



STATE-TRIBAL COLLABORATION ACT

June 30, 2025, AGENCY REPORT

NEW MEXICO TAXATION & REVENUE DEPARTMENT

I. AGENCY OVERVIEW AND MISSION STATEMENT

The mission of the New Mexico Taxation and Revenue Department is to proudly serve New Mexico with fair and efficient tax administration, revenue distribution, and motor vehicle services. The Taxation and Revenue Department was created by the Taxation and Revenue Department Act (Chapter 9, Article 11 NMSA 1978) for the purpose of establishing a single, unified department to administer all laws and exercise all functions relating to taxation, revenue and vehicles charged to the department. The constituencies of the department include New Mexico's executive and legislative branches, tribal governments, counties and municipalities, and taxpayers and tax practitioners.

In FY 2025, the Department collected and distributed over \$9.7 billion to the general fund alone. An additional \$38.3 million was collected and distributed to tribes and pueblos with a Gross Receipts Tax Cooperative Agreement.

II. AGENCY-SPECIFIC STATUTES

The Taxation and Revenue Department administers several statutory provisions related to tribes, tribal entities and tribal members. Some of these provisions represent statutory recognition of tribal sovereignty and the limitation that the principle of tribal sovereignty places on the State of New Mexico's authority to impose and collect taxes. Other statutory provisions provide for exemptions or deductions from tax for taxpayers selling goods or providing services to tribes.

Additionally, several statutory provisions permit the Department to enter into cooperative agreements with tribes to provide for the cooperative administration and collection of taxes. Among these statutory provisions are the following:

<u>Statutory Citation</u>	<u>Statutory Provision</u>
NMSA 1978, § 7-1-14	Destination Sourcing
NMSA 1978, § 7-9-3.3	Nexus Requirements
NMSA 1978, § 7-1-66	Immunity of Property of Indian Nations from Liens and Levies
NMSA 1978, § 7-2-5.5	Exemption from Income Tax for Income Earned by Tribal Members on Tribal Lands
NMSA 1978, § 7-9-14B	Exemption from Compensating Tax for Property Used by Tribes
NMSA 1978, § 7-9-88.1	Credit on Gross Receipts Tax for Taxes Paid to Tribe
NMSA 1978, § 7-12-4A(2)	Exemption from Cigarette Tax for Sales to Tribe or Tribal Member for Use on Reservation or Pueblo

NMSA 1978, § 7-13-4C	Deduction from Gasoline Tax for Sales to Tribe for Use on Reservation or Pueblo
NMSA 1978, § 7-14-7	Tribe and Pueblo Car Excise Tax Credit
NMSA 1978, § 7-16A-10D	Deduction from Special Fuels Supplier Tax for Sales to Tribe for Use on Reservation or Pueblo
NMSA 1978, § 7-29C-1	Intergovernmental Tax Credit for Oil and Gas Taxes
NMSA 1978, § 7-29C-2	Intergovernmental Tax Credit for Coal Severance Tax for Taxes Imposed by Tribe
NMSA 1978, § 9-11-12.1	Tribal Cooperative Agreements for Joint Administration and Collection of Gross Receipts Tax
NMSA 1978, § 13-1-22	Native American Resident Business and Native American Resident Contractor Certificates
NMSA 1978, § 62-16B-7	Community Solar Act

III. TRIBAL COLLABORATION POLICY IMPLEMENTATION

In 2009, the Department adopted its Tribal Collaboration Policy pursuant to the requirements of the State-Tribal Collaboration Act. The Department's policy expresses the fundamental principles that guide the Department as it interacts with the sovereign tribal governments and individual tribal members and entities. The principles are designed to:

- Recognize and respect the sovereignty of tribes in New Mexico;
- Encourage positive government-to-government relations between the Department and tribal governments and entities;
- Develop means and processes to efficiently and effectively address tribal issues and concerns that relate to the Department's regulatory activities;
- Promote collaboration between the Department and tribal governments, entities and members during the development of policies or procedures and work towards the mutual resolution of tribal issues and concerns; and
- Encourage communication between the Department and tribal governments and entities using both formal and informal means.

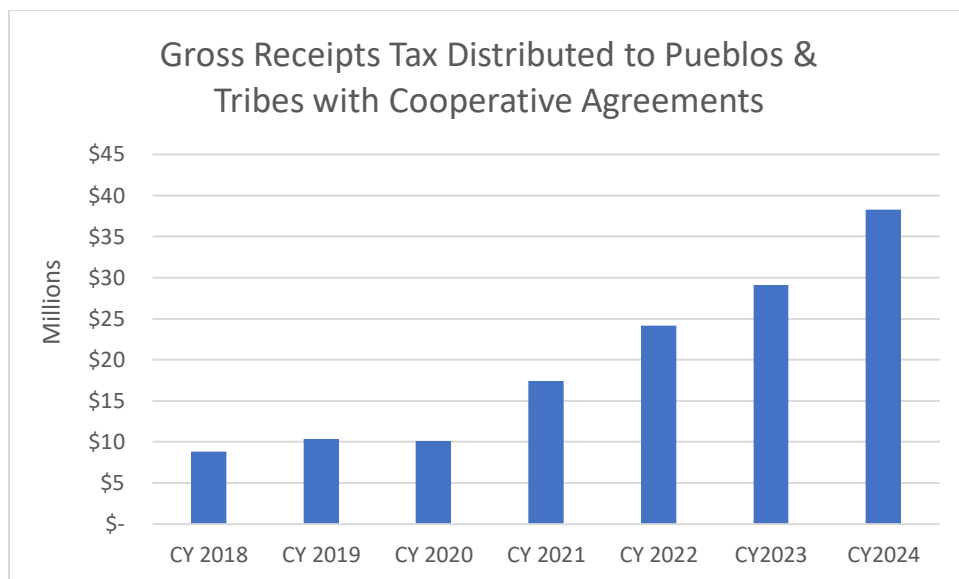
The Department is committed to continued collaboration with New Mexico's tribes. Adoption of the Tribal Collaboration Policy emphasizes the importance of effective interactions and communications as a part of the Department's regulatory functions and duties. Collaboration is also enhanced through training. One additional Department employee attended the State Personnel Office's "Building Cultural Equity with Native Nations" course mandated by the State-Tribal Collaboration Act in FY 2025. Since the adoption of its Tribal Collaboration Policy, the Department participated in several activities in which the Department's commitment to collaboration was effectively demonstrated. These activities included the following:

A. Implementation of Legislation that Benefits Tribal Communities

In the 2024 legislative session, SB148 increased the benefits of the gross receipts cooperative agreements by phasing out the 3% administrative fee that was historically paid to the Taxation & Revenue Department to defray the costs of administering the collection and distribution of Class 1 and Class 2 receipts for the pueblos and tribes with a signed cooperative agreement. In practice, this permanently removed the administrative fee that had been temporarily waived through and scheduled to resume on June 30, 2026.

B. Cooperative Agreements and Other Interactions

Gross Receipts Tax Cooperative Agreements continue to be of great benefit to tribal governments. Revenues distributed to tribes and pueblos continue to rise and hit record amounts. The distribution amounts have increased from \$8.8 million in CY 2018 to \$38.3 million in CY 2024, as displayed in the chart below. These distributions are an important revenue source and provide opportunity for economic development.



Currently, the Department has a Gross Receipts Tax Cooperative Agreement with all the tribes and pueblos that we are statutorily authorized to reach an agreement with other than the Navajo Nation, the Mescalero Apache Tribe and San Felipe Pueblo. Discussions with two of the three tribal governments occurred in FY 2025. Secretary Schardin Clarke, the Department's tribal liaison, and the Motor Vehicle Division Director met with Navajo Nation leadership in February 2025 to discuss a potential gross receipts tax cooperative agreement, as well as possibilities for a tribal-state partnership to operate a Motor Vehicle Office on tribal land, possibly near Shiprock.

Discussions with all current tribal governments occur informally on a weekly basis through interactions with the Department's Tribal Liaison, the Local Government Liaison and a representative from the Audit & Compliance Division, depending upon the types of issues raised. Formal communication occurs through the Tribal Liaison's attendance at quarterly Pueblo Tax Administrator's Coalition (PTAC) meetings. New Mexico is the only example in the country where there is state participation in these tribal tax administrator meetings. In November 2024, the Department's Tribal Liaison spoke on a panel for the national Multistate Tax Commission and

discussed the New Mexico example of tribal-state cooperation in tax matters.

The Taxation & Revenue Department signed a Gas Tax Agreements with Santo Domingo Pueblo and the Pueblo of Nambe in December 2023. The new ten-year agreements will provide normalized revenue and continue agreements that have been in place since 2004. These reports were reviewed for compliance in CY 2024.

C. Technology and Training

The Department continues to offer training in the various areas of tax administration in the interactions with tribal government officials. Moreover, a number of technology advancements continue within GenTax, the Department's tax system of record, to improve the reports available to tribal tax officials and to more accurately display gross receipts tax GIS mapping as it relates to tribal taxing jurisdictions. The Department continues to place great efforts in being as favorable to tribal governments as possible and offering assistance in the interactions between the state, tribes and pueblos, and taxpayers that interact with both types of governmental tax structures.

IV. KEY NAMES AND CONTACT INFORMATION

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