

March 24, 2020

The Honorable Michelle Lujan Grisham  
Governor State of New Mexico  
State Capitol  
490 Old Santa Fe Trail, Room 400  
Santa Fe, New Mexico 87501

Dear Governor:

I am writing to request your support for providing some badly needed tax relief to small businesses across our state due to the economic disruptions caused by the efforts to stop the spread of COVID-19. As you know, most small businesses must provide their Gross Receipt Tax (GRT) and other withholding tax payments on either a monthly or quarterly basis. While I am aware the Department of Taxation and Revenue has recently announced that withholding tax returns and payments due between March 25, 2020 and July 25, 2020 can be provided no later than July 25, 2020, this action results in no actual tax relief for these small businesses as they must pay their monthly or first and second quarterly payments on or before July 25, 2020. Since many of these affected small businesses have recently closed their doors or greatly reduced their hours of operation, coming up with multiple months or multiple quarters of GRT and other tax payments so soon could be a major financial hardship for these businesses since they have had little or no cash flow since early March.

Instead of providing this July 25, 2020 return and payment time extension, I hope your Administration will support an actual deferral of paying these withholding taxes through the end of the calendar year. Under my proposal which I am urging your Administration to implement, small businesses who pay their GRT and other withholding taxes on a quarterly basis, they would only be required to pay their first quarter payment on July 25, 2020, their second quarter payment on October 25, 2020, and then their third and fourth quarter payments would be made on January 25, 2021. For small businesses which pay their GRT and other withholding taxes on a monthly basis, the same three month tax deferral could be applied to their payments as well. For example, these affected small businesses would be required to provide their March payment on July 25, 2020, their April payment on August 25, 2020, and so forth until the January 25, 2021 payment is due and then these small business would provide payment for October, November, and December at that time.

This three-month tax deferral would ultimately result in the State of New Mexico collecting all taxes due, but it would give these affected small businesses three months to rebuild their businesses and create sufficient cash flow to make all of their required tax payments.

This type of tax deferral or relief would be a significant “helping hand” to those small businesses who are today experiencing considerable financial loss as they are doing their part in following the orders and advisories issued by the state officials to stop the spread of COVID-19. This three-month Gross Receipt Tax and other withholding tax deferral is the very minimal state government can do to assist these struggling small businesses who are a key component of our state’s economy.

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Plus, I urge your Administration to publicly express your support for such tax deferral relief immediately as it would send a strong signal that policymakers are working together to try everything possible to assist New Mexico's small businesses during this most challenging time.

I also would like to point out the recent announcement by the Department of Taxation and Revenue regarding the current July 25, 2020 withholding return and payment extension mentioned that while the Department has the statutory authority to not impose late-filing and late-payment penalties, the Department has no authority to waive the interest that must be charged on any late payments. I strongly encourage your Administration to also support legislation, during a likely special session, to grant the Department such authority to waive these interest penalties for time extension and tax deferral actions.

Thank you for your consideration of this important effort to give our state's small businesses some badly needed tax relief.

Respectfully yours,

A handwritten signature in cursive script, reading "Jane E. Powdrell-Culbert".

Jane E. Powdrell-Culbert  
State Representative      District 44