1) seventy-five percent to the public project
6 revolving fund administered by the New Mexico finance
7 authority; [~~in an amount equal to seventy-five percent of the~~
8 ~~net receipts attributable to the governmental gross receipts~~
9 ~~tax.~~

10 ~~B. A distribution pursuant to Section 7-1-6.1 NMSA~~
11 ~~1978 shall be made]~~

12 (2) twenty-four percent to the energy,
13 minerals and natural resources department [~~in an amount equal~~
14 ~~to twenty-four percent of the net receipts attributable to the~~
15 ~~governmental gross receipts tax]; provided that forty-one and
16 two-thirds percent of the distribution is appropriated to the
17 energy, minerals and natural resources department to implement
18 the provisions of the New Mexico Youth Conservation Corps Act
19 and fifty-eight and one-third percent of the distribution is
20 appropriated to the energy, minerals and natural resources
21 department for state park and recreation area capital
22 improvements, including the costs of planning, engineering,
23 design, construction, renovation, repair, equipment and
24 furnishings; and~~

25 [~~G. A distribution pursuant to Section 7-1-6.1 NMSA~~

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1 ~~1978 shall be made]~~

2 (3) one percent to the ~~[office of]~~ cultural
3 affairs ~~[in an amount equal to one percent of the net receipts~~
4 ~~attributable to the governmental gross receipts tax]~~ department
5 for capital improvements at state museums and monuments
6 administered by the ~~[office of]~~ cultural affairs department.

7 ~~[D.]~~ B. The state pledges to and agrees with the
8 holders of any bonds or notes issued by the New Mexico finance
9 authority or by the energy, minerals and natural resources
10 department and payable from the net receipts attributable to
11 the governmental gross receipts tax distributed to the New
12 Mexico finance authority or the energy, minerals and natural
13 resources department pursuant to this section that the state
14 will not limit, reduce or alter the distribution of the net
15 receipts attributable to the governmental gross receipts tax to
16 the New Mexico finance authority or the energy, minerals and
17 natural resources department or limit, reduce or alter the rate
18 of imposition of the governmental gross receipts tax until the
19 bonds or notes together with the interest thereon are fully met
20 and discharged. The New Mexico finance authority and the
21 energy, minerals and natural resources department are
22 authorized to include this pledge and agreement of the state in
23 any agreement with the holders of the bonds or notes."

24 **SECTION 3.** Section 7-9-4.3 NMSA 1978 (being Laws 1991,
25 Chapter 8, Section 2, as amended by Laws 1993, Chapter 332,

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1 Section 1 and by Laws 1993, Chapter 352, Section 1) is amended
2 to read:

3 "7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS
4 "GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of
5 engaging in certain activities by governments, there is imposed
6 on every agency, institution, instrumentality or political
7 subdivision of the state, except any school district [~~and any~~
8 ~~entity licensed by the department of health that is principally~~
9 ~~engaged in providing health care services~~], an excise tax of
10 five percent of governmental gross receipts. The tax imposed
11 by this section shall be referred to as the "governmental gross
12 receipts tax"."

13 SECTION 4. Section 7-9-29 NMSA 1978 (being Laws 1970,
14 Chapter 12, Section 3, as amended) is amended to read:

15 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
16 ORGANIZATIONS.--

17 A. Exempted from the gross receipts tax are the
18 receipts of organizations that demonstrate to the department
19 that they have been granted exemption from the federal income
20 tax by the United States commissioner of internal revenue as
21 organizations described in Section 501(c)(3) of the United
22 States Internal Revenue Code of [~~1954~~] 1986, as that section
23 may be amended or renumbered, except as provided in Subsection
24 B of this section.

25 B. Exempted from any local option gross receipts

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1 tax, but not the state gross receipts tax, are receipts of an
2 organization that is a hospital licensed by the department of
3 health that demonstrates to the department that it has been
4 granted exemption from the federal income tax by the United
5 States commissioner of internal revenue as an organization
6 described in Section 501(c)(3) of the United States Internal
7 Revenue Code of 1986, as that section may be amended or
8 renumbered.

9 [B-] C. Exempted from the gross receipts tax are
10 the receipts from carrying on chamber of commerce, visitor
11 bureau and convention bureau functions of organizations that
12 demonstrate to the department that they have been granted
13 exemption from the federal income tax by the United States
14 commissioner of internal revenue as organizations described in
15 Section 501(c)(6) of the United States Internal Revenue Code of
16 [~~1954~~] 1986, as that section may be amended or renumbered.

17 [G-] D. This section does not apply to receipts
18 derived from an unrelated trade or business as defined in
19 Section 513 of the United States Internal Revenue Code of
20 [~~1954~~] 1986, as that section may be amended or renumbered."

21 SECTION 5. Section 7-9-73.1 NMSA 1978 (being Laws 1991,
22 Chapter 8, Section 3, as amended) is amended to read:

23 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS
24 RECEIPTS--HOSPITALS.--

25 A. Fifty percent of the receipts of hospitals

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1 licensed by the department of health may be deducted from gross
2 receipts; provided that this deduction may be applied only to
3 the taxable gross receipts remaining after all other
4 appropriate deductions have been taken.

5 B. Fifty percent of the receipts of a hospital
6 licensed by the department of health may be deducted from
7 governmental gross receipts; provided that this deduction may
8 be applied only to the taxable governmental gross receipts
9 remaining after all other appropriate deductions have been
10 taken.

11 C. A taxpayer allowed a deduction pursuant to this
12 section shall report the amount of the deduction separately in
13 a manner required by the department.

14 D. The department shall compile an annual report on
15 the deductions provided by this section that shall include the
16 number of taxpayers that claimed the deductions, the aggregate
17 amount of deductions claimed and any other information
18 necessary to evaluate the effectiveness of the deductions. The
19 department shall present the report to the revenue
20 stabilization and tax policy committee and the legislative
21 finance committee with an analysis of the cost of the
22 deductions."

23 **SECTION 6. REPEAL.--Sections 7-1-6.57 and 7-9-96.1 NMSA**
24 **1978 (being Laws 2007, Chapter 361, Sections 1 and 7) are**
25 **repealed.**

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1 SECTION 7. APPROPRIATIONS--HEALTH PROVIDER FUNDING.--

2 A. Twenty million dollars (\$20,000,000) is
3 appropriated from the general fund to the medical assistance
4 division of the human services department for expenditure in
5 fiscal year 2019 to increase inpatient and outpatient medicaid
6 provider reimbursement rates for hospitals. Any unexpended or
7 unencumbered balance remaining at the end of fiscal year 2019
8 shall revert to the general fund.

9 B. Six million dollars (\$6,000,000) is appropriated
10 from the general fund to the medical assistance division of the
11 human services department for expenditure in fiscal year 2019
12 to increase medicaid provider reimbursement rates for enhanced
13 rural hospitals. Any unexpended or unencumbered balance
14 remaining at the end of fiscal year 2019 shall revert to the
15 general fund.

16 C. Nine million five hundred thousand dollars
17 (\$9,500,000) is appropriated from the general fund to the
18 medical assistance division of the human services department
19 for expenditure in fiscal year 2019 to increase medicaid
20 provider reimbursement rates for physicians. Any unexpended or
21 unencumbered balance remaining at the end of fiscal year 2019
22 shall revert to the general fund.

23 D. Five million dollars (\$5,000,000) is
24 appropriated from the general fund to the board of regents of
25 the university of New Mexico for expenditure in fiscal year

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1 2019 to fund medical residencies at hospitals. Any unexpended
2 or unencumbered balance remaining at the end of fiscal year
3 2019 shall revert to the general fund.

4 E. Five million dollars (\$5,000,000) is
5 appropriated from the general fund to the medical assistance
6 division of the human services department for expenditure in
7 fiscal year 2019 to increase fee schedules for behavioral
8 health providers. Any unexpended or unencumbered balance
9 remaining at the end of fiscal year 2019 shall revert to the
10 general fund.

11 F. One million dollars (\$1,000,000) is appropriated
12 from the general fund to the medical assistance division of the
13 human services department for expenditure in fiscal year 2019
14 to fund behavioral health telehealth services. Any unexpended
15 or unencumbered balance remaining at the end of fiscal year
16 2019 shall revert to the general fund.

17 G. Five million dollars (\$5,000,000) is
18 appropriated from the general fund to the higher education
19 department for expenditure in fiscal year 2019 to fund health
20 professional loan repayment programs. Any unexpended or
21 unencumbered balance remaining at the end of fiscal year 2019
22 shall revert to the general fund.

23 **SECTION 8. EFFECTIVE DATE.**--The effective date of the
24 provisions of this act is July 1, 2018.

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