

Reviewing Saturday's House Floor Oil Production Tax Debate

IPANM (March 15, 2025) - The much discussed [HB 548 Oil & Gas Equalization Tax Act](#) tax increase has now morphed into a \$150-million industry-only tax to pay for the \$75-million HB14 ([Amended Version](#)) on the House side and a "spending-initiative-to-be-named-later" on the Senate side.

On Saturday afternoon, [a spirited 3-hour debate](#) (the House tax bill begins at 1:53:50) pitted Republican, basin-based legislators (Reps. Mark Murphy, Mark Duncan, Rod Montoya, & Jon Henry) opposing the latest version of the money grab vs. "tax-oil & gas-only" Democrat committee leaders (House Appropriations Chair Nathan Small & House Tax Chair Derrick Lente) who claim that not only is the additional tax money a good thing for industry, but that it is "owed" to the state because of industry's success. Democrats creatively called the nomenclature of their actions as "Tax Justice" for the people of New Mexico against the oil & gas industry and "their billion dollar profits."

At no time during the three-hour debate did Democrat defenders of the tax bill mention the potential damage the increase tax-hike will have independent operators. Republicans vehemently argued this point and others regarding the negative impacts. During the debate, Rep. Mark Murphy introduced [HB403 Oil & Gas Fund Distribution & Uses](#) as an amendment to fix the funding mechanisms of reclamation fund. Currently, only 2/17ths of the money **already paid directly by industry** is going into the Oil Reclamation Fund. The amendment would have corrected that oversight, but was voted down by Democrats during the debate.

The final bill HB14 tax increase was approved after a three-hour debate on the House side on a vote of 40-27 **with the majority party Democrats pushing through the tax hike** over all opposing House Republicans, joined by moderate House Democrat Joseph Sanchez.

HTRC/HB 14 EARNED INCOME TAX CREDIT				
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HTRC/HB 14				
Calendar Item # 54	.231874.4	REP. LENTE	REP. MARTÍNEZ, J.	
				
FINAL PASSAGE				
Y Abeyta	N Cullen	Y Hernandez, JF	Y Martínez, J.	Y Roybal Caballero
Y Anaya	Y De La Cruz	N Hernandez, JN	N Mason	Y Rubio
Y Anyanonu	Y Dixon	Y Herndon	Y Matthews	N Sanchez
N Armstrong	N Dow	Y Herrera	Y McQueen	E Sariñana
N Baca	N Duncan	Y Hochman-Vigil	N Mejia	N Sena Cortez
N Block	Y Ferrary	A Johnson	N Mirabal Moya	Y Serrato
Y Borrego	Y Gallegos	N Jones	N Montoya	Y Silva
N Brown	Y García, M.	Y Lara	N Murphy	Y Small
E Cadena	Y García, MP	Y Lente	Y Ortez	Y Szczepanski
Y Cates	Y Garratt	Y Little	Y Parajón	N Terrazas
Y Chandler	Y Gonzales	N Lord	N Pettigrew	Y Thomson
N Chatfield	Y Gurrola	Y Lujan	N Reeb	Y Torres-Velásquez
Y Chávez, E.	N Hall II	Y Lundstrom	Y Romero, A.	N Vincent
N Chavez, N.	N Henry	N Martinez, A.	Y Romero, GA	N Zamora
Yeas: 40	Nays: 27	Excused: 2	PNV: 0	Absent: 1

The new HB14 now goes to the Senate side, and the debate will begin with a Tuesday morning Senate Tax Committee vote where it's likely to be amended to include the additional \$75-million Senate sending portion on whatever program (or programs) they choose to fund with their newly-created industry-money windfall.

However, the current combined total \$150-million industry-only tax could further increase at the whim of Senate Democrats. Assuming the tax bill (with whatever final amount) passes the full Senate Floor later this week, it will go to the Governor for her signature.

There is one final wrinkle that could make the final tax bill balloon to tens of millions more. House and Senate Democrats have been communicating with the Governor's office on a final bill. But, we don't know if the Governor's office wants additional money for her "cut" to fund her own pet projects.

Unfortunately, all of these negotiations on the final industry-only tax increase will now be taking place behind the scenes led by House and Senate Democrats, the controlling legislative party.

In conclusion, the oil production tax is the largest unknown in this final week, and remains the highest priority of all of industry to minimize before the close of session next Saturday.

It is highly unlikely that anything will happen to derail the oil production tax bill. Nonetheless, IPANM, along with industry partners NMOGA and PBPA, and many individual company government affairs specialists who are tactfully lobbying on both sides of the political aisle, as well as the Governor's office

Finally, our thanks to many companies who are supporting tv, radio, and digital ads through NMOGA against the industry-only tax increase.

You can still help industry by linking to NMOGA's automated email portal to [personally "thank"](#) (sarcasm) Democrat Reps. Nathan Small (House Appropriations Chair), Meredith Dixon (House Appropriations Vice Chair), and Derrick Lente (House Tax Chair) for this new, industry-only tax. These emails will also be automatically be shared with Senate Democrat Leaders.