

1 SENATE BILL 327

2 **44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,**
3 **2000**

4 INTRODUCED BY

5 Roman M. Maes III
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11 AN ACT

12 RELATING TO TAXATION; EXPANDING THE DEFINITION OF PRODUCTION
13 COSTS FOR PURPOSES OF A GROSS RECEIPTS DEDUCTION FOR CERTAIN
14 SALES TO A QUALIFIED FILM PRODUCTION COMPANY.
15

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

17 Section 1. Section 7-9-86 NMSA 1978 (being Laws 1995,
18 Chapter 80, Section 1) is amended to read:

19 "7-9-86. DEDUCTION--GROSS RECEIPTS TAX--SALES TO
20 QUALIFIED FILM PRODUCTION COMPANY.--
21

22 A. Receipts from selling or leasing property and
23 from performing services may be deducted from gross receipts
24 or from governmental gross receipts if the sale, lease or
25 performance is made to a qualified production company who
delivers a nontaxable transaction certificate to the seller,
lessor or performer.

B. For the purposes of this section:

.130480.1

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

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~~[bracketed material] = delete~~

1 (1) "film" means a single media or
2 multimedia program, including advertising messages, fixed on
3 film, videotape, computer disc, laser disc or other similar
4 delivery medium from which the program can be viewed or
5 reproduced and which is exhibited in theaters, licensed for
6 exhibition by individual television stations, groups of
7 stations, networks, cable television stations or other means
8 or licensed for the home viewing market;

9 (2) "production company" means a person that
10 produces films for exhibition in theaters, on television or
11 elsewhere;

12 (3) "production costs" include:

13 (a) the cost of a story and scenario to
14 be used for a film;

15 (b) salaries of talent, management and
16 labor, including payments to personal services corporations
17 with respect to the services of qualified performing artists,
18 as determined under Section 62b(1)(A) of the Internal Revenue
19 Code of 1986;

20 (c) cost of set construction and
21 operations, wardrobe, accessories and related services;

22 (d) costs of sound synchronization,
23 lighting and related services;

24 (e) costs of editing and related
25 services;

(f) costs of food and lodging;

(g) leasing of vehicles;

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[~~(f)~~] (h) rental of facilities and
equipment; or

[~~(g)~~] (i) other direct costs of
producing the film; and

(4) "qualified production company" means a
production company that produces a film or films, meets the
provisions of this section and has registered or will
register with the New Mexico film division of the economic
development department.

C. A qualified production company may deliver the
nontaxable transaction certificates authorized by this
section only with respect to production costs."

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