Gov. Lujan Grisham signs Senate Bill 11, safeguarding a critical revenue stream for national laboratory communities
Feb 28, 2019 | Press Releases

SANTA FE – Gov. Michelle Lujan Grisham on Thursday signed Senate Bill 11. The new law, approved unanimously in the state House and with bipartisan support in the New Mexico Senate, establishes that 501(c)(3) nonprofits operating national laboratories are not exempt from paying gross receipts taxes, ensuring adjacent New Mexico communities will be able to depend on a steady stream of important revenue. “This is an important safeguard,” Gov. Lujan Grisham said. “I'm glad legislators addressed the issue with speed and that there was bipartisan agreement on its necessity.” The governor signed the legislation in a brief ceremony with sponsors in the Cabinet Room.

“Revenue stabilization plays a key role in helping to ensure we have adequate budget funding sources that can be counted on from year to year,” said Sen. Carlos Cisneros. “I want to thank the governor for recognizing this need and signing into law legislation that will protect a critical revenue stream for the state.”

“Los Alamos County and the state as a whole cannot afford to again lose the gross receipts revenues we gave up during the period when the labs were run by the University of California,” said Sen. Richard Martinez. “This bill will see to it that those payments we depend on will continue to be made regardless of the tax exempt status of the lab's primary contractor, bringing better economic security to northern New Mexico and our entire state.”

“This legislation will ensure that everyone pays their fair share and preserves a secure revenue stream for local governments to provide essential services and programs for New Mexicans,” said Rep. Christine Chandler. “I am proud that this common-sense legislation passed with bipartisan support, and I am confident that it will have a positive impact on communities in my district.”

“As we seek to stabilize revenue streams, we must take steps to protect local communities and the people they serve,” said Rep. Andrea Romero. “This legislation serves as a safeguard for communities to have the resources they need to thrive and access public services. I am grateful for the partnership of the sponsors and Governor Lujan Grisham for making this a priority.”
SENATE BILL 11

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Carlos R. Cisneros and Richard C. Martinez and
Christine Chandler and Andrea Romero

AN ACT

RELATING TO TAXATION; EXCLUDING CERTAIN ENTITIES FROM A GROSS RECEIPTS TAX EXEMPTION FOR NONPROFIT ORGANIZATIONS.

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

SECTION 1. Section 7-9-29 NMSA 1978 (being Laws 1970, Chapter 12, Section 3, as amended) is amended to read:

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

A. Exempted from the gross receipts tax are the receipts of organizations that demonstrate to the department that they have been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of [1954] 1986, as that section may be amended or renumbered.

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

C. This section does not apply to:

   (1) receipts derived from an unrelated trade or business as defined in Section 513 of the United States Internal Revenue Code of [1954] 1986, as that section may be amended or renumbered; or

   (2) receipts of a prime contractor that are derived from operating a facility in New Mexico designated as a national laboratory by an act of congress."

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2019.
FIFTY-FOURTH LEGISLATURE
FIRST SESSION

February 22, 2019

HOUSE FLOOR AMENDMENT number ___1___ to SENATE BILL 11

Amendment sponsored by Representative Jason Harper

1. On page 2, line 13, strike "or".

2. On page 2, line 16, strike the period and closing quotation mark and insert in lieu thereof:

"; or

(3) receipts of a prime contractor that are derived from operating a research facility in New Mexico that is owned by the state.".

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Jason Harper

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Adopted (Chief Clerk)        Not Adopted (Chief Clerk)

Date

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HOUSE MEMORIAL 63

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Joseph L. Sanchez

A MEMORIAL

REQUESTING THAT ANY TAXATION TASK FORCE CONVENED IN 2019 BY THE GOVERNOR OR THE LEGISLATURE BE REQUESTED TO RESEARCH AND DEVELOP LEGISLATIVE RECOMMENDATIONS AND ALTERNATIVES THAT CAN PROMOTE MORE EQUITABLE REGIONAL TAX DISTRIBUTIONS FROM LOS ALAMOS NATIONAL LABORATORY OR SIMILAR FEDERAL RESEARCH FACILITIES IN NEW MEXICO.

WHEREAS, New Mexico has been at the forefront of scientific endeavors for over seventy years and has achieved recognition as the home of one of the finest multi-program scientific research laboratories in the world; and

WHEREAS, these research laboratories have made an enormous contribution to the safety and national security of the United States; and

WHEREAS, New Mexico's national laboratories continue to

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spur innovation and industrial applications that benefit the
nation and private industry; and

WHEREAS, these federal institutions recruit and employ a
significant portion of their workforce from New Mexico’s higher
education institutions; and

WHEREAS, in 2018, Los Alamos national laboratory
celebrated its seventy-fifth anniversary; and

WHEREAS, Los Alamos national laboratory annually purchases
more than four hundred twenty million dollars ($420,000,000) in
goods and services from suppliers in the state, or over forty-
five percent of the total purchases of goods and services
purchased by Los Alamos national laboratory; and

WHEREAS, Los Alamos national laboratory contracts awarded
to New Mexico small businesses totaled two hundred sixty-nine
million dollars ($269,000,000) in 2018; and

WHEREAS, Los Alamos national laboratory employs more than
eleven thousand employees, mostly from northern New Mexico; and

WHEREAS, Los Alamos national laboratory is crucial to New
Mexico's economic health, paying over one billion dollars
($1,000,000,000) in salaries, which has a direct impact on the
state's economy each year; and

WHEREAS, Los Alamos national laboratory's operations and
construction have resulted in over eighty million dollars
($80,000,000) in gross receipts tax revenues annually for the
state since 2006 and have also resulted in three billion one
hundred million dollars ($3,100,000,000) in annual total impact on economic output across New Mexico from 2015 to 2017; and

WHEREAS, Los Alamos national laboratory was founded in secrecy at a remote location during World War II, and northern New Mexico communities and residents built and have maintained the facilities since its inception and are an indispensable component of the current workforce; and

WHEREAS, the majority of Los Alamos national laboratory employees live outside of Los Alamos county, with approximately fifty-five percent of laboratory employees residing in the surrounding counties, and the operations of the laboratory impact all of northern New Mexico; and

WHEREAS, there are current legislative efforts to tax Los Alamos national laboratory, regardless of whether the laboratory were to become a nonprofit entity; and

WHEREAS, the local revenue distribution from the Los Alamos national laboratory gross receipts tax currently paid to the state greatly benefits Los Alamos county and does not benefit the rest of northern New Mexico; and

WHEREAS, the communities outside Los Alamos county contribute greatly to the success of Los Alamos national laboratory; and

WHEREAS, the importance of equitable regional tax distribution on communities and workforces outside Los Alamos county must continue to be examined;
NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF
REPRESENTATIVES OF THE STATE OF NEW MEXICO that any taxation
task force convened in 2019 by the governor or the legislature
be requested to research and develop legislative
recommendations and alternatives that can promote more
equitable regional tax distributions from Los Alamos national
laboratory or similar federal research facilities in New
Mexico; and

BE IT FURTHER RESOLVED the legislative finance committee
and the revenue stabilization and tax policy committee study
the issue in the event no taxation task force is commissioned
during 2019; and

BE IT FURTHER RESOLVED that copies of this memorial be
transmitted to the members of the New Mexico congressional
delegation, the secretary of the United States department of
energy, the director of Los Alamos national laboratory, the
director of Sandia national laboratories, the governor and the
co-chairs of the New Mexico legislative council.

- 4 -