

underscored material = new
~~[bracketed material] = delete~~

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 520

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY
Martin Hickey

AN ACT

RELATING TO THE HEALTH INSURANCE PREMIUM SURTAX; EXCLUDING
DENTAL AND VISION ONLY CONTRACTS FROM THE SURTAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-40-3 NMSA 1978 (being Laws 2018,
Chapter 57, Section 3, as amended) is amended to read:

"7-40-3. IMPOSITION AND RATE OF TAX--DENOMINATION OF
"PREMIUM TAX", "HEALTH INSURANCE PREMIUM SURTAX" AND "SELF-
INSURED GROUP TAX".--

A. The tax imposed pursuant to this subsection may
be referred to as the "premium tax". The premium tax is
imposed at a rate of three and three-thousandths percent of the
gross premiums and membership and policy fees received or
written by a taxpayer or, with respect to a taxpayer that is an
insured that procures, continues or renews insurance with a

underscoring material = new
~~[bracketed material] = delete~~

1 nonadmitted insurer, paid by the taxpayer, on insurance or
2 contracts covering risks within the state during the preceding
3 calendar year. The premium tax shall not be imposed on self-
4 insured groups or on return premiums, dividends paid or
5 credited to policyholders or contract holders and premiums
6 received for reinsurance on New Mexico risks.

7 B. For a taxpayer that is an insurer lawfully
8 organized pursuant to the laws of the Republic of Mexico, the
9 premium tax shall apply solely to the taxpayer's gross premium
10 receipts from insurance policies issued by the taxpayer in New
11 Mexico that cover residents of New Mexico or property or risks
12 principally domiciled or located in New Mexico.

13 C. With respect to a taxpayer that is a property
14 bondsman, "gross premiums" shall be considered any
15 consideration received as security or surety for a bail bond in
16 connection with a judicial proceeding.

17 D. The premium tax provided in Subsection A of this
18 section is imposed on the gross premiums received of a surplus
19 lines broker, less return premiums, on surplus lines insurance
20 where New Mexico is the home state of the insured transacted
21 under the surplus lines broker's license, as reported by the
22 surplus lines broker to the department on forms and in the
23 manner prescribed by the department. For purposes of this
24 subsection, "gross premiums" shall include any additional
25 amount charged the insured, including policy fees, risk

.231075.1

underscoring material = new
~~[bracketed material]~~ = delete

1 purchasing group fees and inspection fees; but "premiums" shall
2 not include any additional amount charged the insured for
3 local, state or federal taxes; regulatory authority fees; or
4 examination fees, if any. For a surplus lines policy issued to
5 an insured whose home state is New Mexico and where only a
6 portion of the risk is located in New Mexico, the entire
7 premium tax shall be paid in accordance with this section.

8 E. In addition to the premium tax, except as
9 provided in Subsection F of this section, a health insurance
10 premium surtax is imposed at a rate of three and seventy-five
11 hundredths percent of the gross health insurance premiums and
12 membership and policy fees received by the taxpayer on hospital
13 and medical expense incurred insurance or contracts; nonprofit
14 health care plan contracts, excluding dental ~~[or]~~ only, vision
15 only or dental and vision only contracts; and health
16 maintenance organization subscriber contracts covering health
17 risks within this state during the preceding calendar year.
18 The surtax shall not apply to return health insurance premiums,
19 dividends paid or credited to policyholders or contract holders
20 and health insurance premiums received for reinsurance on New
21 Mexico risks. The surtax imposed pursuant to this subsection
22 may be referred to as the "health insurance premium surtax".

23 F. If an act of the United States congress is
24 signed into law that imposes the annual fee on health insurance
25 providers pursuant to Section 9010 of the federal Patient

.231075.1

underscoring material = new
~~[bracketed material] = delete~~

1 Protection and Affordable Care Act, or that imposes a
2 substantially similar fee on the same class of taxpayers, the
3 rate of the health insurance premium surtax shall be decreased
4 at a rate equal to the rate of the annual fee imposed; provided
5 that the rate of the health insurance premium surtax shall not
6 be less than one percent. A reduction in the health insurance
7 premium surtax pursuant to this subsection shall go into effect
8 on the later of the effective date of the imposition of the
9 federal annual fee or ninety days after the congressional act
10 imposing the federal annual fee is signed into law.

11 G. A tax is imposed at a rate of nine-tenths
12 percent on the net premiums, as defined in the Group Self-
13 Insurance Act, received or written by a self-insured group
14 within the state during the preceding calendar year. The tax
15 imposed pursuant to this subsection may be referred to as the
16 "self-insured group tax".

17 SECTION 2. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is January 1, 2026.

19 - 4 -
20
21
22
23
24
25

.231075.1