



**RE: SB 151 Corporate Income Tax Changes – NMBC Opposes**

Dear Members of the Legislature,

I’m Carla Sonntag, president and CEO of the New Mexico Business Coalition. On behalf of hundreds of businesses and thousands of individuals, I write in opposition to **SB 151**. It decouples New Mexico’s tax code from key provisions of federal tax law and narrows long-standing deductions relied upon by employers.

While the bill is framed as a technical conformity measure, its real effect is a **significant tax increase on businesses operating in New Mexico**, accomplished not through transparent rate changes but through the elimination of deductions and the expansion of taxable income.

Here is a summary of the tax increases:

Category	FY27	FY28+
Corporate Income Tax Increase	\$55.75M – \$60.75M	\$111.5M – \$121.5M annually
Net General Fund Increase	\$50.65M – \$55.65M	\$60.4M – \$70.4M annually
Local Government Impact	loss of \$4.9M	Loss of \$9M to \$10M annually

SB 151 penalizes companies that invest in growth by disallowing full bonus depreciation and limiting interest expense deductions—two tools essential for capital-intensive industries, manufacturers, infrastructure providers, and growing employers. These provisions raise the cost of reinvestment, discourage expansion, and reduce the incentive to locate or grow operations in New Mexico.

The bill also reaches beyond New Mexico’s borders by taxing attributed income from controlled foreign corporations and applying state apportionment rules to income that may have little or no connection to economic activity within the state. This approach introduces uncertainty and exposes New Mexico businesses to increased tax liability unrelated to in-state job creation or investment.

Equally concerning is the broader economic signal this bill sends. New Mexico already struggles to attract and retain employers in a highly competitive regional market. **Increasing corporate tax burdens**—particularly through complex and unpredictable changes—**will make our state less attractive for new investment and more likely to lose existing employers to neighboring states with more stable tax policies.**

A healthy business climate depends on predictability, competitiveness, and policies that reward investment—not punish it. SB 151 moves New Mexico in the opposite direction by increasing costs, adding complexity, and undermining confidence in the state’s tax framework.

For these reasons, I respectfully urge you to **vote NO on Senate Bill 151**. We suggest that New Mexico would be better off, if we pursued economic policies that encourage investment, job creation, and long-term growth.

Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "Carla J. Sonntag". The signature is fluid and cursive, with a long horizontal flourish at the end.

Carla J. Sonntag  
President & CEO