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HOUSE BILL 18

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY
"Andy" J. Kissner

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS
RECEIPTS FOR RECEIPTS FROM THE SALE OF CONSTRUCTION
MATERIALS, CONSTRUCTION SERVICES, AGRICULTURAL PROCESSING
EQUIPMENT AND RELATED INSTALLATION SERVICES FOR USE IN NEW OR
EXPANDED AGRICULTURAL PROCESSING OPERATIONS.

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

Section 1. A new section of the Gross Receipts and
Compensating Tax Act is enacted to read:

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--SALE OF
CERTAIN SERVICES, MATERIALS AND EQUIPMENT FOR AGRICULTURAL
PROCESSING OPERATIONS--DEFINITIONS.--

A. Receipts from the sale of construction services
to expand existing or construct new facilities for an
agricultural processing operation located in New Mexico may
be deducted from gross receipts if the construction service

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

1 is sold to a person who delivers a nontaxable transaction
2 certificate to the person performing the construction
3 service.

4 B. Receipts from the sale of construction
5 materials purchased for use to expand existing or construct
6 new facilities for an agricultural processing operation
7 located in New Mexico may be deducted from gross receipts if
8 the materials are sold to a person who delivers a nontaxable
9 transaction certificate to the person selling the materials.

10 C. Receipts from the sale of agricultural
11 processing equipment purchased for use in a new or expanded
12 agricultural processing operation located in New Mexico may
13 be deducted from gross receipts if the equipment is sold to a
14 person who delivers a nontaxable transaction certificate to
15 the person selling the equipment.

16 D. Receipts from the sale of installation services
17 necessary to install agricultural processing equipment in a
18 new or expanded agricultural processing operation located in
19 New Mexico may be deducted from gross receipts if the
20 installation service is sold to a person who delivers a
21 nontaxable transaction certificate to the person performing
22 the installation service.

23 E. As used in this section:

24 (1) "agricultural processing equipment"
25 means equipment necessary to conduct a new or expanded
agricultural processing operation;

(2) "agricultural processing operation"

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

1 means a plant, business or establishment at which personnel
2 are employed for the purpose of processing agricultural
3 products, including storage, handling, packaging and similar
4 activities associated with processing;

5 (3) "agricultural product" means a raw or
6 unprocessed product of a plant or animal;

7 (4) "construction service" means a service
8 necessary to construct or expand an agricultural processing
9 operation; and

10 (5) "installation service" means a service
11 required to install and make operational agricultural
12 processing equipment necessary to conduct an agricultural
13 processing operation.

14 F. Election by a taxpayer to deliver the
15 nontaxable transaction certificate necessary to support a
16 deduction for receipts from the sale of agricultural
17 processing equipment, pursuant to the provisions of this
18 section, shall preclude availability of the investment credit
19 that would be available with regard to the same equipment
20 pursuant to the provisions of the Investment Credit Act."

21 Section 2. EFFECTIVE DATE.--The effective date of the
22 provisions of this act is July 1, 2000.