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**RAILROAD CAR COMPANY TAX ACT**  
**SECTION 7-11-1 through 7-11-12 NMSA 1978**

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**7-11-1. SHORT TITLE.--Chapter 7, Article 11 NMSA 1978 may be cited as the "Railroad Car Company Tax Act".  
(Laws 1982, Chapter 18, Section 17)**

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**7-11-2. DEFINITIONS.--As used in the Railroad Car Company Tax Act [Chapter 7, Article 11 NMSA 1978]:**

**A. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;**

**B. "gross earnings" means the total income received from all sources by an organization from the use or operation of railway cars within the state;**

**C. "organization" means every foreign or domestic car or car line company, every foreign or domestic joint-stock company, every foreign or domestic mercantile company, every foreign or domestic corporation of any other class, every foreign organization classed as a New England, Massachusetts or business trust, every association for profit, every partnership and every individual who owns one or more railway cars other than a railroad company operating its own or leased lines; and**

**D. "railway car" means any passenger, sleeping, parlor, refrigerator, tank, observation, dining, freight or coal car.**

**(Laws 1988, Chapter 95, Section 1)**

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**7-11-3. IMPOSITION OF TAX; TAX RATE; TAX IN LIEU OF PROPERTY TAXES.--**

**A. There is imposed on the gross earnings of each organization for the 1996 and subsequent calendar years a tax of one and one-half percent.**

**B. The tax imposed in Subsection A of this section is in lieu of all property taxes on railway cars owned by an organization.**

**(Laws 1997, Chapter 92, Section 1)**

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**7-11-4. SITUS OF RAILWAY CARS; GROSS EARNINGS.--**

A. For the purpose of taxation, any railway car owned by an organization and used exclusively within this state or used partially within and partially without this state has situs within this state.

B. The term "gross earnings" shall be construed to mean all earnings on business beginning and ending within this state and on a proportion, based on the division of mileage in this state by the entire mileage over which business is done, of all interstate business passing through, into or out of this state.

(Laws 1982, Chapter 18, Section 20)

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**7-11-5. WITHHOLDING AND PAYMENT OF TAX; DUTY OF RAILROADS USING OR LEASING CARS TO MAKE REPORTS.--** Every railroad company using or leasing the railway cars of any organization, upon making payment to such organization for the use or lease of railway cars, shall withhold from such payment an amount equal to the product of the tax rate specified in Subsection A of Section 7-11-3 NMSA 1978 multiplied by the gross earnings. On or before March 1 of each year, such railroad company shall report to the department on a form prescribed by the department the amounts of such payments and the amounts withheld for the preceding calendar year. The amounts withheld shall be remitted with the report.

(Laws 1988, Chapter 95, Section 2)

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**7-11-6. LIABILITY OF ORGANIZATIONS.--** Every organization is liable for any difference between an amount equal to the product of the tax rate specified in Subsection A of Section 7-11-3 NMSA 1978 multiplied by its gross earnings and the sum of withheld taxes remitted for that organization by one or more railroad companies for that year.

(Laws 1988, Chapter 95, Section 3)

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