

HOUSE BILL 237

**51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

INTRODUCED BY

Rodolpho "Rudy" S. Martinez

AN ACT

RELATING TO TAXATION; CREATING LIMITED-TERM DEDUCTIONS FROM GROSS RECEIPTS AND COMPENSATING TAXES FOR CERTAIN EQUIPMENT PURCHASES FOR PRODUCTION AND PROCESSING OF CHILE.

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--COMPENSATING TAX COMPUTATION-- EQUIPMENT USED IN THE PRODUCTION AND PROCESSING OF CHILE.--

A. From July 1, 2013 through June 30, 2019, the value of equipment directly related to chile production or chile processing and purchased by a chile producer or processor may be deducted in computing compensating tax due within the twelve-month period beginning with the month that the equipment is purchased.

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underscored material = new  
[bracketed material] = delete

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~~[bracketed material]~~ = delete

1           B. The purpose of this deduction is to encourage  
2 the purchase of agricultural equipment to enable greater  
3 production and processing of chile.

4           C. A deduction pursuant to this section shall not  
5 be claimed if a deduction pursuant to Section 7-9-77 NMSA 1978  
6 is claimed for the same equipment in the same reporting period.

7           D. The department shall annually report to the  
8 revenue stabilization and tax policy committee the aggregate  
9 amount of deductions taken pursuant to this section, the number  
10 of taxpayers claiming the deduction and any other information  
11 that is necessary to determine that the deduction is performing  
12 the purpose for which it was enacted.

13           E. A taxpayer claiming a deduction pursuant to this  
14 section shall report the amount deducted separately for each  
15 deduction provided in this section and shall attribute the  
16 amount of the deduction to the appropriate authorization  
17 provided in this section in a manner required by the department  
18 that facilitates the evaluation by the legislature of the  
19 benefit to the state of these deductions.

20           F. As used in this section:

21                   (1) "chile" means any variety of the pepper  
22 Capsicum annuum grown in the state;

23                   (2) "chile processing" means changing the raw  
24 agricultural product of chile, possibly by combining it with  
25 other ingredients, so that value is added before marketing it

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1 to consumers;

2 (3) "chile producer or processor" means a  
3 person that derives at least twenty percent of the person's  
4 adjusted gross income from the gross receipts from sales of  
5 products that are a direct result of chile processing or chile  
6 production;

7 (4) "chile production" means growing or  
8 otherwise producing a raw agricultural product from any variety  
9 of chile; and

10 (5) "equipment" means an essential machine,  
11 mechanism or tool, or a component or fitting of an essential  
12 machine, mechanism or tool, used directly in chile processing  
13 or chile production by a purchaser and subject to depreciation  
14 for purposes of the Internal Revenue Code of 1986, not  
15 including motor vehicles on which the motor vehicle excise tax  
16 is paid in lieu of gross receipts tax."

17 SECTION 2. A new section of the Gross Receipts and  
18 Compensating Tax Act is enacted to read:

19 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--EQUIPMENT USED  
20 IN THE PRODUCTION AND PROCESSING OF CHILE.--

21 A. From July 1, 2013 through June 30, 2019,  
22 receipts from the sale of equipment directly related to chile  
23 production or chile processing to a chile producer or processor  
24 may be deducted from gross receipts within the twelve-month  
25 period beginning with the month that the equipment is purchased

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1 if the chile producer or processor delivers an appropriate  
2 nontaxable transaction certificate to the seller. The  
3 department shall promulgate rules for the issuance of a  
4 certificate of eligibility for the purposes of claiming a  
5 deduction pursuant to this section.

6 B. The purpose of this deduction is to encourage  
7 the purchase of agricultural equipment to enable greater  
8 production and processing of chile.

9 C. A deduction pursuant to this section shall not  
10 be claimed if a deduction pursuant to Section 7-9-62 NMSA 1978  
11 is claimed for the same equipment in the same reporting period.

12 D. The department shall annually report to the  
13 revenue stabilization and tax policy committee the aggregate  
14 amount of deductions taken pursuant to this section, the number  
15 of taxpayers claiming the deduction and any other information  
16 that is necessary to determine that the deduction is performing  
17 the purpose for which it was enacted.

18 E. A taxpayer claiming a deduction pursuant to this  
19 section shall report the amount deducted separately for each  
20 deduction provided in this section and shall attribute the  
21 amount of the deduction to the appropriate authorization  
22 provided in this section in a manner required by the department  
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