TAXATION & REVENUE
NEW MEXICO

Michelle Lujan Grisham
Governor

Stephanie Schardin Clarke
Cabinet Secretary

Media Contact: Charlie Moore
Charlie.Moore@tax.nm.gov
(505) 670-5406

June 27, 2023

State portion of Gross Receipts Tax drops to 4.875%

Other changes in state tax law take effect July 1

SANTA FE — The statewide portion of the Gross Receipts Tax will drop to 4.875% on July 1, resulting in changes to the overall rates across New Mexico.

The rate drop is the result of legislation signed by Gov. Michelle Lujan Grisham in 2022. That legislation provided the first Gross Receipts Tax (GRT) rate reduction in 40 years, lowering the statewide portion over two years from 5.125%.

"The new lower rate will help businesses and shoppers all over New Mexico," said Taxation and Revenue Secretary Stephanie Schardin Clarke. "The state is in excellent financial condition, and this allows all New Mexicans to benefit directly."

Many tax changes signed into law by Gov. Lujan Grisham after the 2023 Legislature also take effect on July 1. Below are some of the highlights of 2023 legislation.

House Bill 547 highlights

- The new child tax credit in effect for the current tax year will be larger for families with under $75,000 of adjusted gross income than under the original 2022 legislation. Under the new legislation, the credit will be worth from $25 per child to $600 per child, depending on income. The increase will provide an additional $102.6 million in tax relief on top of the $74 million expected from the original legislation. About 214,000 of the 292,000 families expected to take advantage of the credit will benefit from the 2023 credit increase.

  The child tax credits will also now be indexed for inflation.

- Health care practitioners can now deduct receipts from patient co-payments and deductibles from their gross receipts when paying Gross Receipts Tax (GRT), an annual savings of as much as $50 million statewide.

- A $110 million cap on film credits to production companies that are not New Mexico film partners will increase by $10 million each fiscal year topping out at $160 million in Fiscal Year 2029.

The incentive to film in rural areas increases from 5% to 10%.

The credit cap for "above the line" non-resident talent increases from $5 million to $10 million per production with a $40 million statewide cap per fiscal year.

Senate Bill 147 highlights

- Cannabis excise taxes that businesses collect no longer need to be included in taxable receipts for GRT purposes. Also, the excise tax is now subject to destination sourcing, similar to GRT.

- Tribal governments may now set their own GRT rates without regard to the rates in neighboring county areas.

- E-book licenses purchased by public libraries are no longer subject to GRT, treating them the same as printed books.

- Certified Public Accountant candidates now have 18 months from receiving their first licensing test results to pass all sections of the exam. Previously, candidates had 18 months from when they first took the test.

- Twenty-one obsolete sections of the tax code are repealed.

Senate Bill 146 highlights

- The minimum amount of delinquent tax that Taxation and Revenue can assess rises from $25 to $50. The minimum assessment that taxpayers can protest is also now $50. The changes are expected to eliminate about 9,300 very small assessments per year.

- The Taxation and Revenue must now have a completed tax credit application before the timeline for acting on the application begins. The bill also shortens the amount of time the Department has to act on a credit application from 180 days to 120 days.

Senate Bill 205 highlights

- Taos County now has the option of imposing a local option GRT increment of up to .5% to pay for hospital capital costs and a nursing program. The tax would need to be approved by county voters.

###

The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

Connect with us on tax.newmexico.gov, LinkedIn, YouTube and Twitter @NM_MVD