

**PROGRAM:** Intergovernmental Coal Severance Tax Credit **Industry Specific Incentive**

**AGENCY:** Taxation and Revenue Department

**DESCRIPTION:** To off-set the possible increase in costs for the severance privileges for the removal of coal from an Indian reservation, the state of New Mexico allows for an increase in the amount of tax credits to companies who extract such minerals.

**ELIGIBILITY:** Any person who is liable pursuant to Section 7-26-6 NMSA 1978 for the payment of the severance tax on coal severed and saved from tribal land

**STRUCTURE:** This credit will be determined separately for each calendar month and will equal seventy five percent of or the lesser of

- The aggregate amount of tax due under one or more taxes in effect on March 1, 2001 imposed by the Indian nation, tribe or pueblo upon coal severed and saved, the privilege of severing coal, or the value of the leasehold interest, or
- The aggregate amount of severance tax and surtax due the state pursuant to section 7-16-6 NMSA 1978 upon coal severed and saved from the tribal land of the Indian nation, tribe, or pueblo.

**QUALIFICATIONS/CRITERIA:**

- If after March 1, 2001 an Indian nation, tribe, or pueblo increases any severance privilege, possessory interest, or similar tax applicable to coal which the tax credits provided by this section apply, the amount of this credit for any month to which the increase applies will be reduced by the difference between the aggregate amount of tax due to the Indian nation, tribe, or pueblo for the month and the aggregate amount of tax that would have been imposed by the terms of the tax or taxes in effect on March 1, 2001 does not constitute an increase in the tribal tax.
- The burden of showing entitlement to this credit lies with the taxpayer claiming it.
- The taxation and revenue department can promulgate rules or instructions prescribing the method by which a taxpayer may allocate credit.
- **See 7-29C-2 NMSA**
- Visit the Taxation and Revenue Department homepage at <http://www.state.nm.us/tax/home.htm> or call the office of the Secretary at (505)827-0341.