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HOUSE BILL 40
45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002
INTRODUCED BY
John A. Heaton

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND
TELECOMMUNICATIONS COMMITTEE

AN ACT
RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX DEDUCTION
FOR CERTAIN SOFTWARE DEVELOPMENT SERVICES; ENACTING A NEW
SECTION OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT.

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
SOFTWARE DEVELOPMENT SERVICES. --

A. The receipts of an eligible software
development company from the sale of software development
services that are performed in a qualified area may be
deducted from gross receipts.

B. As used in this section:

(1) "eligible software development company"

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 means a taxpayer whose primary business in New Mexico is
2 providing software development services and who had no
3 business location in New Mexico other than in a qualified area
4 during the period for which a deduction under this section is
5 sought;

6 (2) "qualified area" means the state of New
7 Mexico except for an incorporated municipality with a
8 population of more than fifty thousand according to the most
9 recent federal decennial census; and

10 (3) "software development services" means
11 custom software design and development and web site design and
12 development but does not include software implementation or
13 support services. "

14 Section 2. EFFECTIVE DATE. --The effective date of the
15 provisions of this act is July 1, 2002.