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HOUSE BILL 612

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

INTRODUCED BY

Jim R. Trujillo

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; LOWERING THE TAX RATE IMPOSED ON GROSS RECEIPTS; CHANGING CERTAIN GROSS RECEIPTS EXEMPTIONS TO DEDUCTIONS; PHASING OUT CERTAIN GROSS RECEIPTS CREDITS AND DEDUCTIONS RELATED TO HEALTH CARE.

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

**SECTION 1.** Section 7-1-6.4 NMSA 1978 (being Laws 1983, Chapter 211, Section 9, as amended) is amended to read:

"7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS TAX.--

A. Except as provided in Subsection ~~[B]~~ C of this section, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each municipality in an amount, subject to any increase or decrease made pursuant to Section 7-1-6.15 NMSA 1978, equal to the product of the quotient ~~[of one and two~~  
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1 ~~hundred twenty-five thousandths percent divided by the tax rate~~  
2 ~~imposed by Section 7-9-4 NMSA 1978]~~ provided for in Subsection  
3 B of this section multiplied by the net receipts for the month  
4 attributable to the gross receipts tax from business locations:

5 (1) within that municipality;

6 (2) on land owned by the state, commonly known  
7 as the "state fairgrounds", within the exterior boundaries of  
8 that municipality;

9 (3) outside the boundaries of any municipality  
10 on land owned by that municipality; and

11 (4) on an Indian reservation or pueblo grant  
12 in an area that is contiguous to that municipality and in which  
13 the municipality performs services pursuant to a contract  
14 between the municipality and the Indian tribe or Indian pueblo  
15 if:

16 (a) the contract describes an area in  
17 which the municipality is required to perform services and  
18 requires the municipality to perform services that are  
19 substantially the same as the services the municipality  
20 performs for itself; and

21 (b) the governing body of the  
22 municipality has submitted a copy of the contract to the  
23 secretary.

24 B. The quotient required in Subsection A of this  
25 section shall be:

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1                   (1) one and two hundred twenty-five  
2 thousandths percent divided by the tax rate imposed by Section  
3 7-9-4 NMSA 1978 prior to July 1, 2015;

4                   (2) one and one hundred ninety-five  
5 thousandths percent divided by the tax rate imposed by Section  
6 7-9-4 NMSA 1978 from July 1, 2015 through June 30, 2016;

7                   (3) one and one hundred sixty-five thousandths  
8 percent divided by the tax rate imposed by Section 7-9-4 NMSA  
9 1978 from July 1, 2016 through June 30, 2017;

10                   (4) one and one hundred thirty-five  
11 thousandths percent divided by the tax rate imposed by Section  
12 7-9-4 NMSA 1978 from July 1, 2017 through June 30, 2018;

13                   (5) one and one hundred five thousandths  
14 percent divided by the tax rate imposed by Section 7-9-4 NMSA  
15 1978 from July 1, 2018 through June 30, 2019; and

16                   (6) one and seventy-six thousandths percent  
17 divided by the tax rate imposed by Section 7-9-4 NMSA 1978 on  
18 or after July 1, 2019.

19                   [~~B-~~] C. If the reduction made by Laws 1991, Chapter  
20 9, Section 9 to the distribution under this section impairs the  
21 ability of a municipality to meet its principal or interest  
22 payment obligations for revenue bonds outstanding prior to July  
23 1, 1991 that are secured by the pledge of all or part of the  
24 municipality's revenue from the distribution made under this  
25 section, then the amount distributed pursuant to this section

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1 to that municipality shall be increased by an amount sufficient  
2 to meet any required payment, provided that the distribution  
3 amount does not exceed the amount that would have been due that  
4 municipality under this section as it was in effect on June 30,  
5 1992.

6 [G-] D. A distribution pursuant to this section may  
7 be adjusted for a distribution made to a tax increment  
8 development district with respect to a portion of a gross  
9 receipts tax increment dedicated by a municipality pursuant to  
10 the Tax Increment for Development Act."

11 SECTION 2. Section 7-9-4 NMSA 1978 (being Laws 1966,  
12 Chapter 47, Section 4, as amended) is amended to read:

13 "7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
14 "GROSS RECEIPTS TAX".--

15 A. For the privilege of engaging in business, an  
16 excise tax [~~equal to five and one-eighth percent of gross~~  
17 ~~receipts~~] is imposed on the gross receipts of any person  
18 engaging in business in New Mexico. The rate of the excise tax  
19 imposed shall be equal to:

20 (1) five and one-eighth percent of gross  
21 receipts received prior to July 1, 2015;

22 (2) five percent of gross receipts received  
23 from July 1, 2015 through June 30, 2016;

24 (3) four and seven-eighths percent of gross  
25 receipts received from July 1, 2016 through June 30, 2017;

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1                   (4) four and three-fourths percent of gross  
2 receipts received from July 1, 2017 through June 30, 2018;

3                   (5) four and five-eighths percent of gross  
4 receipts received from July 1, 2018 through June 30, 2019; and

5                   (6) four and one-half percent of gross  
6 receipts received on or after July 1, 2019.

7                   B. The tax imposed by this section shall be  
8 referred to as the "gross receipts tax".

9                   SECTION 3. Section 7-9-7 NMSA 1978 (being Laws 1966,  
10 Chapter 47, Section 7, as amended) is amended to read:

11                   "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
12 "COMPENSATING TAX".--

13                   A. For the privilege of using tangible property in  
14 New Mexico, there is imposed on the person using the property  
15 an excise tax equal to: ~~[five and one-eighth percent of the~~  
16 ~~value of tangible property that was:~~

17                   ~~(1) manufactured by the person using the~~  
18 ~~property in the state;~~

19                   ~~(2) acquired inside or outside of this state~~  
20 ~~as the result of a transaction with a person located outside~~  
21 ~~this state that would have been subject to the gross receipts~~  
22 ~~tax had the tangible personal property been acquired from a~~  
23 ~~person with nexus with New Mexico; or~~

24                   ~~(3) acquired as the result of a transaction~~  
25 ~~that was not initially subject to the compensating tax imposed~~

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1 ~~by Paragraph (2) of this subsection or the gross receipts tax~~  
2 ~~but which transaction, because of the buyer's subsequent use of~~  
3 ~~the property, should have been subject to the compensating tax~~  
4 ~~imposed by Paragraph (2) of this subsection or the gross~~  
5 ~~receipts tax]~~

6 (1) five and one-eighth percent of the value  
7 of tangible property used prior to July 1, 2015;

8 (2) five percent of the value of tangible  
9 property used from July 1, 2015 through June 30, 2016;

10 (3) four and seven-eighths percent of the  
11 value of tangible property used from July 1, 2016 through June  
12 30, 2017;

13 (4) four and three-fourths percent of the  
14 value of tangible property used from July 1, 2017 through June  
15 30, 2018;

16 (5) four and five-eighths percent of the value  
17 of tangible property used from July 1, 2018 through June 30,  
18 2019; and

19 (6) four and one-half percent of the value of  
20 tangible property used on or after July 1, 2020.

21 B. For the purpose of Subsection A of this section,  
22 value of tangible property shall be the adjusted basis of the  
23 property for federal income tax purposes determined as of the  
24 time of acquisition or introduction into this state or of  
25 conversion to use, whichever is later. If no adjusted basis

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1 for federal income tax purposes is established for the  
2 property, a reasonable value of the property shall be used.

3 C. For the privilege of using services rendered in  
4 New Mexico, there is imposed on the person using such services  
5 an excise tax [~~equal to five percent of the value of the~~  
6 ~~services at the time they were rendered~~]. The services, to be  
7 taxable under this subsection, must have been rendered as the  
8 result of a transaction that was not initially subject to the  
9 gross receipts tax but which transaction, because of the  
10 buyer's subsequent use of the services, should have been  
11 subject to the gross receipts tax. The rate of the excise tax  
12 imposed by this subsection shall be equal to:

13 (1) five and one-eighth percent of the value  
14 of the services, valued at the time rendered, for services  
15 rendered prior to July 1, 2015;

16 (2) five percent of the value of the services,  
17 valued at the time rendered, for services rendered from July 1,  
18 2015 through June 30, 2016;

19 (3) four and seven-eighths percent of the  
20 value of the services, valued at the time rendered, for  
21 services rendered from July 1, 2016 through June 30, 2017;

22 (4) four and three-fourths percent of the  
23 value of the services, valued at the time rendered, for  
24 services rendered from July 1, 2017 through June 30, 2018;

25 (5) four and five-eighths percent of the value

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1 of the services, valued at the time rendered, for services  
2 rendered from July 1, 2018 through June 30, 2019; and

3 (6) four and one-half percent of the value of  
4 the services, valued at the time rendered, for services  
5 rendered on or after July 1, 2020.

6 D. The tax imposed by this section shall be  
7 referred to as the "compensating tax".

8 E. As used in this section, "tangible property"  
9 means tangible property that was:

10 (1) manufactured by the person using the  
11 property in the state;

12 (2) acquired inside or outside of this state  
13 as the result of a transaction with a person located outside of  
14 this state that would have been subject to the gross receipts  
15 tax had the tangible personal property been acquired from a  
16 person with nexus in New Mexico; or

17 (3) acquired as the result of a transaction  
18 that was not initially subject to the compensating tax imposed  
19 by Paragraph (2) of this subsection or the gross receipts tax  
20 but which transaction, because of the buyer's subsequent use of  
21 the property, should have been subject to the compensating tax  
22 imposed by Paragraph (2) of this subsection or the gross  
23 receipts tax."

24 SECTION 4. Section 7-9-16 NMSA 1978 (being Laws 1969,  
25 Chapter 144, Section 9, as amended) is amended to read:

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1 "7-9-16. [~~EXEMPTION~~] DEDUCTION--GROSS RECEIPTS TAX--  
2 CERTAIN NONPROFIT FACILITIES.-- [~~Exempted from the gross~~  
3 ~~receipts tax are the~~] Receipts of nonprofit entities from the  
4 operation of facilities designed and used for providing  
5 accommodations for retired elderly persons may only be deducted  
6 from gross receipts in the percentages and during the dates  
7 that follow:

- 8 A. one hundred percent of receipts received prior  
9 to July 1, 2015;
- 10 B. eighty percent of receipts received from July 1,  
11 2015 through June 30, 2016;
- 12 C. sixty percent of receipts received from July 1,  
13 2016 through June 30, 2017;
- 14 D. forty percent of receipts received from July 1,  
15 2017 through June 30, 2018; and
- 16 E. twenty percent of receipts received from July 1,  
17 2018 through June 30, 2019."

18 SECTION 5. Section 7-9-29 NMSA 1978 (being Laws 1970,  
19 Chapter 12, Section 3, as amended) is amended to read:

20 "7-9-29. [~~EXEMPTION~~] DEDUCTION--GROSS RECEIPTS TAX--  
21 CERTAIN ORGANIZATIONS.--

22 A. [~~Exempted from the gross receipts tax are the~~]  
23 Except as otherwise provided in Subsection B of this section,  
24 receipts of organizations that demonstrate to the department  
25 that they have been granted exemption from the federal income

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1 tax by the United States commissioner of internal revenue as  
2 organizations described in Section 501(c)(3) of the United  
3 States Internal Revenue Code of [~~1954~~] 1986, as amended or  
4 renumbered may be deducted from gross receipts.

5 B. [~~Exempted from the gross receipts tax are the~~]  
6 Receipts of organizations that demonstrate to the department  
7 that they have been granted exemption from the federal income  
8 tax by the United States commissioner of internal revenue as  
9 organizations described in Section 501(c)(3) of the United  
10 States Internal Revenue Code of 1986, as amended or renumbered,  
11 from the operation of health care facilities or providing  
12 health care services may only be deducted from gross receipts  
13 in the percentages and during the dates that follow:

14 (1) one hundred percent of receipts received  
15 prior to July 1, 2015;

16 (2) eighty percent of receipts received from  
17 July 1, 2015 through June 30, 2016;

18 (3) sixty percent of receipts received from  
19 July 1, 2016 through June 30, 2017;

20 (4) forty percent of receipts received from  
21 July 1, 2017 through June 30, 2018; and

22 (5) twenty percent of receipts received from  
23 July 1, 2018 through June 30, 2019.

24 C. Receipts from carrying on chamber of commerce,  
25 visitor bureau and convention bureau functions of organizations

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1 that demonstrate to the department that they have been granted  
2 exemption from the federal income tax by the United States  
3 commissioner of internal revenue as organizations described in  
4 Section 501(c)(6) of the United States Internal Revenue Code of  
5 [~~1954~~] 1986, as amended or renumbered, may be deducted from  
6 gross receipts.

7 [~~G.~~] D. This section does not apply to receipts  
8 derived from an unrelated trade or business as defined in  
9 Section 513 of the United States Internal Revenue Code of  
10 [~~1954~~] 1986, as amended or renumbered."

11 **SECTION 6.** Section 7-9-73 NMSA 1978 (being Laws 1970,  
12 Chapter 78, Section 2, as amended) is amended to read:

13 "7-9-73. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL  
14 GROSS RECEIPTS--SALE OF PROSTHETIC DEVICES.--

15 A. Receipts from selling prosthetic devices may be  
16 deducted as provided for in Subsection B of this section from  
17 gross receipts or from governmental gross receipts if the sale  
18 is made to a person who is licensed to practice medicine,  
19 osteopathic medicine, dentistry, podiatry, optometry,  
20 chiropractic or professional nursing and who delivers a  
21 nontaxable transaction certificate to the seller. The buyer  
22 delivering the nontaxable transaction certificate must deliver  
23 the prosthetic device incidental to the performance of a  
24 service and must include the value of the prosthetic device in  
25 [~~his~~] the charge for the service.

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1           B. The receipts described in Subsection A of this  
2 section may only be deducted from gross receipts in the  
3 percentages and during the dates that follow:

4                   (1) one hundred percent of receipts received  
5 prior to July 1, 2015;

6                   (2) eighty percent of receipts received from  
7 July 1, 2015 through June 30, 2016;

8                   (3) sixty percent of receipts received from  
9 July 1, 2016 through June 30, 2017;

10                   (4) forty percent of receipts received from  
11 July 1, 2017 through June 30, 2018; and

12                   (5) twenty percent of receipts received from  
13 July 1, 2018 through June 30, 2019."

14           SECTION 7. Section 7-9-73.1 NMSA 1978 (being Laws 1991,  
15 Chapter 8, Section 3, as amended) is amended to read:

16           "7-9-73.1. DEDUCTION--GROSS RECEIPTS--HOSPITALS.--~~[Fifty~~  
17 ~~percent of the]~~

18                   A. Receipts of hospitals licensed by the department  
19 of health may be deducted as provided for in Subsection B of  
20 this section from gross receipts; provided this deduction may  
21 be applied only to the taxable gross receipts remaining after  
22 all other appropriate deductions have been taken.

23                   B. The receipts described in Subsection A of this  
24 section may only be deducted from gross receipts in the  
25 percentages and during the dates that follow:

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1                   (1) one hundred percent of receipts received  
2 prior to July 1, 2015;

3                   (2) eighty percent of receipts received from  
4 July 1, 2015 through June 30, 2016;

5                   (3) sixty percent of receipts received from  
6 July 1, 2016 through June 30, 2017;

7                   (4) forty percent of receipts received from  
8 July 1, 2017 through June 30, 2018; and

9                   (5) twenty percent of receipts received from  
10 July 1, 2018 through June 30, 2019."

11           SECTION 8. Section 7-9-73.2 NMSA 1978 (being Laws 1998,  
12 Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as  
13 amended) is amended to read:

14           "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL  
15 GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN.--

16           A. Receipts from the sale of prescription drugs and  
17 oxygen and oxygen services provided by a licensed medicare  
18 durable medical equipment provider may only be deducted from  
19 gross receipts and governmental gross receipts in the  
20 percentages and during the dates that follow:

21                   (1) one hundred percent of receipts received  
22 prior to July 1, 2015;

23                   (2) eighty percent of receipts received from  
24 July 1, 2015 through June 30, 2016;

25                   (3) sixty percent of receipts received from

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1 July 1, 2016 through June 30, 2017;

2 (4) forty percent of receipts received from  
3 July 1, 2017 through June 30, 2018; and

4 (5) twenty percent of receipts received from  
5 July 1, 2018 through June 30, 2019.

6 B. For the purposes of this section, "prescription  
7 drugs" means insulin and substances that are:

8 (1) dispensed by or under the supervision of a  
9 licensed pharmacist or by a physician or other person  
10 authorized under state law to do so;

11 (2) prescribed for a specified person by a  
12 person authorized under state law to prescribe the substance;  
13 and

14 (3) subject to the restrictions on sale  
15 contained in Subparagraph 1 of Subsection (b) of 21 USCA 353."

16 SECTION 9. Section 7-9-77.1 NMSA 1978 (being Laws 1998,  
17 Chapter 96, Section 1, as amended) is amended to read:

18 "7-9-77.1. DEDUCTION--GROSS RECEIPTS TAX--CERTAIN MEDICAL  
19 AND HEALTH CARE SERVICES.--

20 A. Receipts from payments by the United States  
21 government or any agency thereof for provision of medical and  
22 other health services by medical doctors, osteopathic  
23 physicians, doctors of oriental medicine, athletic trainers,  
24 chiropractic physicians, counselor and therapist practitioners,  
25 dentists, massage therapists, naprapaths, nurses,

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1 nutritionists, dietitians, occupational therapists,  
2 optometrists, pharmacists, physical therapists, psychologists,  
3 radiologic technologists, respiratory care practitioners,  
4 audiologists, speech-language pathologists, social workers and  
5 podiatrists or of medical, other health and palliative services  
6 by hospices or nursing homes to medicare beneficiaries pursuant  
7 to the provisions of Title 18 of the federal Social Security  
8 Act may be deducted as provided for in Subsection F of this  
9 section from gross receipts.

10 B. Receipts from payments by a third-party  
11 administrator of the federal TRICARE program for provision of  
12 medical and other health services by medical doctors and  
13 osteopathic physicians to covered beneficiaries may be deducted  
14 as provided for in Subsection F of this section from gross  
15 receipts.

16 C. Receipts from payments by or on behalf of the  
17 Indian health service of the United States department of health  
18 and human services for provision of medical and other health  
19 services by medical doctors and osteopathic physicians to  
20 covered beneficiaries may be deducted as provided for in  
21 Subsection F of this section from gross receipts.

22 D. Receipts from payments by the United States  
23 government or any agency thereof for medical services provided  
24 by a clinical laboratory to medicare beneficiaries pursuant to  
25 the provisions of Title 18 of the federal Social Security Act

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1 may be deducted as provided for in Subsection F of this section  
2 from gross receipts.

3 E. Receipts from payments by the United States  
4 government or any agency thereof for medical, other health and  
5 palliative services provided by a home health agency to  
6 medicare beneficiaries pursuant to the provisions of Title 18  
7 of the federal Social Security Act may be deducted as provided  
8 for in Subsection F of this section from gross receipts.

9 F. The receipts described in this section may only  
10 be deducted from gross receipts in the percentages and during  
11 the dates that follow:

12 (1) one hundred percent of receipts received  
13 prior to July 1, 2015;

14 (2) eighty percent of receipts received from  
15 July 1, 2015 to June 30, 2016;

16 (3) sixty percent of receipts received from  
17 July 1, 2016 through June 30, 2017;

18 (4) forty percent of receipts received from  
19 July 1, 2017 through June 30, 2018; and

20 (5) twenty percent of receipts received from  
21 July 1, 2018 through June 30, 2019.

22 [~~F.~~] G. For the purposes of this section:

23 (1) "athletic trainer" means a person licensed  
24 as an athletic trainer pursuant to the provisions of Chapter  
25 61, Article 14D NMSA 1978;

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1                   (2) "chiropractic physician" means a person  
2 who practices chiropractic as defined in the Chiropractic  
3 Physician Practice Act;

4                   (3) "clinical laboratory" means a laboratory  
5 accredited pursuant to 42 USCA 263a;

6                   (4) "counselor and therapist practitioner"  
7 means a person licensed to practice as a counselor or therapist  
8 pursuant to the provisions of Chapter 61, Article 9A NMSA 1978;

9                   (5) "dentist" means a person licensed to  
10 practice as a dentist pursuant to the provisions of Chapter 61,  
11 Article 5A NMSA 1978;

12                   (6) "doctor of oriental medicine" means a  
13 person licensed as a physician to practice acupuncture or  
14 oriental medicine pursuant to the provisions of Chapter 61,  
15 Article 14A NMSA 1978;

16                   (7) "home health agency" means a for-profit  
17 entity that is licensed by the department of health and  
18 certified by the federal centers for medicare and medicaid  
19 services as a home health agency and certified to provide  
20 medicare services;

21                   (8) "hospice" means a for-profit entity  
22 licensed by the department of health as a hospice and certified  
23 to provide medicare services;

24                   (9) "massage therapist" means a person  
25 licensed to practice massage therapy pursuant to the provisions

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1 of Chapter 61, Article 12C NMSA 1978;

2 (10) "medical doctor" means a person licensed  
3 as a physician to practice medicine pursuant to the provisions  
4 of the Medical Practice Act;

5 (11) "naprapath" means a person licensed as a  
6 naprapath pursuant to the provisions of Chapter 61, Article  
7 [~~12E~~] 12F NMSA 1978;

8 (12) "nurse" means a person licensed as a  
9 registered nurse pursuant to the provisions of Chapter 61,  
10 Article 3 NMSA 1978;

11 (13) "nursing home" means a for-profit entity  
12 licensed by the department of health as a nursing home and  
13 certified to provide medicare services;

14 (14) "nutritionist" or "dietitian" means a  
15 person licensed as a nutritionist or dietitian pursuant to the  
16 provisions of Chapter 61, Article 7A NMSA 1978;

17 (15) "occupational therapist" means a person  
18 licensed as an occupational therapist pursuant to the  
19 provisions of Chapter 61, Article 12A NMSA 1978;

20 (16) "osteopathic physician" means a person  
21 licensed as an osteopathic physician pursuant to the provisions  
22 of Chapter 61, Article 10 NMSA 1978;

23 (17) "optometrist" means a person licensed to  
24 practice optometry pursuant to the provisions of Chapter 61,  
25 Article 2 NMSA 1978;

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1 (18) "pharmacist" means a person licensed as a  
2 pharmacist pursuant to the provisions of Chapter 61, Article 11  
3 NMSA 1978;

4 (19) "physical therapist" means a person  
5 licensed as a physical therapist pursuant to the provisions of  
6 Chapter 61, Article 12D NMSA 1978;

7 (20) "podiatrist" means a person licensed as a  
8 podiatrist pursuant to the provisions of the Podiatry Act;

9 (21) "psychologist" means a person licensed as  
10 a psychologist pursuant to the provisions of Chapter 61,  
11 Article 9 NMSA 1978;

12 (22) "radiologic technologist" means a person  
13 licensed as a radiologic technologist pursuant to the  
14 provisions of Chapter 61, Article 14E NMSA 1978;

15 (23) "respiratory care practitioner" means a  
16 person licensed as a respiratory care practitioner pursuant to  
17 the provisions of Chapter 61, Article 12B NMSA 1978;

18 (24) "social worker" means a person licensed  
19 as an independent social worker pursuant to the provisions of  
20 Chapter 61, Article 31 NMSA 1978;

21 (25) "speech-language pathologist" means a  
22 person licensed as a speech-language pathologist pursuant to  
23 the provisions of Chapter 61, Article 14B NMSA 1978; and

24 (26) "TRICARE program" means the program  
25 defined in 10 U.S.C. 1072(7)."

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1           SECTION 10. Section 7-9-93 NMSA 1978 (being Laws 2004,  
2 Chapter 116, Section 6, as amended) is amended to read:

3           "7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR  
4 SERVICES PROVIDED BY HEALTH CARE PRACTITIONER.--

5           A. Receipts from payments by a managed health care  
6 provider or health care insurer for commercial contract  
7 services or medicare part C services provided by a health care  
8 practitioner that are not otherwise deductible pursuant to  
9 another provision of the Gross Receipts and Compensating Tax  
10 Act may be deducted as provided for in Subsection B of this  
11 section from gross receipts, provided that the services are  
12 within the scope of practice of the person providing the  
13 service. Receipts from fee-for-service payments by a health  
14 care insurer may not be deducted from gross receipts. The  
15 deduction provided by this section shall be separately stated  
16 by the taxpayer.

17           B. The receipts described in Subsection A of this  
18 section may only be deducted from gross receipts in the  
19 percentages and during the dates that follow:

20                       (1) one hundred percent of receipts received  
21 prior to July 1, 2015;

22                       (2) eighty percent of receipts received from  
23 July 1, 2015 through June 30, 2016;

24                       (3) sixty percent of receipts received from  
25 July 1, 2016 through June 30, 2017;

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1                   (4) forty percent of receipts received from  
2 July 1, 2017 through June 30, 2018; and

3                   (5) twenty percent of receipts received from  
4 July 1, 2018 through June 30, 2019.

5                   [~~B-~~] C. For the purposes of this section:

6                   (1) "commercial contract services" means  
7 health care services performed by a health care practitioner  
8 pursuant to a contract with a managed health care provider or  
9 health care insurer other than those health care services  
10 provided for medicare patients pursuant to Title 18 of the  
11 federal Social Security Act or for medicaid patients pursuant  
12 to Title 19 or Title 21 of the federal Social Security Act;

13                   (2) "health care insurer" means a person that:

14                   (a) has a valid certificate of authority  
15 in good standing pursuant to the New Mexico Insurance Code to  
16 act as an insurer, health maintenance organization or nonprofit  
17 health care plan or prepaid dental plan; and

18                   (b) contracts to reimburse licensed  
19 health care practitioners for providing basic health services  
20 to enrollees at negotiated fee rates;

21                   (3) "health care practitioner" means:

22                   (a) a chiropractic physician licensed  
23 pursuant to the provisions of the Chiropractic Physician  
24 Practice Act;

25                   (b) a dentist or dental hygienist

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1 licensed pursuant to the Dental Health Care Act;

2 (c) a doctor of oriental medicine  
3 licensed pursuant to the provisions of the Acupuncture and  
4 Oriental Medicine Practice Act;

5 (d) an optometrist licensed pursuant to  
6 the provisions of the Optometry Act;

7 (e) an osteopathic physician licensed  
8 pursuant to the provisions of Chapter 61, Article 10 NMSA 1978  
9 or an osteopathic physician's assistant licensed pursuant to  
10 the provisions of the Osteopathic Physicians' Assistants Act;

11 (f) a physical therapist licensed  
12 pursuant to the provisions of the Physical Therapy Act;

13 (g) a physician or physician assistant  
14 licensed pursuant to the provisions of Chapter 61, Article 6  
15 NMSA 1978;

16 (h) a podiatrist licensed pursuant to  
17 the provisions of the Podiatry Act;

18 (i) a psychologist licensed pursuant to  
19 the provisions of the Professional Psychologist Act;

20 (j) a registered lay midwife registered  
21 by the department of health;

22 (k) a registered nurse or licensed  
23 practical nurse licensed pursuant to the provisions of the  
24 Nursing Practice Act;

25 (l) a registered occupational therapist

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1 licensed pursuant to the provisions of the Occupational Therapy  
2 Act;

3 (m) a respiratory care practitioner  
4 licensed pursuant to the provisions of the Respiratory Care  
5 Act;

6 (n) a speech-language pathologist or  
7 audiologist licensed pursuant to the Speech-Language Pathology,  
8 Audiology and Hearing Aid Dispensing Practices Act;

9 (o) a professional clinical mental  
10 health counselor, marriage and family therapist or professional  
11 art therapist licensed pursuant to the provisions of the  
12 Counseling and Therapy Practice Act who has obtained a master's  
13 degree or a doctorate;

14 (p) an independent social worker  
15 licensed pursuant to the provisions of the Social Work Practice  
16 Act; and

17 (q) a clinical laboratory that is  
18 accredited pursuant to 42 U.S.C. Section 263a but that is not a  
19 laboratory in a physician's office or in a hospital defined  
20 pursuant to 42 U.S.C. Section 1395x;

21 (4) "managed health care provider" means a  
22 person that provides for the delivery of comprehensive basic  
23 health care services and medically necessary services to  
24 individuals enrolled in a plan through its own employed health  
25 care providers or by contracting with selected or participating

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1 health care providers. "Managed health care provider" includes  
2 only those persons that provide comprehensive basic health care  
3 services to enrollees on a contract basis, including the  
4 following:

- 5 (a) health maintenance organizations;
- 6 (b) preferred provider organizations;
- 7 (c) individual practice associations;
- 8 (d) competitive medical plans;
- 9 (e) exclusive provider organizations;
- 10 (f) integrated delivery systems;
- 11 (g) independent physician-provider  
12 organizations;
- 13 (h) physician hospital-provider  
14 organizations; and
- 15 (i) managed care services organizations;

16 and

17 (5) "medicare part C services" means services  
18 performed pursuant to a contract with a managed health care  
19 provider for medicare patients pursuant to Title 18 of the  
20 federal Social Security Act."

21 SECTION 11. Section 7-9-96.1 NMSA 1978 (being Laws 2007,  
22 Chapter 361, Section 7) is amended to read:

23 "7-9-96.1. CREDIT--GROSS RECEIPTS TAX--RECEIPTS OF  
24 CERTAIN HOSPITALS.--

25 A. A hospital licensed by the department of health

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1 may claim a credit for each reporting period against the gross  
2 receipts tax due for that reporting period as follows:

3 (1) for a hospital located in a municipality:

4 (a) on or after July 1, 2007 but before  
5 July 1, 2008, in an amount equal to seven hundred fifty-five  
6 thousandths percent of the hospital's taxable gross receipts  
7 for that reporting period after all applicable deductions have  
8 been taken;

9 (b) on or after July 1, 2008 but before  
10 July 1, 2009, in an amount equal to one and fifty-one  
11 hundredths percent of the hospital's taxable gross receipts for  
12 that reporting period after all applicable deductions have been  
13 taken;

14 (c) on or after July 1, 2009 but before  
15 July 1, 2010, in an amount equal to two and two hundred sixty-  
16 five thousandths percent of the hospital's taxable gross  
17 receipts for that reporting period after all applicable  
18 deductions have been taken;

19 (d) on or after July 1, 2010 but before  
20 July 1, 2011, in an amount equal to three and two hundredths  
21 percent of the hospital's taxable gross receipts for that  
22 reporting period after all applicable deductions have been  
23 taken; ~~and~~

24 (e) on or after July 1, 2011, but before  
25 July 1, 2015 in an amount equal to three and seven hundred

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1 seventy-five thousandths percent of the hospital's taxable  
2 gross receipts for that reporting period after all applicable  
3 deductions have been taken;

4 (f) on or after July 1, 2015 but before  
5 July 1, 2016, in an amount equal to three and two hundredths  
6 percent of the hospital's taxable gross receipts for that  
7 reporting period after all applicable deductions have been  
8 taken;

9 (g) on or after July 1, 2016 but before  
10 July 1, 2017, in an amount equal to two and two hundred sixty-  
11 five thousandths percent of the hospital's taxable gross  
12 receipts for that reporting period after all applicable  
13 deductions have been taken;

14 (h) on or after July 1, 2017 but before  
15 July 1, 2018, in an amount equal to one and fifty-one  
16 hundredths percent of the hospital's taxable gross receipts for  
17 that reporting period after all applicable deductions have been  
18 taken; and

19 (i) on or after July 1, 2018 but before  
20 July 1, 2019, in an amount equal to seven hundred fifty-five  
21 thousandths percent of the hospital's taxable gross receipts  
22 for that reporting period after all applicable deductions have  
23 been taken; and

24 (2) for a hospital located in the  
25 unincorporated area of a county:

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1 (a) on or after July 1, 2007 but before  
2 July 1, 2008, in an amount equal to one percent of the  
3 hospital's taxable gross receipts for that reporting period  
4 after all applicable deductions have been taken;

5 (b) on or after July 1, 2008, but before  
6 July 1, 2009, in an amount equal to two percent of the  
7 hospital's taxable gross receipts for that reporting period  
8 after all applicable deductions have been taken;

9 (c) on or after July 1, 2009 but before  
10 July 1, 2010, in an amount equal to three percent of the  
11 hospital's taxable gross receipts for that reporting period  
12 after all applicable deductions have been taken;

13 (d) on or after July 1, 2010 but before  
14 July 1, 2011, in an amount equal to four percent of the  
15 hospital's taxable gross receipts for that reporting period  
16 after all applicable deductions have been taken; ~~and~~

17 (e) on or after July 1, 2011 but before  
18 July 1, 2015, in an amount equal to five percent of the  
19 hospital's taxable gross receipts for that reporting period  
20 after all applicable deductions have been taken;

21 (f) on or after July 1, 2015 but before  
22 July 1, 2016, in an amount equal to four percent of the  
23 hospital's taxable gross receipts for that reporting period  
24 after all applicable deductions have been taken;

25 (g) on or after July 1, 2016 but before

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1 July 1, 2017, in an amount equal to three percent of the  
2 hospital's taxable gross receipts for that reporting period  
3 after all applicable deductions have been taken;

4 (h) on or after July 1, 2017 but before  
5 July 1, 2018, in an amount equal to two percent of the  
6 hospital's taxable gross receipts for that reporting period  
7 after all applicable deductions have been taken; and

8 (i) on or after July 1, 2018 but before  
9 July 1, 2019, in an amount equal to one percent of the  
10 hospital's taxable gross receipts for that reporting period  
11 after all applicable deductions have been taken.

12 B. A hospital shall not claim the credit provided  
13 for in this section on or after July 1, 2019.

14 ~~[B-]~~ C. For the purposes of this section,  
15 "hospital" means a facility providing emergency or urgent care,  
16 inpatient medical care and nursing care for acute illness,  
17 injury, surgery or obstetrics and includes a facility licensed  
18 by the department of health as a critical access hospital,  
19 general hospital, long-term acute care hospital, psychiatric  
20 hospital, rehabilitation hospital, limited services hospital  
21 and special hospital."

22 SECTION 12. Section 7-9-96.2 NMSA 1978 (being Laws 2007,  
23 Chapter 361, Section 8) is amended to read:

24 "7-9-96.2. CREDIT--GROSS RECEIPTS TAX--UNPAID CHARGES FOR  
25 SERVICES PROVIDED IN A HOSPITAL.--

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1           A. A licensed medical doctor or licensed osteopathic  
2 physician may claim a credit against gross receipts taxes due  
3 in the following amounts:

4                   (1) from July 1, 2007 through June 30, 2008,  
5 thirty-three percent of the value of unpaid qualified health  
6 care services;

7                   (2) from July 1, 2008 through June 30, 2009,  
8 sixty-seven percent of the value of unpaid qualified health  
9 care services; ~~and~~

10                   (3) ~~[on and after]~~ from July 1, 2009 through  
11 June 30, 2015, one hundred percent of the value of unpaid  
12 qualified health care services;

13                   (4) from July 1, 2015 through June 30, 2016,  
14 eighty percent of the value of unpaid qualified health care  
15 services;

16                   (5) from July 1, 2016 through June 30, 2017,  
17 sixty percent of the value of unpaid qualified health care  
18 services;

19                   (6) from July 1, 2017 through June 30, 2018,  
20 forty percent of the value of unpaid qualified health care  
21 services; and

22                   (7) from July 1, 2018 through June 30, 2019,  
23 twenty percent of the value of unpaid qualified health care  
24 services.

25           B. A taxpayer shall not claim the credit provided

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1 for in this section on or after July 1, 2019.

2 ~~[B-]~~ C. As used in this section:

3 (1) "qualified health care services" means  
4 medical care services provided by a licensed medical doctor or  
5 licensed osteopathic physician while on call to a hospital; and

6 (2) "value of unpaid qualified health care  
7 services" means the amount that is charged for qualified health  
8 care services, not to exceed one hundred thirty percent of the  
9 reimbursement rate for the services under the medicaid program  
10 administered by the human services department, that remains  
11 unpaid one year after the date of billing and that the licensed  
12 medical doctor or licensed osteopathic physician has reason to  
13 believe will not be paid because:

14 (a) at the time the services were  
15 provided, the person receiving the services had no health  
16 insurance or had health insurance that did not cover the  
17 services provided;

18 (b) at the time the services were  
19 provided, the person receiving the services was not eligible  
20 for medicaid; and

21 (c) the charges are not reimbursable  
22 under a program established pursuant to the Indigent Hospital  
23 and County Health Care Act."

24 SECTION 13. Section 7-9-99 NMSA 1978 (being Laws 2006,  
25 Chapter 35, Section 1) is amended to read:

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1 "7-9-99. DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
2 ENGINEERING, ARCHITECTURAL AND NEW FACILITY CONSTRUCTION  
3 SERVICES USED IN CONSTRUCTION OF CERTAIN PUBLIC HEALTH CARE  
4 FACILITIES.--

5 A. Receipts from selling an engineering,  
6 architectural or construction service used in the new facility  
7 construction of a sole community provider hospital that is  
8 located in a federally designated health professional shortage  
9 area may be deducted as provided for in Subsection B of this  
10 section from gross receipts if the sale of the engineering,  
11 architectural or construction service is made to a foundation  
12 or a nonprofit organization that:

13 [~~A-~~] (1) has entered into a written agreement  
14 with a county to pay at least ninety-five percent of the costs  
15 of new facility construction of that sole community provider  
16 hospital; and

17 [~~B-~~] (2) delivers to the seller of the  
18 engineering, architectural or construction service either an  
19 appropriate nontaxable transaction certificate or other  
20 evidence acceptable to the secretary of a written agreement  
21 made in accordance with [~~Subsection A of this section~~]  
22 Paragraph (1) of the subsection.

23 B. The receipts described in Subsection A of this  
24 section may only be deducted from gross receipts in the  
25 percentages and during the dates that follow:

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- 1                   (1) one hundred percent of receipts received
- 2 prior to July 1, 2015;
- 3                   (2) eighty percent of receipts received from
- 4 July 1, 2015 through June 30, 2016;
- 5                   (3) sixty percent of receipts received from
- 6 July 1, 2016 through June 30, 2017;
- 7                   (4) forty percent of receipts received from
- 8 July 1, 2017 through June 30, 2018; and
- 9                   (5) twenty percent of receipts received from
- 10 July 1, 2018 through June 30, 2019."

11           SECTION 14. Section 7-9-100 NMSA 1978 (being Laws 2006,  
12 Chapter 35, Section 2) is amended to read:

13           "7-9-100. DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
14 CONSTRUCTION EQUIPMENT AND CONSTRUCTION MATERIALS USED IN NEW  
15 FACILITY CONSTRUCTION OF A SOLE COMMUNITY PROVIDER HOSPITAL  
16 THAT IS LOCATED IN A FEDERALLY DESIGNATED HEALTH PROFESSIONAL  
17 SHORTAGE AREA.--

18           A. Receipts from selling construction equipment or  
19 construction materials used in the new facility construction of  
20 a sole community provider hospital that is located in a  
21 federally designated health professional shortage area may be  
22 deducted as provided for in Subsection B of this section from  
23 gross receipts if the sale of the construction equipment or  
24 construction materials is made to a foundation or a nonprofit  
25 organization that:

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1           ~~[A.]~~ (1) has entered into a written agreement  
2 with a county to pay at least ninety-five percent of the costs  
3 of new facility construction of that sole community provider  
4 hospital; and

5           ~~[B.]~~ (2) delivers to the seller either an  
6 appropriate nontaxable transaction certificate or other  
7 evidence acceptable to the secretary of a written agreement  
8 made in accordance with ~~[Subsection A of this section]~~  
9 Paragraph (1) of this subsection.

10           B. The receipts described in Subsection A of this  
11 section may only be deducted from gross receipts in the  
12 percentages and during the dates that follow:

13                   (1) one hundred percent of receipts received  
14 prior to July 1, 2015;

15                   (2) eighty percent of receipts received from  
16 July 1, 2015 through June 30, 2016;

17                   (3) sixty percent of receipts received from  
18 July 1, 2016 through June 30, 2017;

19                   (4) forty percent of receipts received from  
20 July 1, 2017 through June 30, 2018; and

21                   (5) twenty percent of receipts received from  
22 July 1, 2018 through June 30, 2019."

23           SECTION 15. APPLICABILITY.--The provisions of this act  
24 apply to gross receipts received on or after July 1, 2013.

25           SECTION 16. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2013.

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