

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 29

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4 **51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**
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10 AN ACT

11 RELATING TO TAXATION; REQUIRING A PERSON THAT WAS EXEMPT FROM
12 OR CLAIMED A DEDUCTION AGAINST THE GROSS RECEIPTS AND
13 COMPENSATING TAX ACT IN THE PREVIOUS YEAR TO SUBMIT AN ANNUAL
14 RECONCILIATION REPORT TO THE TAXATION AND REVENUE DEPARTMENT;
15 PROVIDING A PENALTY; MAKING AN APPROPRIATION.
16

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

18 SECTION 1. A new section of the Tax Administration Act is
19 enacted to read:

20 "[NEW MATERIAL] ANNUAL RECONCILIATION REPORT--EXEMPTIONS
21 AND DEDUCTIONS PURSUANT TO THE GROSS RECEIPTS AND COMPENSATING
22 TAX ACT--CIVIL PENALTY.--

23 A. On or before July 1 of each year, a person that,
24 in the previous calendar year, was exempt from or that claimed
25 a deduction against the tax liability imposed pursuant to the

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underscored material = new
[bracketed material] = delete

1 Gross Receipts and Compensating Tax Act shall submit an annual
2 reconciliation report to the department for all exemptions and
3 deductions taken by the person in the previous calendar year.
4 Except as provided in Subsections B and C of this section, the
5 annual reconciliation report shall include a description of
6 each exemption or deduction sufficient to enable the department
7 to identify the section of law that provides for the exemption
8 or deduction, the aggregate amount of each exemption and
9 deduction, the taxpayer's North American industry
10 classification system code, if any, and any other information
11 required by the department to evaluate the effectiveness, cost
12 and benefit to the state of the exemption or deduction.

13 B. Receipts that may be deducted pursuant to the
14 following provisions of the Gross Receipts and Compensating Tax
15 Act shall not be required to be included in an annual
16 reconciliation report:

17 (1) Sections 7-9-47, 7-9-48 and 7-9-49 NMSA
18 1978;

19 (2) Sections 7-9-50, 7-9-51, 7-9-52, 7-9-52.1,
20 7-9-53, 7-9-54, 7-9-54.1, 7-9-55, 7-9-56, 7-9-56.1, 7-9-56.2,
21 7-9-57, 7-9-57.1, 7-9-58 and 7-9-59 NMSA 1978;

22 (3) Sections 7-9-60, 7-9-61.1, 7-9-62,
23 7-9-62.1, 7-9-63, 7-9-64, 7-9-65, 7-9-66, 7-9-66.1, 7-9-67,
24 7-9-68 and 7-9-69 NMSA 1978;

25 (4) Sections 7-9-70, 7-9-71, 7-9-74, 7-9-75,

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1 7-9-76, 7-9-76.1, 7-9-76.2, 7-9-77, 7-9-78 and 7-9-78.1 NMSA
2 1978; and

3 (5) Sections 7-9-85, 7-9-87, 7-9-89, 7-9-91,
4 7-9-108 and 7-9-109 NMSA 1978.

5 C. Receipts that are exempt pursuant to the
6 following provisions of the Gross Receipts and Compensating Tax
7 Act shall not be required to be included in an annual
8 reconciliation report:

9 (1) Sections 7-9-3.3 and 7-9-3.5 NMSA 1978;

10 (2) Sections 7-9-13, 7-9-13.1, 7-9-13.2,
11 7-9-14, 7-9-15, 7-9-16, 7-9-17, 7-9-18, 7-9-18.1 and 7-9-19
12 NMSA 1978;

13 (3) Sections 7-9-22, 7-9-22.1, 7-9-23,
14 7-9-23.1, 7-9-24, 7-9-25, 7-9-26, 7-9-27, 7-9-28 and 7-9-29
15 NMSA 1978;

16 (4) Sections 7-9-31, 7-9-32, 7-9-33, 7-9-34,
17 7-9-35, 7-9-36, 7-9-37, 7-9-38, 7-9-38.1, 7-9-38.2 and 7-9-39
18 NMSA 1978; and

19 (5) Sections 7-9-41, 7-9-41.3 and 7-9-41.4
20 NMSA 1978.

21 D. A person engaged solely in transactions
22 specifically exempt under the provisions of the Gross Receipts
23 and Compensating Tax Act described in Subsection C of this
24 section shall not be required to submit an annual
25 reconciliation report.

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1 E. A person that fails to submit a reconciliation
2 report in accordance with the provisions of this section shall
3 pay a penalty in the amount of the exemption or deduction not
4 reported, in addition to other penalties provided by law.

5 F. The department shall compile an annual report on
6 the annual reconciliation reports provided by this section that
7 shall include, for each exemption or deduction reported, the
8 number of persons that claimed an exemption or deduction, the
9 aggregate amount of exemptions and deductions claimed and any
10 other information necessary to evaluate the effectiveness of
11 the exemptions and deductions. Beginning in 2015, the
12 department shall present the annual report to the revenue
13 stabilization and tax policy committee and the legislative
14 finance committee on or before December 1 of each year with an
15 analysis of the effectiveness of the exemptions and deductions,
16 the cost and benefit to the state of the exemptions and
17 deductions and whether the exemptions and deductions are
18 performing the purposes for which they were created.

19 G. The secretary shall promulgate rules to
20 implement the provisions of this section."

21 **SECTION 2. APPROPRIATION.**--Five hundred thousand dollars
22 (\$500,000) is appropriated from the general fund to the
23 taxation and revenue department for expenditure in fiscal year
24 2015 to purchase equipment and contract for services necessary
25 to create and process a reconciliation report form for

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1 reporting exemptions and deductions pursuant to Section 1 of
2 this act and to provide public outreach to taxpayers regarding
3 the report requirements. Any unexpended or unencumbered
4 balance remaining at the end of fiscal year 2015 shall revert
5 to the general fund.

6 SECTION 3. EFFECTIVE DATE.--The effective date of the
7 provisions of this act is January 1, 2015.