

1 SENATE BILL 561

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

4 John M. Sapien

5
6
7
8
9
10 AN ACT

11 RELATING TO TAXATION; PROVIDING DEFINITIONS OF "CONSUMED",
12 "MANUFACTURING", "QUALIFIED BUSINESS" AND "TANGIBLE PERSONAL
13 PROPERTY" FOR PURPOSES OF THE DEDUCTION OF GROSS RECEIPTS FROM
14 SALES TO MANUFACTURERS.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 7-9-46 NMSA 1978 (being Laws 1969,
18 Chapter 144, Section 36, as amended) is amended to read:

19 "7-9-46. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL
20 GROSS RECEIPTS--SALES TO MANUFACTURERS.--

21 A. Receipts from selling tangible personal property
22 may be deducted from gross receipts or from governmental gross
23 receipts if the sale is made to a person engaged in the
24 business of manufacturing who delivers a nontaxable transaction
25 certificate to the seller. The buyer delivering the nontaxable

.192680.1

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 transaction certificate must incorporate the tangible personal
2 property as an ingredient or component part of the product that
3 the buyer is in the business of manufacturing.

4 B. Receipts from selling tangible personal property
5 that is used in such a way that it is consumed in the
6 manufacturing process of a product, provided that the tangible
7 personal property is not a tool or equipment used to create the
8 manufactured product, to a ~~[person]~~ qualified business engaged
9 in ~~[the business of]~~ manufacturing that product and ~~[who]~~ that
10 delivers a nontaxable transaction certificate to the seller may
11 be deducted in the following percentages from gross receipts or
12 from governmental gross receipts:

- 13 (1) twenty percent of receipts received prior
14 to January 1, 2014;
- 15 (2) forty percent of receipts received in
16 calendar year 2014;
- 17 (3) sixty percent of receipts received in
18 calendar year 2015;
- 19 (4) eighty percent of receipts received in
20 calendar year 2016; and
- 21 (5) one hundred percent of receipts received
22 on or after January 1, 2017.

23 C. The purpose of the deductions provided in this
24 section is to encourage manufacturing businesses to locate in
25 New Mexico and to reduce the tax burden, including reducing

underscored material = new
[bracketed material] = delete

1 pyramiding, on the tangible personal property that is consumed
2 in the manufacturing process and that is purchased by
3 manufacturing businesses in New Mexico.

4 D. The department shall annually report to the
5 revenue stabilization and tax policy committee the aggregate
6 amount of deductions taken pursuant to this section, the number
7 of taxpayers claiming each of the deductions and any other
8 information that is necessary to determine that the deductions
9 are performing the purposes for which they are enacted.

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

17 F. As used in this section:

18 (1) "consumed" means incorporated into,
19 utilized, depleted, destroyed or transferred in the process of
20 manufacturing a product;

21 (2) "manufacturing" means the process of
22 combining, processing or converting raw material, substances or
23 components into new products through mechanical, physical or
24 chemical transformation;

25 (3) "qualified business" means a business

.192680.1

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

1 classified within the manufacturing sector as described in the
2 official 2012 North American industry classification system;
3 and

4 (4) "tangible personal property" includes
5 chemicals, dyes, electricity, fuels, gases, jigs, manufacturing
6 aids and supplies, repair parts, spares and water."

7 SECTION 2. EFFECTIVE DATE.--The effective date of the
8 provisions of this act is July 1, 2013."