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HOUSE BILL 79

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

INTRODUCED BY

John Block

AN ACT

RELATING TO TAXATION; PROVIDING A PARTIAL GROSS RECEIPTS TAX
DEDUCTION FOR THE SALE OF FIREARMS AND AMMUNITION; CREATING A
DISTRIBUTION OF THE STATE GROSS RECEIPTS TAX TO HOLD LOCAL
GOVERNMENTS HARMLESS FOR THE DEDUCTION.

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

SECTION 1. A new section of the Gross Receipts and
Compensating Tax Act is enacted to read:

"~~[NEW MATERIAL]~~ DISTRIBUTION--OFFSET FOR FIREARMS AND
AMMUNITION DEDUCTION.--

A. A distribution pursuant to Section 7-1-6.1 NMSA
1978 shall be made to a municipality in an amount, subject to
any increase or decrease made pursuant to Section 7-1-6.15 NMSA
1978, equal to the sum of the deduction claimed pursuant to
Section 2 of this 2024 act for the month by taxpayers from

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underscoring material = new
~~[bracketed material] = delete~~

1 business locations attributable to the municipality multiplied
2 by the sum of the combined rate of all municipal local option
3 gross receipts taxes in effect in the municipality on January
4 1, 2024 plus one and two hundred twenty-five thousandths
5 percent.

6 B. A distribution pursuant to Section 7-1-6.1 NMSA
7 1978 shall be made to a county in an amount, subject to any
8 increase or decrease made pursuant to Section 7-1-6.15 NMSA
9 1978, equal to the sum of the total deductions claimed pursuant
10 to Section 2 of this 2024 act for the month by taxpayers from
11 business locations:

12 (1) within a municipality in the county
13 multiplied by the combined rate of all county local option
14 gross receipts taxes in effect on January 1, 2024 that are
15 imposed in the county; and

16 (2) in the county but not within a
17 municipality multiplied by the combined rate of all county
18 local option gross receipts taxes in effect on January 1, 2024
19 that are imposed in the county area not within a municipality.

20 C. A distribution pursuant to this section may be
21 adjusted for a distribution made to a tax increment development
22 district with respect to a portion of a gross receipts tax
23 increment dedicated by a municipality pursuant to the Tax
24 Increment for Development Act.

25 D. For the purposes of this section, "business
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underscored material = new
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1 locations attributable to the municipality" means business
2 locations:

- 3 (1) within the municipality;
- 4 (2) on land owned by the state, commonly known
5 as the "state fairgrounds", within the exterior boundaries of
6 the municipality;
- 7 (3) outside the boundaries of the municipality
8 on land owned by the municipality; and
- 9 (4) on an Indian reservation or pueblo grant
10 in an area that is contiguous to the municipality and in which
11 the municipality performs services pursuant to a contract
12 between the municipality and the Indian tribe or Indian pueblo
13 if:

14 (a) the contract describes an area in
15 which the municipality is required to perform services and
16 requires the municipality to perform services that are
17 substantially the same as the services the municipality
18 performs for itself; and

19 (b) the governing body of the
20 municipality has submitted a copy of the contract to the
21 secretary."

22 SECTION 2. A new section of the Gross Receipts and
23 Compensating Tax Act is enacted to read:

24 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--FIREARMS AND
25 AMMUNITION.--

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underscoring material = new
~~[bracketed material] = delete~~

1 A. Twenty-five percent of receipts from the sale of
2 firearms and ammunition may be deducted from gross receipts.

3 B. A taxpayer allowed a deduction pursuant to this
4 section shall report the amount of the deduction separately in
5 a manner required by the department.

6 C. The department shall compile an annual report on
7 the deduction provided by this section that shall include the
8 number of taxpayers that claimed the deduction, the aggregate
9 amount of deductions claimed and any other information
10 necessary to evaluate the effectiveness of the deduction. The
11 department shall present the report to the revenue
12 stabilization and tax policy committee and the legislative
13 finance committee with an analysis of the cost of the
14 deduction.

15 D. As used in this section:

16 (1) "ammunition" means ammunition or cartridge
17 cases, primers, bullets or propellant powder designed for use
18 in any firearm; and

19 (2) "firearm" means a weapon that will or is
20 designed to or may readily be converted to expel a projectile
21 by the action of an explosive and includes the frame or
22 receiver of any such weapon, a firearm muffler or firearm
23 silencer."

24 SECTION 3. EFFECTIVE DATE.--The effective date of the
25 provisions of this act is July 1, 2024.

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