

FYI-M121

For Your Information

Municipal Gross Receipts Tax Options and Procedures

Published by the

New Mexico Taxation and Revenue Department

P.O. Box 8390 Santa Fe, New Mexico 87504-0630

Revised May 13, 2026

Page left blank intentionally

TABLE OF CONTENTS

FYI-M121 1

Municipal Gross Receipts Tax Options and Procedures 1

 Municipal Gross Receipts Local Options..... 5

 Effective Date of Ordinance..... 6

 Ordinance to be submitted to Department..... 7

 7-19D-7 7

 GRANDFATHERED..... 10

 REPEALED 12

 UPDATED MUNICIPAL OPTIONS 15

 Local Economic Development Act fund..... 16

 5-10-14 16

 AMENDING EXISTING ORDINANCE 17

 STEPS TO ENACT AN ORDINANCE 17

 MODEL ORDINANCE - MGRT (601/602) 20

 MODEL ORDINANCE - Municipal LEDA LOGRT 21

Page left blank intentionally

Municipal Gross Receipts Local Options

This publication outlines the various municipal gross receipts tax local options administered by the Department, as well as the administrative requirements for implementing, repealing, or amending municipal gross receipts tax ordinances. Municipal gross receipts taxes are collected concurrently and in the same manner as the state gross receipts tax. Municipalities must notify the Department at least three months prior to the July 1 effective date of any ordinance that imposes or modifies a municipal gross receipts tax rate. These local option rate changes are combined with the state gross receipts tax rate and incorporated into the Gross Receipts Tax Rate Schedule revised each July 1.

Municipal local option taxes share several common features. All such taxes use the same base as the state gross receipts tax and must conform to the provisions of the Gross Receipts and Compensating Tax Act.

Effective July 1, 2019, House Bill 479 removed the restricted uses of several municipal local option gross receipts taxes. The bill repealed multiple restricted local option rates and increased the unrestricted municipal local option rate from 1.5 percent to 2.5 percent. Some municipal local option taxes were not repealed and may be added to the total rate imposed within a municipality or county. Certain new replacement authorizations will require approval through a positive referendum.

House Bill 479 retains the overall cap for local option gross receipts taxes but modifies voter-approval requirements. For municipalities, any new local option exceeding 2.05 percent (calculated as 2.5 percent minus 0.45 percent) must be submitted to voters for approval. The remaining 0.45 percent in increments may not take effect until after an election in which a majority of participating voters approve the tax. Increments approved by voters prior to the effective date of the 2019 act are included within the voter-approved total and are grandfathered, meaning they are not subject to additional voter approval. Municipal governing bodies may choose to submit any local option gross receipts tax to voters. However, certain restrictions apply if the municipality is on a payment plan with the Department.

Effective Date of Ordinance

7-19D-3

An ordinance imposing, amending, or repealing a tax or an increment of tax authorized by the Municipal Local Option Gross Receipts and Compensating Taxes Act becomes effective on the first July 1 that occurs at least three months after the date the adopted ordinance is mailed or delivered to the Department.

If the governor declares a state of emergency, or if an unforeseen event causes a municipality's reserves to fall below the amount required by the Local Government Division of the Department of Finance and Administration—as certified by the division—an ordinance imposing a tax or an increment of a tax may instead become effective on the first January 1 that occurs at least three months after the declaration or event and notification to the Department.

The ordinance imposing, amending, or repealing a tax or an increment of tax must clearly state the effective date.

Ordinance shall conform to certain provisions of the Gross Receipts and Compensating Tax Act and requirements of the department.

7-19D-4

An ordinance imposing a tax under the provisions of the Municipal Local Option Gross Receipts Taxes Act shall adopt by reference the same definitions and the same provisions relating to exemptions and deductions as are contained in the Gross Receipts and Compensating Tax Act then in effect and as it may be amended from time to time.

The governing body of any municipality imposing a tax under the Municipal Local Option Gross Receipts Taxes Act shall impose the tax by adopting the model ordinance with respect to the tax furnished to the municipality by the department. An ordinance that does not conform substantially to the model ordinance of the department is not valid.

Specific Exemptions

7-19D-5

No tax authorized by the provisions of the Municipal Local Option Gross Receipts and Compensating Taxes Act shall be imposed on the gross receipts arising from a business located outside the boundaries of a municipality on land owned by that municipality for which a state gross receipts tax distribution is made pursuant to Section 7-1-6.4 NMSA 1978.

Ordinance to be submitted to Department

7-19D-7

A certified copy of the ordinance imposing or repealing a tax authorized under the Municipal Local Option Gross Receipts Taxes Act or changing the tax rate imposed shall be mailed or delivered to the department within five days after the later of the date the ordinance is adopted or the date the results of any election held with respect to the ordinance are certified to be in favor of the ordinance.

Municipal gross receipts tax; authority to impose rate

7-19D-9

A. The majority of the members of the governing body of any municipality may impose by ordinance an excise tax on the gross receipts of any person engaging in business in the municipality for the privilege of engaging in business in the municipality. A tax imposed pursuant to this section shall be imposed by the enactment of one or more ordinances enacting any number of increments of one-hundredth percent; provided that the total increments do not exceed the maximum rate provided in Subsection C of this section; and provided further that, if at the time of enacting the ordinance the total municipal gross receipts tax rate is not an even multiple of one-hundredth percent, the municipality may impose an increment in an amount sufficient to bring the total rate to an even multiple of one-hundredth percent. The governing body of a municipality may, at the time of enacting the ordinance, dedicate the revenue for any municipal purpose. If the governing body proposes to dedicate such revenue, the ordinance and, if any election is held, the ballot shall clearly state the purpose to which the revenue will be dedicated, and any revenue so dedicated shall be used by the municipality for that purpose unless a subsequent ordinance is adopted to change the purpose to which dedicated or to place the revenue in the general fund of the municipality.

B. The tax imposed pursuant to Subsection A of this section may be referred to as the "municipal gross receipts tax".

C. The maximum rate of the municipal gross receipts tax on the gross receipts of any person engaging in business in the municipality shall not exceed two and one-half percent. Of that two and one-half percent:

(1) a governing body may choose to require an election to impose increments up to a total of two and five-hundredths percent; and

(2) the remaining increments, up to a total of forty-five hundredths percent, shall not go into effect until after an election is held and a majority of the voters in the municipality voting in the election votes in favor of the tax. Increments approved by voters prior to July 1, 2019 shall be included in the increments approved by the voters, as provided in this paragraph.

D. An election shall be called on the questions of disapproval or approval of any ordinance enacted pursuant to Subsection C of this section or any ordinance amending such ordinance:

(1) if the governing body chooses to provide in the ordinance that it shall not be effective until the ordinance is approved by the majority of the registered voters voting on the question at an election to be held pursuant to the provisions of the Local Election Act [Chapter 1, Article 22 NMSA 1978]; or

(2) if the ordinance does not contain a mandatory election provision as provided in Paragraph (1) of this subsection, upon the filing of a petition requesting such an election if the petition is filed:

(a) pursuant to the requirements of a referendum provision contained in a municipal home-rule charter and signed by the number of registered voters in the municipality equal to the number of registered voters required in its charter to seek a referendum; or

(b) in all other municipalities, with the municipal clerk within thirty days after the adoption of such ordinance and the petition has been signed by a number of registered voters in the municipality equal to at least five percent of the number of the voters in the municipality who were registered to vote in the most recent regular municipal election.

E. The signatures on the petition filed in accordance with Subsection D of this section shall be verified by the municipal clerk. If the petition is verified by the municipal clerk as containing the required number of signatures of registered voters, the governing body shall adopt an election resolution calling for the holding of a special election on the question of approving or disapproving the ordinance unless the ordinance is repealed before the adoption of the election resolution. An election held pursuant to Subparagraph (a) or (b) of Paragraph (2) of Subsection D of this section shall be called, conducted and canvassed as provided in the Local Election Act, and the election shall be held within seventy-five days after the date the petition is verified by the municipal clerk or it may be held in conjunction with a regular local election if such election occurs within seventy-five days after the date of verification by the municipal clerk.

F. If at an election called pursuant to Subsection D of this section a majority of the registered voters voting on the question approves the ordinance imposing the tax, the ordinance shall become effective in accordance with the provisions of the Municipal Local Option Gross Receipts and Compensating Taxes Act. If at such an election a majority of the registered voters voting on the question disapproves the ordinance, the ordinance imposing the tax shall be deemed repealed and the question of imposing any increment of the municipal gross receipts tax authorized in this section shall not be considered again by the governing body for a period of one year from the date of the election.

G. Any law that imposes or authorizes the imposition of a municipal gross receipts tax or that affects the municipal gross receipts tax, or any law supplemental thereto or otherwise appertaining thereto, shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding revenue bonds that may be secured by a pledge of such municipal gross receipts tax unless such outstanding revenue bonds have been discharged in full or provision has been fully made therefor.

GRANDFATHERED

QUALITY OF LIFE GROSS RECEIPTS TAX

(7-19D-14)

Cuba is the only municipality to impose the quality of life gross receipts tax to fund the promotion and expansion of cultural programs at a maximum rate of one-fourth of one percent (.25%). The tax can only be imposed prior to January 1, 2016, in increments of one-sixteenth of one percent (.0625%). The tax cannot be imposed for a period longer than 10 years but may be extended for additional ten-year periods through the adoption of subsequent ordinances. Revenue from the quality of life gross receipts tax is to be dedicated to cultural programs and activities provided by local governments and to nonprofit or publicly owned cultural organizations and institutions. It may not replace other funding sources for existing programs. No increment of the quality of life gross receipts tax may be effective until it is approved in an election by the majority of the voters in the municipality. Municipalities that impose the quality of life gross receipts tax must appoint a cultural advisory board to oversee the revenue distribution. The cultural advisory board will establish qualifications for organizations to receive funding; develop guidelines and recommendations for funding levels and establish reporting requirements

SUPPLEMENTAL MUNICIPAL GROSS RECEIPTS TAX

Imposed by only two municipalities (until associated bonds are paid off), the proceeds are used to reconstruct water supply systems. No new enactments of this tax have been permitted since February 1986.

MUNICIPAL REGIONAL SPACEPORT GROSS RECEIPTS TAX

(7-19D-15)

The governing body of a municipality which has become a member of a regional spaceport district must, by December 31, 2008, impose by ordinance an excise tax at a rate not to exceed one-half of one percent (.50%) of taxable gross receipts of a person engaging in business in the municipality for the privilege of engaging in business. Such a tax may be imposed in increments of not less than one-sixteenth of one percent (.0625%), but in total may not exceed the one-half of one percent (.50%) limit. The governing body must dedicate at least 75 percent of the proceeds of this tax to the regional spaceport district for the financing, planning, designing, engineering and construction of a spaceport pursuant to the regional spaceport district act. The governing body may dedicate no more than 25 percent of the revenue for spaceport-related projects as approved by resolution of governing body of the municipality. The tax cannot become effective until approved by a majority of voters in an election.

MUNICIPAL HIGHER EDUCATION FACILITIES GROSS RECEIPTS TAX

(7-19D-16)

Eligible municipalities may impose the municipal higher education facilities gross receipts tax up to one-fourth percent of one percent (.25%). An eligible municipality is one with a population of more than 50,000 in the last decennial census and which is located in a Class B County with a net taxable value for property tax purposes of more than \$2 billion⁴. The tax can be imposed in increments of one-sixteenth of one percent (.0625%). The tax cannot be imposed for a period longer than 20 years. Revenue from the municipal higher education gross receipts tax is to be dedicated for acquisition, construction, renovation or improvement of facilities of a four-year post-secondary public educational institution located in the municipality and acquisition of or improvements to land for those facilities or payment of municipal higher education facilities gross receipts tax revenue bonds issued pursuant to Chapter 3, Article 31 NMSA 1978. No increment of the municipal higher education gross receipts tax may be effective until it is approved in an election by the majority of the voters in the election.

FEDERAL WATER PROJECT GROSS RECEIPTS TAX

(7-19D-17)

Eligible municipalities may impose the federal water project gross receipts tax at a rate not to exceed one-fourth percent (.25%) on any person engaging in business in the municipality. An eligible municipality is one located in a Class B County that has a population pursuant to the most recent federal decennial census of greater than twenty thousand but less than twenty-five thousand⁵. Revenue from this tax must be used for the repayment of loan obligations to the federal government for the construction, expansion, operation and maintenance of a water delivery system and for the expansion, operation and maintenance of that water delivery system after the loan obligation to the federal government is retired or repaid. The revenue from the federal water project gross receipts tax shall not be dedicated to repaying revenue bonds or any other form of bonds. No increment of the federal water project gross receipts tax may be effective until it is approved in an election by the majority of the voters in the municipality. A municipality that imposes the federal water project gross receipts tax shall not also impose a municipal capital outlay gross receipts tax.

REPEALED

MUNICIPAL LOCAL OPTION GROSS RECEIPTS TAXES ACT

(7-19D-10 through 7-19D-18)

Repealed July 1, 2019

To aid in administration, nine separate municipal local option gross receipts taxes (municipal gross receipts tax, municipal environmental services gross receipts tax, municipal infrastructure gross receipts tax, municipal capital outlay gross receipts tax, quality of life gross receipts tax, municipal regional spaceport gross receipts tax, municipal higher education gross receipts tax, federal water project gross receipts tax and municipal hold harmless gross receipts tax) are consolidated in one act. Although the allowable tax rates and election requirements vary for the local option taxes, the procedures for imposing, amending or repealing the taxes are standardized. Municipalities must use the model ordinance provided by the Department. All actions necessary to adopt the ordinance, including completion of a required petition period, must be completed three months prior to the effective date and a certified copy of the ordinance must be provided to the Department within five days from the date the ordinance is adopted. The effective date of the ordinance must be July 1 or January 1, whichever date occurs first after the expiration of at least three months from the date the ordinance is mailed or delivered to the Department. When the municipality holds an election and the majority of the registered voters who vote in the election fail to approve an ordinance, the municipality cannot propose the imposition of any increment of the tax for one year after the date of the failed election.

MUNICIPAL INFRASTRUCTURE GROSS RECEIPTS TAX (7-19D-11)

Repealed July 1, 2019

Municipalities can impose a maximum municipal infrastructure gross receipts tax of one-fourth of one percent (.25%). The tax can be implemented by adoption of one or more ordinances in tax rate increments of one-sixteenth of one percent (.0625%). Proceeds from the tax may be dedicated to various types of infrastructure improvements, to repay obligation bonds, to municipal general purposes, to various public transit system purposes, or to economic development plans and projects. All ordinances, regardless of the tax rate increment, whose tax proceeds are dedicated to economic development require an election. No election is required for the adoption of an ordinance for the first one-eighth of one percent (.125%) of municipal infrastructure gross receipts tax whose tax proceeds are for all other allowable purposes. No petition for an election is allowed unless required by a municipal charter. The adoption of an ordinance for the second one-eighth of one percent (.125%), regardless of how the proceeds will be used, requires an election.

MUNICIPAL ENVIRONMENTAL SERVICES GROSS RECEIPTS TAX (7-19D-10)

Repealed July 1, 2019

Municipalities can impose a municipal environmental services gross receipts tax of one-sixteenth of one percent (.0625%). No election is required, and voters cannot petition for an election unless required by a municipal charter. Certain municipalities located in a Class B County with a net taxable value greater than \$750,000,000 for the 2008 property tax year may impose an additional one-half of one percent (.50%) of municipal environmental gross receipts tax in increments of one-fourth of one percent (.25%). To be eligible for this additional imposition, a municipality must have a population of less than 25,000 but between either 7,500 and 7,800, or 1,500 and 2,000, according to the most recent federal decennial census³.

Proceeds from the tax must be dedicated to acquisition, construction, operation, and maintenance of solid waste facilities, water facilities, wastewater facilities, sewer systems, and related facilities.

MUNICIPAL CAPITAL OUTLAY GROSS RECEIPTS TAX (7-19D-12)

Repealed July 1, 2019

Municipalities can impose a maximum municipal capital outlay gross receipts tax of one-fourth of one percent (.25%). The tax can be implemented by adoption of one or more ordinances in tax rate increments of one-sixteenth of one percent (.0625%). Proceeds from the tax may be dedicated to any municipal infrastructure purpose or for the payment of gross receipts tax revenue bonds for infrastructure purposes. All ordinances, regardless of the tax rate increment, require an election.

MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX (7-19D-18)

Repealed July 1, 2019

Municipalities can impose a maximum municipal hold harmless gross receipts tax of three-eighths of one percent (.375%). The tax can be implemented by adoption of one or more ordinances, in one-eighth increments up to an aggregate rate of three-eighths percent. Municipalities may impose increments of one-eighth of one percent. Proceeds from the tax may be dedicated to a specific purpose or area of municipal government services, including but not limited to police protection, fire protection, public transportation or street repair and maintenance. No election is required, and voters cannot petition for an election.

Any law that imposes or authorizes the imposition of a municipal hold harmless gross receipts tax or that affects the municipal hold harmless gross receipts tax, or any supplemental law shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding revenue bonds that may be secured by a pledge of such municipal hold harmless gross receipts tax unless such outstanding revenue bonds have been discharged in full or provision has been fully made.

UPDATED MUNICIPAL OPTIONS

Municipal flood recovery gross receipts tax

7-19d-19

Flood recovery revenue bonds may be issued for the rebuilding, repairing, replacing, and hardening of municipal property damaged by a flood. A municipality shall irrevocably pledge all revenue it receives from the municipal flood recovery gross receipts tax to the payment of interest on, and principal of, the bonds.

A majority of the members of the governing body of a municipality may impose, by ordinance, an excise tax at a rate not to exceed three-eighths percent of the gross receipts of a person engaging in business within the municipality. The tax may be imposed in increments of one-thousandth percent, up to the aggregate maximum rate of three-eighths percent. The tax shall remain in effect until the flood recovery revenue bonds issued pursuant to Section 3-31-1 NMSA 1978 are fully discharged or otherwise provided for in full. The tax imposed under this section may be referred to as the “municipal flood recovery gross receipts tax.”

At the time a governing body enacts an ordinance imposing a tax rate authorized under Subsection A of this section, it shall dedicate the resulting revenue exclusively to the payment of flood recovery revenue bonds issued pursuant to Section 3-31-1 NMSA 1978.

Local Economic Development Act fund

5-10-14

A. The "Local Economic Development Act fund" is created in the state treasury. Income from the fund shall be credited to the fund. Money in the fund shall not revert or be transferred to any other fund at the end of a fiscal year. The department shall administer the fund, and money in the fund is appropriated to the department to pay the cost of administering the fund and for economic development projects pursuant to the Local Economic Development Act. Money in the fund shall be expended on warrants of the department of finance and administration pursuant to vouchers signed by the secretary of economic development.

B. The following may be used to provide public support for certain economic development projects of qualifying entities pursuant to Section 2 [5-10-17 NMSA 1978] of this 2021 act and shall be separately accounted for in the fund:

(1) fifty percent of the tax revenue attributable to the state gross receipts tax and the state compensating tax, as determined pursuant to Subsection A of Section 2 of this 2021 act, and distributed pursuant to Subsection A of Section 5 [7-1-6.67 NMSA 1978] of this 2021 act; and

(2) that portion of the tax revenue attributable to the local option gross receipts tax and county compensating tax imposed by a county and local option gross receipts tax and municipal compensating tax imposed by a municipality dedicated pursuant to Subsection B of Section 2 of this 2021 act and distributed pursuant to Subsection B of Section 5 of this 2021 act.

AMENDING EXISTING ORDINANCE

Only Section 4—the dedication section—of a Municipal Local Option Gross Receipts Tax Ordinance may be amended, and it may be amended only if the revenues are not committed to the payment of bonds. Ordinances that were not repealed remain available for amendment.

The procedure for enacting an ordinance to amend an existing ordinance, including any election requirements, is the same as the procedure for enacting an original ordinance. If an election is held and the electorate does not approve the amendment, the existing increment of tax shall remain in effect and shall continue to be dedicated for the purposes specified in the original ordinance. The municipality must wait one year from the date of the election before attempting to amend the purpose of the revenue again.

For additional questions, please contact the Department at tax.localgov@tax.nm.gov.

REPEALING AN EXISTING ORDINANCE

The procedure for enacting an ordinance to repeal an ordinance and any election requirements are the same as for enacting an original ordinance.

STEPS TO ENACT AN ORDINANCE

1. Obtain a copy of the model ordinance from the Taxation and Revenue Department. The Department model ordinance, after it has been filled in, must be adopted as provided.
2. Any other format must be approved in advance by the Taxation and Revenue Department.
3. Fill out the model ordinance. Section 1 of the ordinance should be completed to indicate the proposed tax rate depending on which type of tax is being proposed).

Section 4 should be completed to indicate the specific purpose to which the revenue will be dedicated.

In Section 5, fill in the effective date of July 1, after the expiration of at least three months from the date the ordinance is to be emailed to the Department. The delivery or mailing date is no more than 5 days after: a) the date the governing body adopts the ordinance if a referendum petition is not received; b) the date of the election if a valid petition is received and the ordinance is approved by the electorate; or c) the date of the election if the governing body mandates an election on the ordinance and the ordinance is approved by the electorate.

Section 6 is optional and should be completed only if the municipality wants the ordinance to expire (sunset) on a specific date July 1 for the following impositions:

Municipalities are strongly encouraged to submit draft ordinances to the Department before the ordinance is published or approved by municipal officials. Identifying errors early in the adoption process helps prevent complications in later stages and supports the Department's timely approval of the ordinance and the prompt receipt of associated revenue.

4. Publish a notice of the proposed ordinance. The municipality gives notice of the proposed ordinance by publishing its title and subject matter at least two weeks prior to consideration of final action on the ordinance by the governing body.
5. Follow the appropriate election procedure. See Table 1 for the procedure when a municipality opts for an election or if an election is required (positive referendum). See Table 2 for the procedure when the municipality opts for a petition (negative referendum) and a valid petition is filed. See Table 3 for the procedure when the municipality opts for a petition (negative referendum) and no petition is filed or when no election is required. If an election is held and the electorate fails to approve the ordinance, the municipality must wait one year from the election date before attempting to impose, amend or repeal the increment of tax again. Specific questions concerning the election process should be directed to the Information Services Division of the NM Municipal League at (505) 982-5573 (in Santa Fe) or 1-800-432-2036 (outside Santa Fe).
6. Send the ordinance to the Department. Mail or email a certified copy of the approved ordinance to the Department: 1) within five days after the expiration of the petition period if no petition for referendum is filed, 2) within five days after the election is held and the election results are certified and the ordinance is approved, or 3) within five days from the date the governing body approves the ordinance where no election is required. (If a referendum is held and the ordinance is not approved by the electorate, please inform the Department.)

Send the ordinance by email mail, return receipt requested, with a copy of the canvass of the election or a signed statement that no petition for referendum was received or that no election was required, to:

Taxation and Revenue Department Tax
Local Government Liaison
P. O. Box 630
Santa Fe, NM 87504-0630

Or tax.localgov@tax.nm.gov

Failure to notify the Department will result in the Department's taking no action to collect the tax. Failure to notify the Department within the required time may result in a delay of at least 12 months on the effective date of the tax.

A municipality imposing a new municipal local option or amending or repealing an existing municipal local option must meet the statutory deadline in Section 7-19D-3. This means that all required action must be completed by the following deadlines:

Deadline Effective Date

March 31st effective July 1st

7. Publish the adopted ordinance. The municipal clerk publishes the adopted ordinance in its entirety or by title and summary any time from one day after the electorate approves the ordinance or the petition waiting period expires until five days before the effective date of the ordinance.

8. Return the survey table to the Department. March the Department sends a survey table to each municipality. The survey's main purpose is to confirm the municipality tax rates. It is important that you respond even if there have been no changes. Please return the completed survey immediately to the attention of the Tax Information and Policy Office at the mailing address provided in Step 5 or via email to tax.localgov@tax.nm.gov, with corrections noted and copies of adopted tax ordinances, amended tax ordinances or repealed tax ordinances attached.

MODEL ORDINANCE - MGRT (601/602)

ORDINANCE NUMBER _____
ADOPTING A MUNICIPAL GROSS RECEIPTS TAX

BE IT ORDAINED BY THE GOVERNING BODY OF
(Name of Municipality):

Section 1. Imposition of Tax. There is imposed on any person engaging in business in this municipality for the privilege of engaging in business in this municipality an excise tax equal to (amount being requested) of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act as it now exists or as it may be amended. The tax imposed under this ordinance is pursuant to the Municipal Local Option Gross Receipts Taxes Act as it now exists or as it may be amended and shall be known as the "unrestricted municipal gross receipts tax."

Section 2. General Provisions. This ordinance hereby adopts by reference all definitions, exemptions and deductions contained in the Gross Receipts and Compensating Tax Act as it now exists or as it may be amended.

Section 3. Specific Exemptions. No municipal gross receipts tax shall be imposed on the gross receipts arising from:

- A. transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the municipality to another point outside the municipality;
- B. a business located outside the boundaries of a municipality on land owned by that municipality for which a state gross receipts tax distribution is made pursuant to Subsection C of Section 7-1-6.4 NMSA 1978; or
- C. direct broadcast satellite services.

Section 4. Dedication. General Fund (Optional: description of the dedication at the local level)

Section 5. Effective Date. The effective date of the municipal gross receipts tax shall be either July 1, three months from the date this ordinance is adopted, unless an election is held on the question of approving the ordinance, in which case the effective date shall be July 1, three months from the date when the results of the election are certified to be in favor of the ordinance's adoption and the adopted ordinance is delivered or mailed to the Taxation and Revenue Department.

ADOPTED BY THE GOVERNING BODY OF ____ THIS ____ DAY OF _____ 20____.

ATTEST: _____
(Signatures of Municipal Clerk and Mayor)

MODEL ORDINANCE - Municipal LEDA LOGRT

Local Economic Development Act Local Option Gross Receipts Tax

ORDINANCE NUMBER
ADOPTING A LOCAL ECONOMIC DEVELOPMENT ACT LOCAL OPTION
GROSS RECEIPTS TAX

BE IT ORDAINED BY THE GOVERNING BODY OF
(Name of Municipality):

Section 1. Imposition of Tax. There is imposed on any person engaging in business in this municipality, for the privilege of engaging in business in this municipality, an excise tax equal to one-fourth of one percent (0.25%) of the gross receipts reported or required to be reported by the person pursuant to the New Mexico Gross Receipts and Compensating Tax Act as it now exists or as it may be amended. The tax imposed under this ordinance is pursuant to the Municipal Local Option Gross Receipts and Compensating Taxes Act and the Local Economic Development Act as they now exist or as they may be amended and shall be known as the “Local Economic Development Act local option gross receipts tax.”

Section 2. General Provisions. This ordinance hereby adopts by reference all definitions, exemptions and deductions contained in the Gross Receipts and Compensating Tax Act as it now exists or as it may be amended.

Section 3. Specific Exemptions. No Local Economic Development Act local option gross receipts tax shall be imposed on the gross receipts arising from:

- A. transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the municipality to another point outside the municipality;
- B. a business located outside the boundaries of a municipality on land owned by that municipality for which a state gross receipts tax distribution is made pursuant to Subsection C of Section 7-1-6.4 NMSA 1978; or
- C. direct broadcast satellite services.

Section 4. Dedication. Revenue from the Local Economic Development Act local option gross receipts tax will be used for the purposes below:

- A. Economic development plans and projects as defined in the Local Economic Development Act or projects as defined in the Statewide Economic Development Finance Act, provided:
 - 1) arts and cultural districts created pursuant to the Arts and Cultural District Act are a qualifying purpose;
 - 2) cultural facilities are a qualifying entity; and
 - 3) retail businesses are a qualifying entity.

Section 5. Effective Date. The effective date of the Local Economic Development Act local option gross receipts tax shall be July 1, following the election whose results are certified to be in favor of the ordinance’s adoption and the adopted ordinance is delivered or mailed to the Taxation and Revenue Department.

Section 6. Delayed Repeal. (Optional) Ordinance Number (if it becomes law) is repealed effective (date) .

ADOPTED BY THE GOVERNING BODY OF THIS DAY OF 20 .

ATTEST:

(Signatures of Municipal Clerk and Mayor)