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SENATE BILL 251

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

INTRODUCED BY

Cliff R. Pirtle

AN ACT

RELATING TO TAXATION; ADJUSTING THE RATE OF THE GROSS RECEIPTS
TAX TO A RATE BASED ON INDIVIDUAL SALES.

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

SECTION 1. Section 7-9-4 NMSA 1978 (being Laws 1966,
Chapter 47, Section 4, as amended) is amended to read:

"7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS
"GROSS RECEIPTS TAX".--

A. For the privilege of engaging in business, an
excise tax equal to ~~[the following percentages]~~ four and
seven-eighths percent of gross receipts, except as provided in
Subsections C and D of this section, is imposed on any person
engaging in business in New Mexico.

~~[(1) prior to July 1, 2023, five percent; and~~

~~(2) beginning July 1, 2023, four and seven-~~

underscoring material = new
[bracketed material] = delete

1 ~~eighths percent, except as provided in Subsection C of this~~
2 ~~section]~~

3 B. The tax imposed by this section shall be
4 referred to as the "gross receipts tax".

5 C. If, for any single fiscal year occurring after
6 fiscal year 2025 and prior to fiscal year 2030, gross receipts
7 tax revenues are less than ninety-five percent of the gross
8 receipts tax revenues for the previous fiscal year, as
9 determined by the secretary of finance and administration, the
10 rate of the gross receipts tax shall be five and one-eighth
11 percent beginning on the July 1 following the determination
12 made by the secretary of finance and administration.

13 D. If the gross receipts tax imposed on an
14 individual sale made by a person engaging in business results
15 in a total amount that ends in an amount that does not equal a
16 multiple of five cents (\$.05), the amount of the gross receipts
17 tax imposed on the individual sale shall be reduced so that the
18 total amount of the sale ends in the nearest multiple of five
19 cents (\$.05), and the rate of the gross receipts tax imposed on
20 the seller's gross receipts for the applicable taxable period
21 shall be adjusted accordingly.

22 [~~D.~~] E. On or before February 1 of each year, until
23 the rate of the gross receipts tax is adjusted to five and one-
24 eighth percent pursuant to Subsection C of this section, the
25 secretary of finance and administration shall make a

.227742.2

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

1 determination for the purposes of Subsection C of this section.
2 If the rate of tax is adjusted pursuant to that subsection, the
3 secretary shall certify to the secretary of taxation and
4 revenue that the rate of the gross receipts tax shall be five
5 and one-eighth percent, effective on the following July 1.

6 ~~[E.]~~ F. As used in this section, "gross receipts
7 tax revenues" means the net receipts attributable to the gross
8 receipts tax and distributed to the general fund."

9 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
10 provisions of this act is July 1, 2024.