

Table 2: Estimated Revenue Impact of New Mexico Tax Credits, Deductions, Exemptions, Rate Differentials, and Rebates for which Direct Data Exists: FY2004 to FY2010, Third Draft

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | | | |
|-----|---|----------------------------------|--------|---|----------------------------|--|-----------------|-----------------------|-----------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|-----|-----------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | | |
| 1 | Advanced Energy Tax Credit against Gross Receipts, Compensating, Withholding, Personal Income, or Corporate Income Taxes | § 7-9G-2, § 7-2A-25, § 7-2-18.25 | Credit | A taxpayer who holds an interest in a qualified generating facility in New Mexico that files a personal or corporate income tax return may claim a credit for 6% of the eligible generation plant costs of a qualified facility. A taxpayer that holds an interest in a qualified generating facility may qualify to claim the advanced energy tax credit against its gross receipts tax, compensating tax, or withholding tax liability. The amount of the credit is 6% of expenditures for the development and construction of a qualified new solar thermal electric generating facility, a geothermal electric generating facility, or a solar photovoltaic electric generating facility that may include an associated or renewable energy storage facility or recycled energy project or 6% of expenditures for the development and construction of a qualified new or re-powered coal-based electric generating unit and an associated coal gasification facility. | 2007, 09 | GRT / Compensating / Withholding / CIT / PIT | Enacted in 2007 | | | | | | 0 | \$0 | 0 | \$0 | 0 | \$0 | | | | |
| 2 | Affordable Housing Tax Credit against Gross Receipts, Compensating, Withholding, Personal Income, or Corporate Income Taxes | § 7-9I | Credit | Taxpayers who have received a voucher from the Mortgage Finance Authority may apply them for credit against gross receipts (less local option gross receipts taxes), compensating, withholding, personal income, corporate income, E911, and CRS tax liabilities and carry unused credits forward for five years. The value of the voucher shall equal fifty percent of the amount of cash invested or the fair market value of the land, building, or service invested by that person. | 2005 | CRS (except local option) / PIT / CIT | | | Enacted in 2005 | | | | 14 | \$26.9 | 32 | \$18.5 | 57 | \$15.9 | 62 | \$25.8 | | |
| 3 | Agricultural Water Conservation Credit against Personal Income Tax | § 7-2-18.20 | Credit | A personal income tax credit is allowed for agricultural water conservation expenses. Agricultural water conservation expenses are expenses incurred by the taxpayer for eligible improvements in irrigation systems or water management methods. The expenses must be made on or after January 1, 2008; comply with a water conservation plan approved by the local soil and water conservation district in which the improvement is located; and be primarily designed to substantially conserve water on land in New Mexico that is owned or leased by the taxpayer and used by the taxpayer or that taxpayer's lessee to produce agricultural products, harvest or grow trees, or sustain livestock. The credit amount is 35% of eligible expenses incurred in calendar year 2008, and 50% of expenses in subsequent years through December 31, 2012. | 2007 | PIT | Enacted in 2007 | | | | | | 0 | \$0 | 19 | \$56.5 | DNA | DNA | | | | |
| 4 | Alternative Energy Product Manufacturers Tax Credit against CRS (except Local Option) | § 7-9J | Credit | Manufacturers of certain alternative energy products may receive a tax credit not to exceed 5% of qualified expenditures for manufacturing equipment used in the manufacturing operation. | 2007 | CRS (except local option) | Enacted in 2007 | | | | | | 0 | \$0 | 0 | \$0 | 0 | \$0 | | | | |
| 5 | Angel Investment Credit against Personal Income Tax | § 7-2-18.17 | Credit | A taxpayer who files a New Mexico personal income tax return and who is an accredited investor making a qualified investment may claim a credit in an amount not to exceed 25% (not more than \$100,000 of the qualified investment). | 2007 | PIT | Enacted in 2007 | | | | | | 0 | \$0 | 16 | \$145.0 | 27 | \$152.2 | DNA | DNA | | |
| 6 | Blended Biodiesel Fuel Credit against Corporate Income or Personal Income Taxes | § 7-2A-23, § 7-2-18.21 | Credit | A taxpayer who is required to pay the special fuel excise tax and who files a New Mexico personal or corporate income tax return may claim a credit against the income tax due on the return for each gallon of blended biodiesel fuel on which that person paid the special fuel excise tax in the taxable year, or who would have paid the special fuel excise tax in the tax year but for certain deductions allowed for special fuel sold pursuant to Subsections B through F of Section 7-16A-10, or the treaty exemption for North Atlantic Treaty Organization use. The credit is 3 cents per gallon from January 1, 2007 until December 31, 2010, 2 cents per gallon in calendar year 2011, and 1 cent per gallon in calendar year 2012. Biodiesel is renewable and biodegradable fuel derived from agricultural plant oils or animal fat. Blended biodiesel fuel is a diesel fuel that contains at least 2 percent biodiesel. | 2007 | CIT / PIT | Enacted in 2007 | | | | | | <3 | <\$10 | 8 | \$21.5 | DNA | DNA | | | | |
| 7 | Business Facility Rehabilitation Credit against Corporate Income or Personal Income Taxes | § 7-2A-15, § 7-2-18.4 | Credit | An individual or a corporation who restores, renovates or rehabilitates a qualified business facility in an enterprise zone may receive credit on income tax owed to New Mexico. A qualified business facility is a building vacant for at least 24 months and intended to be put into use by a person in the manufacturing, distribution or service industries. The credit equals 50% of the project cost with a cap of \$50,000 for each project and a carry-forward provision for four consecutive tax years. | 1994 | CIT / PIT | 6 | \$4.9 | 3 | \$13.0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | DNA | DNA | | |
| 8 | Cultural Property Preservation Credit against Corporate Income or Personal Income Taxes | § 7-2A-8.6, § 7-2-18.2 | Credit | Taxpayers may take this credit on personal or corporate income tax return for restoring, rehabilitating or preserving properties listed on the New Mexico Register of Cultural Properties. The credit is for one-half the cost of restoring, rehabilitating, or preserving cultural property. It may not exceed \$25,000 if listed on the New Mexico Register of Cultural Properties or \$50,000 if the property is within an arts and cultural district designed by the state or a municipality as designated in the Arts and Cultural District Act (15-5A-1 NMSA 1978). | 1984, 86, 90, 95, 99, 2007 | CIT / PIT | 114 | \$330.1 | 66 | \$196.7 | 51 | \$178.1 | 76 | \$232.5 | 91 | \$235.4 | 81 | \$253.4 | DNA | DNA | | |
| 9 | Corporate Supported Child Care Credit against Corporate Income Tax | § 7-2A-14 | Credit | Corporations providing or paying for licensed child care services for employees' children under 12 years of age may deduct 30% of eligible expenses from their corporate income tax liability for the tax year in which the expenses occur. | 1983,86, 95 | CIT | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | <3 | <\$20.0 | <3 | <\$50.0 | DNA | DNA | | |
| 10 | Electronic ID Card Readers Credit against Corporate Income or Personal Income Taxes | § 7-2A-18, § 7-2-18.8 | Credit | New Mexico provides a one-time credit up to \$300 for the purchase of electronic card-reading equipment for age verification. The credit is allowed for each business location where the business installs the equipment. | 2001 | CIT / PIT | 3 | \$9 | 3 | \$9 | 0 | \$0 | <3 | <\$1.0 | <3 | <\$1.0 | 0 | \$0 | DNA | DNA | | |
| 11 | Unpaid Doctor Services Performed in a Hospital Credit against Gross Receipts Tax | § 7-9-96.2 | Credit | Licensed medical doctors and licensed osteopathic physicians may claim a credit against gross receipts taxes due for the value of unpaid bills for medical care services performed while on call to a hospital. | 2007 | GRT | Enacted in 2007 | | | | | | 62 | \$379.5 | 207 | \$482.7 | 331 | \$1,269.7 | | | | |
| 12 | Film Production Tax Credit against Corporate Income or Personal Income Taxes ¹ | § 7-2F | Credit | A credit against personal or corporate income tax is available for 25% of direct production and direct postproduction expenditures made in New Mexico that are subject to taxation by the state of New Mexico and directly attributable to the production of a film or commercial audiovisual product. | 2002, 05, 06, 07 | CIT / PIT | 8 | \$3,405.0 | 13 | \$2,073.0 | 35 | \$10,742.0 | 34 | \$17,667.0 | 51 | \$46,233.0 | 78 | \$76,706.0 | 76 | \$65,912.9 | | |
| 13 | Job Mentorship Programs Tax Credit against Corporate Income or Personal Income Taxes | § 7-2-17.1, § 7-2-18.11 | Credit | Eligible employers who create high-wage jobs in New Mexico may apply for tax credit against gross receipts tax (less local option gross receipts taxes), compensating tax, withholding tax, E911, and CRS tax due. An eligible employer is an employer whose sales to persons outside New Mexico during the 12-month report period ending prior to claiming a high-wage jobs tax credit was more than 50%, or who is eligible for the Job Training Incentive Program (JTIP) assistance by the Economic Development Department. The amount is 10% of the qualifying wages and benefits in an eligible job up to \$12,000 for each job. If they meet the requirements there is no upward limits on the total credits claimed. | 2003 | CIT / PIT | 3 | <\$25.0 | 3 | \$12.9 | 6 | \$14.3 | 5 | \$15.2 | 5 | \$12.7 | 4 | \$9.8 | DNA | DNA | | |
| 14 | High-Wage Jobs Tax Credit against Gross Receipts (except Local Option), Compensating, or Withholding Taxes | § 7-9G-1 | Credit | The job mentorship tax credit gives a personal income tax credit to businesses hiring qualified students in a school-sanctioned, career-preparation education program. Qualifying businesses must employ students attending an accredited New Mexico secondary school full-time. Credits are for 50% of the gross wages paid, subject to limitations. | 2004, 07, 08 | CRS (except local option) | Enacted in 2004 | | | | | | 18 | \$743.5 | 29 | \$1,657.9 | 37 | \$4,724.7 | 45 | \$14,440.8 | 217 | \$4,596.2 |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|--|-------------------------|--------|--|--|--|-----------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 15 | Hospitals Credit against Gross Receipts Tax | § 7-9-96.1 | Credit | Certain hospitals licensed by the New Mexico Department of Health may claim a gross receipts tax credit currently equal to a 3.02% of taxable gross receipts if in a municipality and 4% if in an unincorporated area of the county. These percentages increase to 3.775% and 5% after July 1, 2011. | 2007 | GRT | Enacted in 2007 | | | | | | 104 | \$1,286.7 | 204 | \$4,718.0 | 198 | \$7,462.4 | | |
| 16 | Land Conservation Tax Credit against Corporate Income or Personal Income Taxes | § 7-2-18.10, § 7-2A-8.9 | Credit | Persons who donate qualified land to private-nonprofit or public conservation agencies for conservation purposes may receive personal or corporate income tax credit of up to \$100,000. | 2003,07 | CIT / PIT | 0 | \$0 | 21 | \$378.9 | 15 | \$217.2 | 22 | \$441.8 | 26 | \$346.0 | 39 | \$1,337.5 | DNA | DNA |
| 17 | Solar Market Development Credit against Personal Income Tax | § 7-2-18.14 | Credit | Taxpayers who file a New Mexico personal income tax return for a tax year beginning on or after January 1, 2006 and purchase and install after that date but before December 31, 2016, a solar thermal system or a photovoltaic system in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer, may apply for a solar market development tax credit of up to 10% of the purchase and installation cost of the system. | 2006, 09 | PIT | Enacted in 2006 | | | | | | 86 | \$342.2 | 180 | \$545.1 | 300 | \$826.4 | DNA | DNA |
| 18 | Renewable Energy Production Tax Credit against Corporate Income or Personal Income Taxes | § 7-2A-19, § 7-2-18.18 | Credit | Personal or corporate income taxpayers may receive a credit for producing electricity by solar light or heat, wind, or biomass at a penny per kilowatt-hour up to 400,000 megawatt (MWh)-hours yearly per taxpayer for 10 years. | 2002, 03, 05, 07 | CIT / PIT | 0 | \$0 | 0 | \$0 | 0 | \$0 | 6 | \$9,365.4 | 7 | \$15,309.3 | 0 | \$0 | DNA | DNA |
| 19 | Investment Tax Credit against Gross Receipts, Compensating, or Withholding Taxes | § 7-9A | Credit | The investment credit is for equipment owned and introduced into New Mexico for use by a taxpayer in a new or expanded manufacturing operation. The credit may be applied against a maximum of 85% of a taxpayer's gross receipts, compensating, and withholding tax liability, but may not be taken against any local option gross receipts tax imposed by a county or municipality. | 1979, 83, 86, 90, 91, 2001, 02 | GRT (except local option) / Compensating / Withholding | DNA | \$2,150.9 | 25 | \$5,039.9 | 21 | \$14,789.4 | 24 | \$6,095.2 | 18 | \$1,828.9 | 19 | \$11,602.7 | 120 | \$7,019.4 |
| 20 | Laboratory Partnership with Small Business Tax Credit against Gross Receipts Tax (except Local Option) | § 7-9E | Credit | When a national laboratory offers certain types of eligible assistance to individual small businesses in New Mexico and incurs expenses for doing so, it may take a credit against the state portion of gross receipts tax of up to \$10,000 per business or \$20,000 for a business in a rural area. | 2000 | GRT (except local option) | DNA | \$1,897.8 | 4 | \$1,467.8 | 3 | \$1,454.3 | 4 | \$1,694.4 | 3 | \$2,589.4 | 4 | \$2,525.3 | 5 | \$2,394.2 |
| 21 | Sustainable Building Tax Credit against Corporate Income or Personal Income Taxes | § 7-2A-21, § 7-2-18.19 | Credit | Personal or corporate income taxpayers may claim tax credits for investments in constructing or renovating sustainable residential or commercial buildings that meet specific "green" building standards. | 2007 | CIT / PIT | Enacted in 2007 | | | | | | 4 | \$10.7 | 67 | \$391.7 | DNA | DNA | | |
| 22 | Technology Jobs Tax Credit against Gross Receipts, Compensating, Withholding, Personal Income, or Corporate Income Taxes | § 7-9F | Credit | Basic credit: A taxpayer who conducts qualified research and development at a facility in New Mexico, except at a facility operated for the U.S. government, may claim a basic credit equal to 4% of qualified expenditures. The 4% credit doubles when the qualified facility is in a rural area. Additional credit: A taxpayer may qualify for an additional 4% credit toward income tax liability by raising its in-state payroll \$75,000 for every \$1 million in qualified expenditures claimed. The minimum is \$75,000. This credit also doubles if the qualified facility is in a rural area. | 2000 | GRT / Compensating / Withholding / PIT / CIT | 5 | \$3,229.5 | 290 | \$4,429.8 | 280 | \$4,136.1 | 233 | \$5,430.6 | 285 | \$5,689.8 | 257 | \$5,969.2 | 398 | \$6,192.6 |
| 23 | Welfare-to-Work Programs Tax Credit against Corporate Income or Personal Income Taxes | § 7-2A-8.8, § 7-2-18.5 | Credit | Prior to January 1, 2008, certain businesses, located in mostly rural counties, that qualified for the federal Welfare-to-Work credit provided by Section 26 U. S. C. § 51A, may also have been eligible for the New Mexico Welfare-to-Work credit. Beginning January 1, 2008, Section 26 U.S.C § 51A was repealed and a new federal work opportunity credit was established. Employers who qualify for the new federal work opportunity credit will no longer qualify for the New Mexico credit. This credit may be taken against personal or corporate income taxes. | 1998 | CIT / PIT | 48 | \$96.4 | 6 | \$10.5 | <3 | <\$10.0 | <3 | <\$10.0 | 6 | \$41.0 | 6 | \$51.2 | DNA | DNA |
| 24 | Research and Development Small Business Tax Credit against Gross Receipts, Compensating, or Withholding Taxes | § 7-9H | Credit | Qualified research and development small businesses may claim a credit equal to the sum of all gross receipts, compensating, and withholding taxes owed to New Mexico for the report period in which the business qualifies for the credit. In general, a qualified business is a corporation, general partnership or similar entity with 25 or fewer employees, revenues under \$5 million annually, and whose qualified research and development expenditures for the prior 12 months was equal to at least 20% of total expenditures for those calendar months. | 2005 | GRT / Compensating / Withholding | Enacted in 2005 | | | | | | 5 | \$303.1 | 7 | \$249.6 | 6 | \$107.1 | 6 | \$7 |
| 25 | Rural Health Care Practitioners Credit against Personal Income Tax | § 7-2-18.22 | Credit | A taxpayer who files a personal income tax return, who is an eligible health care practitioner, and who has provided health care services in New Mexico in a rural health care, underserved area in a taxable year, may claim a credit against the tax liability imposed by the Income Tax Act. | 2007 | PIT | Enacted in 2007 | | | | | | 1,276 | \$5,172.2 | 1,308 | \$5,197.5 | DNA | DNA | | |
| 26 | Rural Job Tax Credit against Gross Receipts, Compensating, Withholding, Personal Income, or Corporate Income Taxes | § 7-2E | Credit | Eligible employers may earn the rural job tax credit for each qualifying job created after July 1, 2000, applying it to gross receipts tax (less local option gross receipts taxes), compensating tax, withholding tax, corporate, or personal income tax. An eligible employer is one whom the Economic Development Department has approved for Job Training Incentive Program (JTIP) assistance. A qualifying job means a job filled by an eligible employee for 48 weeks in a 12-month qualifying period. The credit is for 25% of the first \$16,000 of wages paid, if the job is performed or based in a tier 1 area. The Credit is for 12.5% of the first \$16,000 of wages paid, if the job is performed or based in a tier 2 area. | 1999, 2006 (delayed repeal), 07 (re-enacted) | GRT (except local option) / PIT / CIT | 6 | \$346.2 | 37 | \$186.1 | 31 | \$189.0 | 11 | \$86.6 | 69 | \$592.8 | 72 | \$422.6 | 78 | \$665.5 |
| 27 | Taxes Paid to Another State Credit against Personal Income Tax | § 7-2-13 | Credit | When a resident individual is liable to another state for tax upon income derived from sources outside this state but also included in net income allocated or apportioned to New Mexico, the individual shall receive a credit against the tax due this state in the amount of the tax paid the other state. | 1965, 70, 73, 74, 81, 90, 92 | PIT | 11,316 | \$15,092.4 | 11,046 | \$15,066.8 | 12,181 | \$17,771.6 | 12,114 | \$19,403.6 | 13,432 | \$19,675.2 | 13,130 | \$17,900.6 | DNA | DNA |
| 28 | Low Income Comprehensive Tax Rebate against Personal Income Tax | § 7-2-14 | Rebate | The rebate may be claimed by taxpayers with a modified gross income of less than \$22,000. The rebate amount is dependent upon modified gross income and the number of exemptions claimed. The rebate amounts varies between \$10 and \$450. | 1972, 73, 74, 75, 77, 78, 81, 86, 87, 90, 92, 94, 98 | PIT | 281,663 | \$26,860.3 | 281,392 | \$26,390.2 | 283,890 | \$25,821.8 | 271,848 | \$24,244.4 | 290,516 | \$25,553.9 | 282,848 | \$24,364.8 | DNA | DNA |
| 29 | Low-Income Property Tax Rebate against Personal Income Tax | § 7-2-14.3 | Rebate | The rebate may be claimed by taxpayers with a modified gross income of less than \$22,000. The rebate amount is dependent upon modified gross income and the number of exemptions claimed. The rebate amounts varies between \$10 and \$450. | 1972, 73, 74, 75, 77, 78, 81, 86, 87, 90, 92, 94, 98 | PIT | 73 | \$17.2 | 79 | \$19.5 | 78 | \$19.5 | 73 | \$20.2 | 82 | \$22.7 | 66 | \$20.0 | DNA | DNA |
| 30 | Persons 65 Years of Age or Older Property Tax Rebate against Personal Income Tax | § 7-2-18 | Credit | Any resident who has attained the age of sixty-five and files individual income tax return and is not a dependent of another individual may claim a tax rebate in the amount of property tax due on the resident's principal place of residence that exceeds the property tax liability as defined in this section. | 1977, 81, 93, 97, 99, 2003 | PIT | 22,395 | \$4,131.1 | 22,096 | \$4,085.3 | 21,030 | \$3,906.4 | 19,475 | \$3,639.8 | 19,170 | \$3,594.2 | 18,165 | \$3,459.1 | DNA | DNA |
| 31 | Child Care Credit against Personal Income Tax | § 7-2-18.1 | Credit | Any resident who files an individual New Mexico income tax return and who is not a dependent of another taxpayer may claim a credit for child day care expenses incurred and paid to a caregiver in New Mexico during the taxable year. The credit is for 40% of actual compensation paid to a caregiver and may not exceed \$480 for each qualifying dependent or \$1,200 for all qualifying dependents in any taxable year. | 1981, 90, 95, 99 | PIT | 4,829 | \$1,907.8 | 4,697 | \$1,819.4 | 4,175 | \$1,540.4 | 3,688 | \$1,378.3 | 3,156 | \$1,186.1 | 4,059 | \$1,438.8 | DNA | DNA |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|---|-----------------------|-------------------|---|--|----------------------------------|-----------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 32 | Unreimbursed or Uncompensated Medical Expenses for Persons 65 Years of Age or Older Credit against Personal Income Tax | § 7-2-18.13 | Credit | Any individual sixty-five years of age or older may claim a credit in an amount equal to two thousand eight hundred dollars (\$2,800) for medical care expenses paid by the individual for that individual or for the individual's spouse or dependent during the taxable year if those medical care expenses exceed twenty-eight thousand dollars (\$28,000) and if the medical care expenses are not reimbursed or compensated for by insurance or otherwise. | 2005 | PIT | Enacted in 2005 | | | | 793 | \$2,054.5 | 1,038 | \$2,900.8 | 1,276 | \$3,560.2 | 1,279 | \$3,575.6 | DNA | DNA |
| 33 | Working Families Tax Credit against Personal Income Tax | § 7-2-18.15 | Credit | Individuals may claim a credit equal to 10% of their federal Earned Income Tax Credit. | 2007, 08 | PIT | Enacted in 2007 | | | | | | 183,639 | \$30,146.9 | 190,106 | \$40,006.2 | DNA | DNA | | |
| 34 | Special Needs Adopted Child Tax Credit against Personal Income Tax | § 7-2-18.16 | Credit | A taxpayer who has adopted a special needs child (an individual certified as a "difficult to place child") may claim a credit in the amount of one thousand dollars (\$1,000). | 2007 | PIT | Enacted in 2007 | | | | | | 532 | \$867.5 | 595 | \$979.0 | DNA | DNA | | |
| 35 | United States Government Obligations Income / Interest Exemption against Personal Income Tax | § 7-2-2 Reg. 3.3.1.12 | Exemption | There is an exemption for income from US government obligations. | 1992, 93, 95, 97, 98, 2000 | PIT | 27,645 | \$3,446.6 | 27,658 | \$3,033.9 | 28,625 | \$3,137.4 | 30,165 | \$3,872.4 | 31,282 | \$4,448.3 | 29,706 | \$3,182.0 | DNA | DNA |
| 36 | Educational Trust Fund Payments Deduction against Personal Income Tax | § 7-2-32 | Deduction | A taxpayer may claim a deduction from net income in an amount equal to the payments made by the taxpayer into the education trust fund pursuant to a college investment agreement or prepaid tuition contract under the Education Trust Act in the taxable year for which the deduction is being claimed. | 1997 | PIT | 2,112 | \$1,342.8 | 2,628 | \$1,327.9 | 3,086 | \$1,245.3 | 3,719 | \$1,538.7 | 4,148 | \$1,981.5 | 3,961 | \$1,147.0 | DNA | DNA |
| 37 | Capital Gains Deduction against Personal Income Tax | § 7-2-34 | Deduction | A taxpayer may claim a deduction from net income in an amount equal to the greater of: the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed, but not to exceed one thousand dollars (\$1,000); or fifty percent of the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed. | 1999 | PIT | 55,777 | \$6,488.7 | 75,542 | \$16,174.3 | 91,996 | \$27,650.1 | 105,930 | \$44,361.8 | 116,536 | \$64,831.9 | 67,925 | \$29,402.6 | DNA | DNA |
| 38 | National Guard Member Premiums Paid for Life Insurance Exemption against Personal Income Tax | § 7-2-5.10 | Exemption | Payment from a service members' life insurance fund are exempt from New Mexico's personal income tax. | 2006 | PIT | Enacted in 2006 | | | | 783 | \$10.9 | 952 | \$49.6 | 1,063 | \$25.2 | DNA | DNA | | |
| 39 | Armed Forces Salaries Exemption against Personal Income Tax | § 7-2-5.11 | Exemption | A salary paid by the United States to a taxpayer for active duty service in the armed forces of the United States is exempt from state income taxation. | 2007 | PIT | Enacted in 2007 | | | | | | 8,930 | \$7,876.7 | 10,960 | \$9,617.4 | DNA | DNA | | |
| 40 | Persons 65 Years of Age or Older or Blind Exemption against Personal Income Tax | § 7-2-5.2 | Exemption | Any individual sixty-five years of age or older or who, for federal income tax purposes, is blind may claim an exemption in an amount specified in Subsections A through C of this section not to exceed eight thousand dollars (\$8,000) of income includable except for this exemption in net income. Individuals having income both within and without this state shall apportion this exemption in accordance with regulations of the secretary. | 1985, 87 | PIT | 69,763 | \$17,983.3 | 71,524 | \$18,112.5 | 83,302 | \$20,485.5 | 76,193 | \$18,512.2 | 81,658 | \$19,716.0 | 82,801 | \$20,177.1 | DNA | DNA |
| 41 | Indians' Income Exemption against Personal Income Tax | § 7-2-5.5 | Exemption | Income earned by a member of a New Mexico federally recognized Indian nation, tribe, band or pueblo, his spouse or dependent, who is a member of a New Mexico federally recognized Indian nation, tribe, band or pueblo, is exempt from state income tax if the income is earned from work performed within and the member, spouse or dependent lives within the boundaries of the Indian member's or the spouse's reservation or pueblo grant or within the boundaries of lands held in trust by the United States for the benefit of the member or spouse or his nation, tribe, band or pueblo, subject to restriction against alienation imposed by the United States. | 1995 | PIT | 16,364 | \$14,989.2 | 16,770 | \$15,885.5 | 17,933 | \$42,656.4 | 16,526 | \$41,658.6 | 17,124 | \$18,705.9 | 18,061 | \$22,204.8 | DNA | DNA |
| 42 | Medical Care Savings Accounts Exemption against Personal Income Tax | § 7-2-5.6 | Exemption | The interest earned on medical care savings accounts and money reimbursed to an employee for eligible medical expenses from those accounts or money advanced to the employee by the employer for eligible medical expenses are exempt from taxation. | 1995 | PIT | 703 | \$1,153.1 | 481 | \$236.1 | 5,638 | \$2,418.2 | 302 | \$43.3 | 357 | \$57.8 | 810 | \$63.9 | DNA | DNA |
| 43 | Persons 100 Years of Age or Older Exemption against Personal Income Tax | § 7-2-5.7 | Exemption | The income of an individual who is a natural person, who is one hundred years of age or older and who is not a dependent of another individual is exempt from state income tax. | 2002 | PIT | 43 | \$36.8 | 80 | \$77.0 | 100 | \$53.9 | 83 | \$72.3 | 95 | \$69.1 | 91 | \$92.2 | DNA | DNA |
| 44 | Low- and Middle-Income Persons Exemption against Personal Income Tax | § 7-2-5.8 | Exemption | An individual may claim an exemption in an amount specified in Subsections B through D of this section not to exceed an amount equal to the number of federal exemptions multiplied by two thousand five hundred dollars (\$2,500) of income includable, except for this exemption, in net income. | 2005, 07 | PIT | Enacted in 2005 | | | | 499,695 | \$16,558.9 | 621,393 | \$25,673.1 | 615,806 | \$24,483.9 | DNA | DNA | | |
| 45 | Unreimbursed or Uncompensated Medical Expenses for Persons 65 Years of Age or Older Exemption against Personal Income Tax | § 7-2-5.9 | Exemption | Any individual sixty-five years of age or older may claim an additional exemption from income includable, except for this exemption, in net income in an amount equal to three thousand dollars (\$3,000) for medical care expenses paid by the individual for that individual or for the individual's spouse or dependent during the taxable year if those medical care expenses exceed twenty-eight thousand dollars (\$28,000) and if the medical care expenses are not reimbursed or compensated for by insurance or otherwise. | 2005 | PIT | Enacted in 2005 | | | | 1,151 | \$118.2 | 1,337 | \$142.0 | 1,519 | \$165.1 | 1,594 | \$162.1 | DNA | DNA |
| 46 | Double Local Option Payment Penalty Credit against Gross Receipts, Compensating, or Withholding Taxes | § 7-9-105 | Credit | A credit is allowed for taxpayers who paid the double local option penalty in effect prior to July 1, 2007. That penalty was imposed by Section 7-1-71.2 for incorrectly reporting food and medical gross receipts tax deductions offered by Sections 7-9-92 and 7-9-93. The credit is equal to the amount of the penalty paid. | 2007 | GRT / Compensating / Withholding | Enacted in 2007 | | | | | | >3 | \$286.3 | >3 | \$128.5 | 3 | \$121.9 | | |
| 47 | Food Deduction against Gross Receipts Tax | § 7-9-92 | Deduction | Receipts from qualifying food sales at retail food stores as defined under the federal food stamp program are deductible. | 2004 | GRT | Enacted in 2004 | | 1,711 | \$74,776.0 | 3,492 | \$161,995.5 | 3,480 | \$160,419.1 | 3,419 | \$226,609.0 | 3,265 | \$199,174.3 | 3,184 | \$205,415.8 |
| 48 | Health Care Practitioners Deduction against Gross Receipts Tax | § 7-9-93 | Deduction | Receipts of licensed health care practitioners from payments by managed health care providers or health care insurers for commercial contract services or Medicare Part C services provided by a health care practitioner are deductible. | 2004, 06, 07 | GRT | Enacted in 2004 | | 8,582 | \$18,616.3 | 17,945 | \$41,453.8 | 19,457 | \$54,609.7 | 19,423 | \$57,693.2 | 19,064 | \$59,473.4 | 19,281 | \$64,293.3 |
| 49 | Sales for Resale Credit against Gross Receipts or Governmental Gross Receipts Taxes | § 7-9-96 | Credit | Taxpayers who owe gross receipts tax or governmental gross receipts tax may claim a credit for receipts from selling services for resale, provided the resale is in the ordinary course of business, the resale is not subject to either gross receipts tax or governmental gross receipts tax, and the buyer delivers to the seller appropriate documentation from TRD that the resale meets the criteria for "resale in the ordinary course of business." | 2005 | GRT / GGRT | Enacted in 2005 | | | | 5 | \$1 | 16 | \$3 | 12 | \$5 | 11 | \$5 | 11 | \$5 |
| 50 | Cigarette Stamp Rate Differential against Cigarette Tax | § 7-12-7(D) | Rate Differential | Cigarette stamps are sold at less than face value to offset the cost of affixing the tax stamps to packs of cigarettes. The discount rates are approximately 0.28% of face value depending on the distributor's cigarette volume. | 1943, 47, 49, 53, 63, 68, 70, 71, 88, 2006, 10 | Cigarette Tax | DNA | DNA | DNA | DNA | DNA | DNA | 26 | \$341.2 | 23 | \$335.7 | 25 | \$324.0 | 20 | \$307.7 |
| 51 | Motor Vehicle Excise Rate Differential vs. Gross Receipts Tax ⁴ | § 7-14-4 | Rate Differential | A 3% rate is imposed on motor vehicles when title is transferred instead of the 5% state gross receipts tax rate. | 1988 | Motor Vehicle Excise | DNA | \$77,153.0 | DNA | \$79,280.0 | DNA | \$81,267.0 | DNA | \$87,503.0 | DNA | \$85,081.0 | DNA | \$67,000.0 | DNA | \$61,509.0 |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|---|---------------------------|-------------------|--|--------------------------------|--------------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 52 | Microbrewer Beer Rate Differential against Liquor Excise Tax | § 7-17-5(2), (5) | Rate Differential | Beer manufactured or produced by a microbrewer and sold in this state is taxed at a rate of eight cents (\$0.08) per gallon as opposed to other beer which is taxed at forty one cents (\$0.41) per gallon. | 1993, 94, 95, 96, 97, 2000 | Liquor Excise | DNA | \$100.1 | DNA | \$118.7 | DNA | \$131.2 | DNA | \$151.3 | DNA | \$169.3 | DNA | \$207.5 | DNA | \$233.2 |
| 53 | Small Wineries Rate Differential against Liquor Excise Tax | § 7-17-5(3), (6) | Rate Differential | On wine manufactured or produced by a small winegrower and sold in this state a tax of ten cents (\$0.10) per liter on the first eighty thousand liters sold and twenty cents (\$0.20) per liter on all liters sold over eighty thousand liters but less than nine hundred fifty thousand liters instead of the forty-five cents (\$0.45) per liter tax on other wine. | 1993, 94, 95, 96, 97, 2000, 08 | Liquor Excise | DNA | \$260.3 | DNA | \$320.4 | DNA | \$348.5 | DNA | \$528.1 | DNA | \$352.8 | DNA | \$402.5 | DNA | \$443.1 |
| 54 | Natural Resources, all, except Potash and Molybdenum: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Resources Tax Component of Resource Excise Tax ^{3,6} | § 7-25-3.1, § 7-25-4.A(1) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; services charges on which the Service Tax has been imposed; and state, federal, and Indian royalties against the resource tax. The tax rate is 0.75% (7-25-4.A(1)). | 1966, 70, 73, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | DNA | \$442.6 | DNA | \$461.8 | DNA | \$439.1 | DNA | \$495.1 | DNA | \$571.7 | DNA | \$403.5 |
| 55 | Potash: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Resources Tax Component of Resource Excise Tax ⁸ | § 7-25-3.1, § 7-25-4.A(2) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; services charges on which the Service Tax has been imposed; and state, federal, and Indian royalties. The tax rate is 0.5% (7-25-4.A(2)). | 1966, 70, 73, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 56 | Molybdenum: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Resources Tax Component of Resource Excise Tax ⁶ | § 7-25-3.1, § 7-25-4.A(3) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; services charges on which the Service Tax has been imposed; and state, federal, and Indian royalties. The tax rate is 0.125% (7-25-4.A(3)). | 1966, 70, 73, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 57 | Natural Resources, all, except Timber, Potash, and Molybdenum: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Processors Tax Component of Resources Excise Tax ^{3,6} | § 7-25-3.1, § 7-25-5.A(1) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; service charges on which the Service Tax has been imposed; and state, federal, and Indian royalties. The tax rate is 0.75% (7-25-5.A(1)). | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | DNA | \$18.2 | DNA | \$4.6 | DNA | \$6.1 | DNA | \$28.9 | DNA | \$34.0 | DNA | \$15.6 |
| 58 | Timber: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Processors Tax Component of Resources Excise Tax ⁶ | § 7-25-3.1, § 7-25-5.A(2) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; service charges on which the Service Tax has been imposed; and state, federal, and Indian royalties against the processors tax. The tax rate is 0.375% (7-25-5.A(2)). | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$1.8 | 2 | \$2.0 | 3 | \$2.5 | 3 | \$1.4 | 2 | \$0 | 2 | \$1 |
| 59 | Potash: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Processors Tax Component of Resources Excise Tax ⁸ | § 7-25-3.1, § 7-25-5.A(3) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; service charges on which the Service Tax has been imposed; and state, federal, and Indian royalties against the processors tax. The tax rate is 0.125% (7-25-5.A(3)). | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$6.6 | 2 | \$7.8 | 2 | \$11.6 | 2 | \$18.2 | 2 | \$26.8 | 2 | \$23.6 |
| 60 | Molybdenum: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Processors Tax Component of Resources Excise Tax ⁶ | § 7-25-3.1, § 7-25-5.A(4) | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; service charges on which the Service Tax has been imposed; and state, federal, and Indian royalties against the processors tax. The tax rate is 0.125% (7-25-5.A(4)). | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 61 | Natural Resources, all, except Potash and Molybdenum: Tax-Exempt Sales and Royalty Deductions from Service Tax Component of Resources Excise Tax ⁶ | § 7-25-3.1, § 7-25-6 | Deduction | There is imposed on the service charge of any person severing or processing natural resources that are owned by another person an excise tax. Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations and state, federal, and Indian royalties. The tax rate is 0.75% (7-25-6). | 1966, 93 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 62 | Molybdenum: Tax-Exempt Sales and Royalty Deductions from Servence Tax Component of Resources Excise Tax ⁶ | § 7-25-3.1, § 7-25-6 | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; service charges on which the Service Tax has been imposed; and state, federal, and Indian royalties against the processors tax. The tax rate is 0.125% (7-25-5.A(4)). | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 63 | Potash: Tax-Exempt Sales and Royalty Deductions from Service Tax Component of Resources Excise Tax ⁸ | § 7-25-3.1, § 7-25-6 | Deduction | There is imposed on the service charge of any person severing or processing natural resources that are owned by another person an excise tax. Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations and state, federal, and Indian royalties. The tax rate is 0.5% (7-25-6). | 1966, 93 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 64 | Coal: Tax-Exempt Sales, Service Charges, and Royalty Deductions from Oil and Gas Conservation Tax | § 7-25-3.1, § 7-30-5.B | Deduction | Producers may deduct the value of sales to federal, state, or local governments or other tax-exempt organizations; services charges on which the Service Tax has been imposed; and state, federal, and Indian royalties. Taxable value is determined pursuant to 7-25-3. | 1959, 75, 77, 80, 85, 2005 | Oil, Gas & Mineral Taxes | DNA | DNA | 3 | \$2.1 | 3 | \$4.1 | 3 | \$4.1 | 3 | \$8.8 | 3 | \$25.8 | 3 | \$14.5 |
| 65 | Molybdenum: Rate Differential from Resources Tax Component of Resource Excise Tax | § 7-25-4 | Rate Differential | The tax rate on molybdenum is 0.125% compared to 0.5% on potash and 0.75% on all other natural resources. | 1966, 70, 73, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 1 | \$1.3 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 66 | Potash: Rate Differential from Resources Tax Component of Resource Excise Tax | § 7-25-4 | Rate Differential | The tax rate on potash is 0.5% compared to 0.75% on all other natural resources, except molybdenum. | 1966, 70, 73, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 67 | Molybdenum: Rate Differential from Processors Tax Component of Natural Resources Excise Tax | § 7-25-5 | Rate Differential | The tax rate on molybdenum is 0.125% compared to 0.375% on timber and 0.75% on all other natural resources, except potash. | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$203.7 | 2 | \$294.2 | 2 | \$459.9 | 3 | \$488.3 | 2 | \$269.2 | 1 | \$176.9 |
| 68 | Potash: Rate Differential from Processors Tax Component of Natural Resources Excise Tax | § 7-25-5 | Rate Differential | The tax rate on potash is 0.125% compared to 0.375% on timber and 0.75% on all other natural resources, except molybdenum. | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$1,640.7 | 2 | \$1,681.4 | 2 | \$1,858.1 | 2 | \$2,734.1 | 2 | \$3,617.6 | 2 | \$3,020.7 |
| 69 | Timber: Rate Differential from Processors Tax Component of Natural Resources Excise Tax | § 7-25-5 | Rate Differential | The tax rate on timber is 0.375% compared to 0.75% for all other natural resources, except potash, and molybdenum. | 1985, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 8 | \$7.3 | 8 | \$4.7 | 9 | \$2.0 | 9 | \$3.0 | 6 | \$2.3 | 7 | \$3.4 |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|--|--------------|-------------------|--|------------------------------|--------------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 70 | Natural Resources: The Taxable Value on which the Processors Tax Component of the Resources Excise Tax was Paid is Exempt from the Resources Tax Component of the Resources Excise Tax | § 7-25-7 | Exemption | The taxable value of any natural resource that is processed in New Mexico and on which taxable value the Processors Tax Component of the Resources Excise Tax is paid is exempt from the Resources Tax Component of the Resources Excise Tax. | 1966 | Oil, Gas & Mineral Taxes | DNA | DNA | 51 | \$5,103.3 | 45 | \$6,207.0 | 44 | \$7,091.4 | 44 | \$9,405.8 | 37 | \$6,677.4 | 36 | \$5,513.9 |
| 71 | Natural Resources, all, except Potash and Potash Products, Molybdenum and Molybdenum Products, Copper, Lead, Zinc, Gold, Coal, and Uranium: Hoisting, Crushing, Loading, Freight Charges, and Processing or Beneficiation Costs Deductions from Severance Tax ² | § 7-26-4.B | Deduction | For those products having a posted field or market price at the point of production, the gross value is its posted price, less expenses of hoisting, crushing, and loading necessary to place the severed product in marketable form and at a marketable place, but these allowable deductions shall not exceed 50% of the posted price. For those products that must be processed or beneficiated before sale, the gross value is the sales value after deducting freight charges from the point of severance to the point of first sale and the cost of processing or beneficiation. The tax rate is 0.125% (7-26-5). Taxable value is gross value, less federal and state rental or royalty payments (7-26-4.H). The revenue impacts of these deductions in Table 2 are based on deductions from taxable value; however, the reductions from posted or market price to arrive at gross value are deductions in and of themselves, but TRD has no data upon which to measure these deductions. | 1971, 72, 77, 81, 83, 84, 86 | Oil, Gas & Mineral Taxes | DNA | DNA | 48 | \$45.4 | 48 | \$52.7 | 46 | \$46.4 | 49 | \$44.3 | 46 | \$36.4 | 43 | \$30.8 |
| 72 | Potash and Potash Products: Hoisting, Crushing, Loading, Freight Charges, and Processing or Beneficiation Costs Deductions from Severance Tax | § 7-26-4.B.C | Deduction | Gross value may be calculated in one of two ways: (1) The gross value of potash is 40% of the posted field or market price (under this method gross value would be 40% of full value); and (2) The gross value for each type of potash or potash product requiring processing or beneficiation (other than sizing) is 33 1/3% of the proceeds realized from the sale of muriate of potash and sulphate of potash magnesia, as standard grades, and 33 1/3% of the value of such products consumed in the production of other potash products, less 50% of such reported value as a deduction for the expenses of hoisting, loading, crushing, processing, and beneficiation. Under this method gross value is only 16.67% of full value. The tax rate is 2.5% (7-26-5). Taxable value is gross value, less federal and state rental or royalty payments (7-26-4.H). The revenue impacts of these deductions in Table 2 are based on deductions from taxable value; however, the reductions from posted or market price to arrive at gross value are deductions in and of themselves, but TRD has no data upon which to measure these deductions. | 1971, 72, 77, 81, 83, 84, 86 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$872.6 | 2 | \$934.4 | 2 | \$1,121.5 | 2 | \$1,499.9 | 2 | \$2,549.4 | 2 | \$2,343.4 |
| 73 | Molybdenum and Molybdenum Products: Hoisting, Crushing, Loading, and Processing or Beneficiation Costs Deductions from Severance Tax | § 7-26-4.D | Deduction | Gross value is actual value, which is not to be less than market value, less 50% of that value as a deduction for the expenses of hoisting, loading, crushing, processing, and beneficiation. The tax rate is 0.125% (7-26-5). Taxable value is gross value, less federal and state rental or royalty payments (7-26-4.H). The revenue impacts of these deductions in Table 2 are based on deductions from taxable value; however, the reductions from posted or market price to arrive at gross value are deductions in and of themselves, but TRD has no data upon which to measure these deductions. | 1971, 72, 77, 81, 83, 84, 86 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$20.5 | 2 | \$29.4 | 2 | \$46.0 | 3 | \$48.8 | 2 | \$26.9 | 1 | \$17.7 |
| 74 | Gold: Hoisting, Crushing, Loading, and Processing or Beneficiation Costs Deductions from Severance Tax | § 7-26-4.F | Deduction | Gross value is sales value, established from published price data, of recoverable gold, less 50% of sales value as a deduction for the expenses of hoisting, loading, crushing, processing, and beneficiation. The tax rate is 0.2% (7-26-5). Taxable value is gross value, less federal and state rental or royalty payments (7-26-4.H). The revenue impacts of these deductions in Table 2 are based on deductions from taxable value; however, the reductions from posted or market price to arrive at gross value are deductions in and of themselves, but TRD has no data upon which to measure these deductions. | 1971, 72, 77, 81, 83, 84, 86 | Oil, Gas & Mineral Taxes | DNA | DNA | 1 | \$4.4 | 1 | \$30.4 | 1 | \$5.7 | 1 | \$7.7 | 1 | \$2.2 | 0 | \$0 |
| 75 | Silver: Hoisting, Crushing, Loading, and Processing or Beneficiation Costs Deductions from Severance Tax | § 7-26-4.G | Deduction | Gross value is 80% of the sales value of recoverable silver established from published price data, less 50% of sales value as a deduction for the expenses of hoisting, loading, crushing, processing, and beneficiation. Gross value is only 30% of full value. Note: In Table 2, the revenue cost applies only to the deduction from gross value, but the 20% deduction from sales value to arrive at gross value is also a tax expenditure in and of itself. The tax rate is 0.2% (7-26-5). Taxable value is gross value, less federal and state rental or royalty payments (7-26-4.H). The revenue impacts of these deductions in Table 2 are based on deductions from taxable value; however, the reductions from posted or market price to arrive at gross value are deductions in and of themselves, but TRD has no data upon which to measure these deductions. | 1971, 72, 77, 81, 83, 84, 86 | Oil, Gas & Mineral Taxes | DNA | DNA | 1 | \$1.7 | 1 | \$1.8 | 1 | \$2.4 | 1 | \$6.8 | 1 | \$8 | 0 | \$0 |
| 76 | Natural Resources, all, except Coal and Uranium: Royalty Deductions against Severance Tax ⁶ | § 7-26-4.H | Deduction | Taxable value is gross value, less federal and State rental or royalty payments. Gross values and tax rates vary by resource. | 1971, 72, 77, 81, 83, 84, 86 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$128.8 | 2 | \$156.1 | 2 | \$231.5 | 2 | \$363.0 | 2 | \$141.2 | 2 | \$461.8 |
| 77 | Copper: Rate Differential from Severance Tax | § 7-26-5 | Rate Differential | The tax rate on copper is 0.5% compared to 2.5% on potash and 3.5% on uranium. | 1977, 84 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$2,187.8 | 2 | \$3,158.3 | 2 | \$3,665.8 | 2 | \$4,561.7 | 2 | \$2,007.1 | 2 | \$1,782.9 |
| 78 | Gold and Silver: Rate Differential from Severance Tax | § 7-26-5 | Rate Differential | The tax rate on gold and silver is 0.2% compared to 0.5% on copper, 2.5% on potash, and 3.5% on uranium. | 1977, 84 | Oil, Gas & Mineral Taxes | DNA | DNA | 1 | \$85.4 | 1 | \$514.9 | 1 | \$111.2 | 1 | \$175.0 | 1 | \$41.7 | 1 | \$0 |
| 79 | Potash: Rate Differential from Severance Tax | § 7-26-5 | Rate Differential | The tax rate on potash is 2.5% compared to 3.5% on uranium. | 1977, 84 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$297.5 | 2 | \$311.3 | 2 | \$356.0 | 2 | \$454.8 | 2 | \$805.6 | 2 | \$752.7 |
| 80 | Timber, Pumice, Gypsum, Sand, Gravel, Clay, Fluorspar, Other Nonmetallic Minerals, Lead, Zinc, Thorium, Molybdenum, Manganese, Rare Earth and Other Metals: Rate Differential from Severance Tax ³ | § 7-26-5 | Rate Differential | The tax rate on these natural resources is 0.125% compared to 0.5% for copper, 2.5% on potash, and 3.5% on uranium. | 1977, 84 | Oil, Gas & Mineral Taxes | DNA | DNA | DNA | \$1,914.9 | DNA | \$2,528.3 | DNA | \$2,609.2 | DNA | \$2,667.1 | DNA | \$2,128.8 | DNA | \$1,780.5 |
| 81 | Coal, Underground-Mined: Rate Differential against Severance Tax | § 7-26-6 | Rate Differential | The severance tax on surface-mined coal is \$0.57 per short ton and on underground-mined coal \$0.55. | 1982, 89, 93 | Oil, Gas & Mineral Taxes | DNA | DNA | 1 | \$138.3 | 1 | \$139.4 | 1 | \$139.9 | 1 | \$117.2 | 1 | \$123.9 | 1 | \$121.0 |
| 82 | Coal, Underground-Mined: Rate Differential against Severance Surtax | § 7-26-6 | Rate Differential | The severance surtax is increased each fiscal year by an amount equal to the product of the base severance tax and the annual percentage rise in the producer price index for coal in the preceding calendar year. Since the base severance tax rates are different for surface and underground coal, the severance surtax rates are also different. The severance surtax rate in effect in FY11 for surface-mined coal not exempt from the surtax is \$1.13 and for underground-mined coal not exempt from the surtax \$1.09. (All underground-mined coal has always been exempt from the surtax.) | 1982, 89, 93 | Oil, Gas & Mineral Taxes | DNA | DNA | 1 | \$138.3 | 1 | \$139.4 | 1 | \$139.9 | 1 | \$175.8 | 1 | \$185.8 | 1 | \$181.5 |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|--|--------------------------|-----------|---|----------------------------|--------------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 83 | Coal: Exemption from the Severance Surtax | § 7-26-6.2 | Exemption | The following exemptions are currently in effect: (1) coal sold and delivered pursuant to genuinely new contracts entered into on or after July 1, 1990; (2) coal sold and delivered pursuant to contracts already in effect on July 1, 1990, that exceeds the annualized average calendar year deliveries under the contract during production years 1987, 1988, and 1989, unless the deliveries are reduced due to causes beyond the reasonable control of either party to the contract; and (3) if a contract existing on July 1, 1990, and renegotiated after May 20, 1992, requires the purchaser to take annual coal deliveries in excess of the greater of the average calendar year deliveries from 1978-1989 or the highest annual contract minimum from 1978-1989, the surtax does not apply to such excess deliveries for the remaining term of the renegotiated contract. | 1990, 92, 94, 95, 97, 99 | Oil, Gas & Mineral Taxes | DNA | DNA | 4 | \$7,865.4 | 4 | \$9,124.6 | 4 | \$10,192.9 | 4 | \$9,201.2 | 4 | \$11,321.8 | 5 | \$13,276.6 |
| 84 | Oil and Other Liquid Hydrocarbons, Carbon Dioxide, Helium and Non-Hydrocarbon Gases, and Natural Gas: Royalty Deductions from Oil and Gas Severance Tax ⁵ | § 7-29-4.1.A, B | Deduction | Federal, State, and Indian royalties may be deducted from the value of the product. | 1980, 89, 2005 | Oil, Gas & Mineral Taxes | 335 | \$9,298.1 | 322 | \$12,118.3 | 314 | \$15,355.7 | 303 | \$14,135.6 | 303 | \$19,893.8 | 289 | \$13,351.1 | 278 | \$12,523.7 |
| 85 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Processing Costs Deductions from Oil and Gas Severance Tax | § 7-29-4.2 Reg. 3.18.6.9 | Deduction | The deduction covers costs of transportation from production unit to point of sale, including charges for gathering, mainline transportation, and fuel gas and costs of compression incurred downstream. When transaction is between affiliated persons or not at arm's-length, the deduction is according to the first applicable benchmark: (1) If the cost is subject to regulatory approval, it may not exceed the approved tariff. (2) If at least 50% of the product transported is transported for non-affiliated persons in arm's-length transactions, the deduction is not to be more than the highest charge or less than the lowest charge made in an arm's-length transaction by that transportation company to non-affiliated persons for transporting similar product. (3) If the transportation deduction is not determined under the preceding benchmarks, then it may not exceed the sum of actual allowable transportation costs during the previous year on a per barrel or mcf basis. Allowable costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in transportation operation. | 1991, 95, 96, 98, 2000 | Oil, Gas & Mineral Taxes | 133 | \$6,084.8 | 147 | \$7,840.3 | 150 | \$9,813.1 | 154 | \$11,283.2 | 188 | \$17,269.9 | 173 | \$13,250.4 | 145 | \$14,617.8 |
| 86 | Oil and Other Liquid Hydrocarbons, Carbon Dioxide, Helium and Non-Hydrocarbon Gases, and Natural Gas: Transportation Expenses Deduction from the Oil and Gas Severance Tax ⁵ | § 7-29-4.2 Reg. 3.18.6.9 | Deduction | The deduction covers costs of transportation from production unit to point of sale, including charges for gathering, mainline transportation, and fuel gas and costs of compression incurred downstream. When transaction is between affiliated persons or not at arm's-length, the deduction is according to the first applicable benchmark: (1) If the cost is subject to regulatory approval, it may not exceed the approved tariff. (2) If at least 50% of the product transported is transported for non-affiliated persons in arm's-length transactions, the deduction is not to be more than the highest charge or less than the lowest charge made in an arm's-length transaction by that transportation company to non-affiliated persons for transporting similar product. (3) If the transportation deduction is not determined under the preceding benchmarks, then it may not exceed the sum of actual allowable transportation costs during the previous year on a per barrel or mcf basis. Allowable costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in transportation operation. | 1991, 95, 96, 98, 2000 | Oil, Gas & Mineral Taxes | 174 | \$16,827.1 | 173 | \$18,847.5 | 170 | \$21,621.4 | 168 | \$23,287.8 | 199 | \$26,953.1 | 194 | \$24,965.1 | 184 | \$22,235.3 |
| 87 | Oil, Natural Gas or Liquid Hydrocarbon, Uranium, Coal, Geothermal Energy, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Royalty Deductions from Oil and Gas Conservation Tax ⁵ | § 7-30-5.A(1), (2) | Deduction | Federal, state, and Indian royalties may be deducted from the value of the product. | 1959, 75, 77, 80, 85, 2005 | Oil, Gas & Mineral Taxes | 335 | \$471.1 | 322 | \$616.1 | 314 | \$782.1 | 303 | \$720.3 | 303 | \$1,016.8 | 289 | \$702.3 | 278 | \$649.1 |
| 88 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Processing Costs Deductions from Oil and Gas Conservation Tax | § 7-30-6 Reg. 3.18.6.10 | Deduction | When actual price is determined at a point other than at the production unit, a processing adjustment to actual price may be made. Processing costs are only those costs of removing dissolved liquids, hydrocarbons, and impurities from natural gas in a natural gas processing plant. Charges or costs associated with dehydration, purification, sweetening, and the like are also "processing costs". When the producer and the operator or owner of the natural gas processing plant are affiliated persons or when the product is processed in a non-arm's-length transaction among non-affiliated persons, calculation of the processing adjustment shall be in accordance with the first applicable benchmark: Benchmark 1: If at least 50% of the natural gas processed is processed for non-affiliated persons in arm's-length transactions, the processing adjustment for processing products of an affiliate shall not exceed allowable processing costs of the natural gas processing plant during the previous calendar year on an mcf basis. Allowable processing costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in the processing operation. | 1959, 75, 77, 80, 85, 2005 | Oil, Gas & Mineral Taxes | 133 | \$308.3 | 147 | \$397.2 | 150 | \$497.2 | 154 | \$571.7 | 188 | \$875.0 | 173 | \$671.4 | 145 | \$740.6 |
| 89 | Oil, Natural Gas or Liquid Hydrocarbon, Uranium, Coal, Geothermal Energy, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Transportation Expenses Deduction from the Oil and Gas Conservation Tax ⁵ | § 7-30-6 Reg. 3.18.6.9 | Deduction | The deduction covers costs of transportation from production unit to point of sale, including charges for gathering, mainline transportation, and fuel gas and costs of compression incurred downstream. When transaction is between affiliated persons or not at arm's-length, the deduction is according to the first applicable benchmark: (1) If the cost is subject to regulatory approval, it may not exceed the approved tariff. (2) If at least 50% of the product transported is transported for non-affiliated persons in arm's-length transactions, the deduction is not to be more than the highest charge or less than the lowest charge made in an arm's-length transaction by that transportation company to non-affiliated persons for transporting similar product. (3) If the transportation deduction is not determined under the preceding benchmarks, then it may not exceed the sum of actual allowable transportation costs during the previous year on a per barrel or mcf basis. Allowable costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in transportation operation. | 1991, 95, 96, 98, 2000 | Oil, Gas & Mineral Taxes | 174 | \$852.6 | 173 | \$954.9 | 170 | \$1,095.5 | 168 | \$1,179.9 | 199 | \$1,365.6 | 194 | \$1,264.9 | 184 | \$1,126.6 |
| 90 | Oil and Other Liquid Hydrocarbons, Natural Gas, and Carbon Dioxide: Jicarilla Apache Tribal Capital Improvement Tax Credit against Oil and Gas Emergency School Tax | § 7-31-27 | Credit | The credit is equal to the lesser of: (1) the amount of the Jicarilla Apache tribal capital improvements tax imposed by the Jicarilla Apache Nation upon the products severed from qualifying wells or upon the privilege of severing products from qualifying wells; or (2) 0.7% of the taxable value of the products severed from qualifying wells. | 2002 | Oil, Gas & Mineral Taxes | 31 | \$42.9 | 31 | \$55.6 | 28 | \$73.3 | 26 | \$62.6 | 28 | \$79.2 | 25 | \$47.0 | 24 | \$41.3 |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|--|-------------------------|-------------------|---|----------------------------|--------------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 91 | Oil and Other Liquid Hydrocarbons, Carbon Dioxide, Helium, and Non-Hydrocarbon Gases: Rate Differential on Oil and Gas Emergency School Tax | § 7-31-4.A (1)(2)(3) | Rate Differential | The Oil and Gas Emergency School Tax rate on natural gas is 4%. The rate is 3.15% on oil and other liquid hydrocarbons, carbon dioxide, helium, and non-hydrocarbon gases. | 1959, 63, 83, 93, 99, 2005 | Oil, Gas & Mineral Taxes | 180 | \$16,840.7 | 186 | \$22,391.5 | 182 | \$28,494.4 | 176 | \$27,766.3 | 198 | \$43,731.8 | 194 | \$31,367.4 | 184 | \$34,770.6 |
| 92 | Oil and Other Liquid Hydrocarbons, Carbon Dioxide, Helium and Non-Hydrocarbon Gases, and Natural Gas: Royalty Deductions against Oil and Gas Emergency School Tax ⁶ | § 7-31-5.A, B | Deduction | Federal, state, and Indian royalties may be deducted from the value of the product. | 1959, 63 | Oil, Gas & Mineral Taxes | 335 | \$9,132.6 | 322 | \$11,789.7 | 314 | \$14,893.0 | 303 | \$13,563.7 | 303 | \$18,808.4 | 289 | \$12,541.5 | 278 | \$11,611.2 |
| 93 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Processing Costs Deductions from Emergency School Tax | § 7-31-6 Reg. 3.18.6.10 | Deduction | The deduction covers costs of transportation from production unit to point of sale, including charges for gathering, mainline transportation, and fuel gas and costs of compression incurred downstream. When transaction is between affiliated persons or not at arm's-length, the deduction is according to the first applicable benchmark: (1) If the cost is subject to regulatory approval, it may not exceed the approved tariff. (2) If at least 50% of the product transported is transported for non-affiliated persons in arm's-length transactions, the deduction is not to be more than the highest charge or less than the lowest charge made in an arm's-length transaction by that transportation company to non-affiliated persons for transporting similar product. (3) If the transportation deduction is not determined under the preceding benchmarks, then it may not exceed the sum of actual allowable transportation costs during the previous year on a per barrel or mcf basis. Allowable costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in transportation operation. | 1991, 95, 96, 98, 2000 | Oil, Gas & Mineral Taxes | 133 | \$6,409.6 | 147 | \$8,216.5 | 150 | \$10,319.8 | 154 | \$11,875.0 | 188 | \$18,244.0 | 173 | \$13,934.7 | 145 | \$15,355.1 |
| 94 | Oil and Other Liquid Hydrocarbons, Carbon Dioxide, Helium and Non-Hydrocarbon Gases, and Natural Gas: Transportation Expenses Deduction from the Oil and Gas Emergency School Tax ⁵ | § 7-31-6 Reg. 3.18.6.9 | Deduction | The deduction covers costs of transportation from production unit to point of sale, including charges for gathering, mainline transportation, and fuel gas and costs of compression incurred downstream. When transaction is between affiliated persons or not at arm's-length, the deduction is according to the first applicable benchmark: (1) If the cost is subject to regulatory approval, it may not exceed the approved tariff. (2) If at least 50% of the product transported is transported for non-affiliated persons in arm's-length transactions, the deduction is not to be more than the highest charge or less than the lowest charge made in an arm's-length transaction by that transportation company to non-affiliated persons for transporting similar product. (3) If the transportation deduction is not determined under the preceding benchmarks, then it may not exceed the sum of actual allowable transportation costs during the previous year on a per barrel or mcf basis. Allowable costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in transportation operation. | 1991, 95, 96, 98, 2000 | Oil, Gas & Mineral Taxes | 174 | \$17,779.5 | 173 | \$20,009.1 | 170 | \$22,989.3 | 168 | \$24,792.6 | 199 | \$28,697.8 | 194 | \$26,570.3 | 184 | \$23,649.3 |
| 95 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Royalty Deductions against Ad Valorem Production Tax ⁶ | § 7-32-5.A(1), (2) | Deduction | When actual price is determined at a point other than at the production unit, a processing adjustment to actual price may be made. Processing costs are only those costs of removing dissolved liquids, hydrocarbons, and impurities from natural gas in a natural gas processing plant. Charges or costs associated with dehydration, purification, sweetening, and the like are also "processing costs". When the producer and the operator or owner of the natural gas processing plant are affiliated persons or when the product is processed in a non-arm's-length transaction among non-affiliated persons, calculation of the processing adjustment shall be in accordance with the first applicable benchmark: Benchmark 1: If at least 50% of the natural gas processed is processed for non-affiliated persons in arm's-length transactions, the processing adjustment for processing products of an affiliate shall not exceed allowable processing costs of the natural gas processing plant during the previous calendar year on an mcf basis. Allowable processing costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in the processing operation. | 1959, 63 | Oil, Gas & Mineral Taxes | 335 | \$2,347.7 | 322 | \$3,064.4 | 314 | \$3,854.9 | 303 | \$3,558.2 | 303 | \$5,096.1 | 289 | \$3,457.6 | 278 | \$2,728.7 |
| 96 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Processing Costs Deductions from Ad Valorem Production Tax | § 7-32-6 Reg. 3.18.6.10 | Deduction | When actual price is determined at a point other than at the production unit, a processing adjustment to actual price may be made. Processing costs are only those costs of removing dissolved liquids, hydrocarbons, and impurities from natural gas in a natural gas processing plant. Charges or costs associated with dehydration, purification, sweetening, and the like are also "processing costs". When the producer and the operator or owner of the natural gas processing plant are affiliated persons or when the product is processed in a non-arm's-length transaction among non-affiliated persons, calculation of the processing adjustment shall be in accordance with the first applicable benchmark: Benchmark 1: If at least 50% of the natural gas processed is processed for non-affiliated persons in arm's-length transactions, the processing adjustment for processing products of an affiliate shall not exceed allowable processing costs of the natural gas processing plant during the previous calendar year on an mcf basis. Allowable processing costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in the processing operation. | 1959, 72 | Oil, Gas & Mineral Taxes | 133 | \$1,480.9 | 147 | \$1,821.1 | 150 | \$2,255.0 | 154 | \$2,577.1 | 188 | \$3,996.1 | 173 | \$3,061.2 | 145 | \$2,855.9 |
| 97 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Transportation Expenses Deduction against the Ad Valorem Production Tax ⁵ | § 7-32-6 Reg. 3.18.6.9 | Deduction | The deduction covers costs of transportation from production unit to point of sale, including charges for gathering, mainline transportation, and fuel gas and costs of compression incurred downstream. When transaction is between affiliated persons or not at arm's-length, the deduction is according to the first applicable benchmark: (1) If the cost is subject to regulatory approval, it may not exceed the approved tariff. (2) If at least 50% of the product transported is transported for non-affiliated persons in arm's-length transactions, the deduction is not to be more than the highest charge or less than the lowest charge made in an arm's-length transaction by that transportation company to non-affiliated persons for transporting similar product. (3) If the transportation deduction is not determined under the preceding benchmarks, then it may not exceed the sum of actual allowable transportation costs during the previous year on a per barrel or mcf basis. Allowable costs are: (1) operating expenses; (2) maintenance expenses; (3) overhead expenses; (4) depreciation expense; and (5) a reasonable rate of return on depreciable capital assets used in transportation operation. | 1991, 95, 96, 98, 2000 | Oil, Gas & Mineral Taxes | 174 | \$4,125.6 | 173 | \$4,467.7 | 170 | \$5,015.9 | 168 | \$5,365.0 | 199 | \$6,269.8 | 194 | \$5,867.6 | 184 | \$4,441.6 |

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|---|--|---------------|-----------|---|------------------|--------------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |
| 98 | Oil, Natural Gas or Liquid Hydrocarbons, Carbon Dioxide, and Helium and Non-Hydrocarbon Gases: Processing Costs Deductions from Natural Gas Processors Tax | § 7-33-4.E(1) | Deduction | Natural gas processors may deduct the amount of mmbtus used for natural gas processing by the processor. | 1963, 70, 84, 98 | Oil, Gas & Mineral Taxes | 15 | \$492.9 | 16 | \$832.0 | 16 | \$951.5 | 15 | \$1,264.0 | 15 | \$1,106.6 | 16 | \$1,178.6 | 15 | \$1,420.9 |
| 99 | Natural Gas: Gas Returned to Lease Deductions from Natural Gas Processors Tax | § 7-33-4.E(2) | Deduction | Natural gas processors may deduct the amount of mmbtus returned to the lease from which it is produced. | 1963, 70, 84, 98 | Oil, Gas & Mineral Taxes | 11 | \$92.9 | 10 | \$128.9 | 9 | \$146.6 | 9 | \$228.3 | 8 | \$266.0 | 9 | \$287.5 | 9 | \$425.4 |
| 100 | Natural Gas: Gas Flared Deductions from Natural Gas Processors Tax | § 7-33-4.E(3) | Deduction | Natural gas processors may deduct the amount of mmbtus legally flared by the processor. | 1963, 70, 84, 98 | Oil, Gas & Mineral Taxes | 11 | \$52.7 | 11 | \$81.6 | 10 | \$77.3 | 12 | \$116.6 | 10 | \$63.0 | 12 | \$72.1 | 11 | \$81.3 |
| 101 | Natural Gas: Force Majeure Deductions from Natural Gas Processors Tax | § 7-33-4.E(4) | Deduction | Natural gas processors may deduct the amount of mmbtus lost as a result of natural gas processing plant malfunctions or other incidents of force majeure. | 1963, 70, 84, 98 | Oil, Gas & Mineral Taxes | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 102 | Natural Gas: Gas Already Taxed Exemption from Natural Gas Processors | § 7-33-7 | Exemption | Natural gas that has already been taxed is exempt from the Natural Gas Processors Tax. | 1963, 98 | Oil, Gas & Mineral Taxes | 1 | \$7 | 2 | \$1.7 | 2 | \$5.8 | 0 | \$0 | 1 | \$3 | 1 | \$6 | 2 | \$4.4 |
| 103 | Oil and Other Liquid Hydrocarbons, Carbon Dioxide, Helium and Non-Hydrocarbon Gases, and Natural Gas: Intergovernmental Production Tax Credit against Oil and Gas Emergency School, Oil and Gas Severance, Oil and Gas Conservation, Oil and Gas Ad Valorem Production, and Oil and Gas Ad Valorem Production Equipment Taxes ⁷ | § 7-29C-1 | Credit | The credit is equal to 75% of the lesser of: (1) the aggregate amount of severance, privilege, ad valorem or similar tax in effect on March 1, 1995, that is imposed by the Indian nation, tribe or pueblo upon the products severed from qualifying wells, or upon the privilege of severing products from qualifying wells; or (2) the aggregate amount of the oil and gas severance tax, the oil and gas conservation tax, the oil and gas emergency school tax, and the oil and gas ad valorem production tax imposed by this state upon the products severed from qualifying wells or upon the privilege of severing products from qualifying wells. | 1995, 99 | Oil, Gas & Mineral Taxes | 7 | \$69.1 | 9 | \$158.0 | 13 | \$246.6 | 12 | \$186.4 | 12 | \$208.4 | 10 | \$129.4 | 11 | \$88.7 |
| 104 | Coal: Intergovernmental Production Tax Credit against Severance Tax | § 7-29C-2 | Credit | Beginning July 1, 2001, an intergovernmental coal severance tax credit is allowed for taxes imposed by an Indian nation, tribe, or pueblo on coal severed from tribal land. The credit amount is 75% of the lesser of the amount of the tax imposed by the tribal government or the amount of the State severance tax. | 2001 | Oil, Gas & Mineral Taxes | DNA | DNA | 2 | \$5,702.0 | 2 | \$5,886.2 | 2 | \$5,478.6 | 2 | \$4,534.1 | 2 | \$3,810.2 | 2 | \$2,257.6 |
| 105 | Intergovernmental Business Credit against Corporate Income Tax | § 7-2A-16 | Credit | A corporation engaged in growing, processing, or manufacturing may receive credit for up to 50% of all taxes imposed by an Indian nation, tribe, or pueblo located wholly or partly in New Mexico on income from new business activity on Indian land. | 1997 | CIT | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | DNA | DNA |
| 106 | Allocation and Apportionment of Income Derived Within and Without NM Credit against Corporate Income Tax | § 7-2A-8 | Credit | Net income of any taxpayer having income that is taxable both within and without this state shall be apportioned and allocated and the taxpayer may claim a credit in an amount equal to the amount of tax determined to be due multiplied by the non-New Mexico percentage. | 1993 | CIT | 3,769 | \$18,704,630.9 | 4,285 | \$28,135,350.0 | 4,694 | \$34,097,086.5 | 4,859 | \$35,051,330.4 | 4,533 | \$32,494,982.8 | DNA | DNA | DNA | DNA |
| Sum of All Credits with Available Data | | | | | | | 42,540 | \$18,737,336.0 | 42,637 | \$28,176,046.6 | 43,381 | \$34,161,029.7 | 41,779 | \$35,127,739.6 | 228,071 | \$32,644,531.5 | 230,190 | \$196,762.9 | 1,542 | \$98,049.4 |
| Sum of All Deductions with Available Data | | | | | | | 60,494 | \$83,587.9 | 91,131 | \$203,624.7 | 119,153 | \$343,698.1 | 135,184 | \$377,365.1 | 146,385 | \$503,560.4 | 96,937 | \$413,788.8 | 24,983 | \$387,482.5 |
| Sum of All Exemptions with Available Data | | | | | | | 114,519 | \$37,609.7 | 116,570 | \$50,315.5 | 136,800 | \$84,207.1 | 625,132 | \$98,154.9 | 763,359 | \$95,369.0 | 760,934 | \$98,008.2 | 43 | \$18,794.9 |
| Sum of All Rate Differentials with Available Data | | | | | | | 180 | \$94,354.1 | 206 | \$108,725.6 | 201 | \$119,012.9 | 222 | \$125,632.1 | 242 | \$141,047.5 | 236 | \$108,483.3 | 221 | \$105,083.1 |
| Sum of All Credits, Deductions, Exemptions, and Rate Differentials with Available Data | | | | | | | 499,469 | \$18,979,765.1 | 532,015 | \$28,565,122.1 | 583,503 | \$34,733,789.3 | 1,074,238 | \$35,753,156.3 | 1,428,655 | \$33,410,085.0 | 1,371,211 | \$84,427.9 | 26,789 | \$609,409.9 |

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† DNA= Data Not Available

†† Credits that have never been claimed are omitted from this table. The following credits have never been claimed: Biodiesel Blending Facility, Capital Equipment (expired 7/1/2004), Geothermal Ground-Coupled Heat Pump (enacted in 2009), Produced Water (expired 1/1/2006).

††† Credits claimed on personal income tax (PIT) returns and corporate income tax (CIT) returns are shown in the fiscal year the return was due. Returns for 2009, due in FY2010, have not been filed and processed for taxpayers with automatic extensions, so no information is included for 2009 PIT or CIT returns.

¹ Film production tax credit amountss reflect claims that have been approved by the Department.

² The figures do not exclude lead and zinc because the Taxation and Revenue Department's processing system reports groups data on both of these minerals in "Other," such that they could not be excluded.

³ Unable to determine the number of taxpayers because many of the minerals are in "Other" in the GenTax reports.

⁴ MV Excise Discount takes into account the differential between GRT and MV Excise Tax, where the State GRT rate is 5% and MV Excise Tax rate is 3%.

⁵ The revenue cost of the transportation expenses deductions includes not only the transportation expenses deductions permitted by TRD Regulation 3.18.6.9 but also the trucking expenses deductions permitted by §7-29-4.1.C, §7-30-5.A(3), §7-31-5.C, and §7-32-5.A(3) because the data source (ONGARD) lumps them together.

⁶ The revenue impacts of the royalty deductions include only deductions of royalties from leases on state lands. Deduction of royalties on federal and Indian leases are mandated by intergovernmental immunity and federal preemption, which are federal constitutional principles arising from the Supremacy Clause, U.S. Const. Art. VI, §2 and the Indian Commerce Clause, art. I, §8. Deduction of royalties paid to private land owners is not

| No. | Credit / Exemption / Deduction / Rate Differential / Rebate | Statute | Type | Description | Year(s) Enacted | Tax Program | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|-----|---|---------|------|-------------|-----------------|-------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | | | | | | | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) | No. of Claims | Amount (\$ thousands) |

⁷ Although the Intergovernmental Production Tax Credit can be taken against the Oil and Gas Emergency School Tax, the Severance Tax, the Conservation Tax, the Ad Valorem Production Tax, and the Ad Valorem Production Equipment Tax, the figures do not reflect credits taken against the Ad Valorem Production Equipment Tax. Producers taking the Intergovernmental Production Tax Credit against the Ad Valorem Production Equipment Tax request that a portion of their equipment tax assessment be abated, which the Oil and Gas Bureau does, but there is no record of the amount of the abatement or tax credit claimed against the equipment tax.

⁸ Potash is the only mineral for which royalties are deducted, but information does not exist that allows us to determine whether potash is extracted from state, federal, indian, or private land. Coal royalties are not