

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 128

3 **53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

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10 AN ACT

11 RELATING TO TAXATION; REQUIRING SEPARATE REPORTING FOR CERTAIN
12 GROSS RECEIPTS TAX DEDUCTIONS; REQUIRING THE TAXATION AND
13 REVENUE DEPARTMENT TO PRESENT ANNUAL REPORTS FOR CERTAIN GROSS
14 RECEIPTS TAX DEDUCTIONS; NARROWING THE PREMIUM TAX IN LIEU
15 PROVISION AND A RELATED GROSS RECEIPTS TAX EXEMPTION; AMENDING
16 AND REPEALING CERTAIN TAX CREDITS AND DEDUCTIONS.

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

19 SECTION 1. Section 7-9-24 NMSA 1978 (being Laws 1969,
20 Chapter 144, Section 17, as amended) is amended to read:

21 "7-9-24. EXEMPTION--GROSS RECEIPTS TAX--INSURANCE
22 COMPANIES--AGENTS OF INSURANCE COMPANIES.--

23 A. Exempted from the gross receipts tax are the
24 receipts of insurance companies or any agent thereof from
25 premiums and any consideration received by a property bondsman,

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1 as that person is defined in Section 59A-51-2 NMSA 1978, as
2 security or surety for a bail bond in connection with a
3 judicial proceeding.

4 B. Revenues or receipts that are not directly
5 attributable to persons, entities and activities subject to the
6 provisions of the New Mexico Insurance Code are not exempted
7 pursuant to this section."

8 SECTION 2. Section 7-9-54.3 NMSA 1978 (being Laws 2002,
9 Chapter 37, Section 8, as amended by Laws 2010, Chapter 77,
10 Section 2 and by Laws 2010, Chapter 78, Section 2) is amended
11 to read:

12 "7-9-54.3. DEDUCTION--GROSS RECEIPTS TAX--WIND AND SOLAR
13 GENERATION EQUIPMENT--SALES TO GOVERNMENTS.--

14 A. Receipts from selling wind generation equipment
15 or solar generation equipment to a government for the purpose
16 of installing a wind or solar electric generation facility may
17 be deducted from gross receipts.

18 B. The deduction allowed pursuant to this section
19 shall not be claimed for receipts from an expenditure for which
20 a taxpayer claims a credit pursuant to Section 7-2-18.25,
21 7-2A-25 or 7-9G-2 NMSA 1978.

22 C. A taxpayer allowed a deduction pursuant to this
23 section shall report the amount of the deduction separately in
24 a manner required by the department.

25 D. The department shall compile an annual report on

1 the deduction provided by this section that shall include the
 2 number of taxpayers that claimed the deduction, the aggregate
 3 amount of deductions claimed and any other information
 4 necessary to evaluate the deduction. The department shall
 5 present the report to the revenue stabilization and tax policy
 6 committee and the legislative finance committee with an
 7 analysis of the cost of the deduction.

8 [~~G.~~] E. As used in this section:

9 (1) "government" means the United States or
 10 the state or a governmental unit or a subdivision, agency,
 11 department or instrumentality of the federal government or the
 12 state;

13 (2) "related equipment" means transformers,
 14 circuit breakers and switching and metering equipment used to
 15 connect a wind or solar electric generation plant to the
 16 electric grid;

17 (3) "solar generation equipment" means solar
 18 thermal energy collection, concentration and heat transfer and
 19 conversion equipment; solar tracking hardware and software;
 20 photovoltaic panels and inverters; support structures; turbines
 21 and associated electrical generating equipment used to generate
 22 electricity from solar thermal energy; and related equipment;
 23 and

24 (4) "wind generation equipment" means wind
 25 generation turbines, blades, nacelles, rotors and supporting

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1 structures used to generate electricity from wind and related
2 equipment."

3 SECTION 3. Section 7-9-56.2 NMSA 1978 (being Laws 1998,
4 Chapter 92, Section 2) is amended to read:

5 "7-9-56.2. DEDUCTION--GROSS RECEIPTS TAX--HOSTING WORLD
6 WIDE [~~WEB SITES~~] WEBSITES.--

7 A. Receipts from hosting world wide [~~web sites~~]
8 websites may be deducted from gross receipts. For purposes of
9 this section, "hosting" means storing information on computers
10 attached to the internet.

11 B. A taxpayer allowed a deduction pursuant to this
12 section shall report the amount of the deduction separately in
13 a manner required by the department.

14 C. The department shall compile an annual report on
15 the deduction provided by this section that shall include the
16 number of taxpayers that claimed the deduction, the aggregate
17 amount of deductions claimed and any other information
18 necessary to evaluate the deduction. The department shall
19 present the report to the revenue stabilization and tax policy
20 committee and the legislative finance committee with an
21 analysis of the cost of the deduction."

22 SECTION 4. Section 7-9-56.3 NMSA 1978 (being Laws 2003,
23 Chapter 232, Section 1, as amended) is amended to read:

24 "7-9-56.3. DEDUCTION--GROSS RECEIPTS--TRADE-SUPPORT
25 COMPANY IN A BORDER ZONE.--

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1 A. The receipts of a trade-support company may be
2 deducted from gross receipts if:

3 (1) the trade-support company first locates in
4 New Mexico within twenty miles of a port of entry on New
5 Mexico's border with Mexico on or after July 1, 2003 but before
6 July 1, 2013 or on or after January 1, 2016 but before January
7 1, 2021;

8 (2) the receipts are received by the company
9 within a five-year period beginning on the date the trade-
10 support company locates in New Mexico and the receipts are
11 derived from its business activities and operations at its
12 border zone location; and

13 (3) the trade-support company employs at least
14 two employees in New Mexico.

15 B. A taxpayer allowed a deduction pursuant to this
16 section shall report the amount of the deduction separately in
17 a manner required by the department.

18 C. The department shall compile an annual report on
19 the deduction created pursuant to this section that shall
20 include the number of taxpayers approved by the department to
21 receive the deduction, the aggregate amount of deductions
22 approved and any other information necessary to evaluate the
23 effectiveness of the deduction. [~~Beginning in 2016 and every~~
24 ~~four years thereafter that the deduction is in effect~~] The
25 department shall [~~compile and~~] present the [~~annual reports~~]

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1 report to the revenue stabilization and tax policy committee
2 and the legislative finance committee with an analysis of the
3 effectiveness and cost of the deduction.

4 D. As used in this section:

5 (1) "employee" means an individual, other than
6 an individual who:

7 (a) bears any of the relationships
8 described in Paragraphs (1) through (8) of 26 U.S.C. Section
9 152(a) to the employer or, if the employer is a corporation, to
10 an individual who owns, directly or indirectly, more than fifty
11 percent in value of the outstanding stock of the corporation
12 or, if the employer is an entity other than a corporation, to
13 an individual who owns, directly or indirectly, more than fifty
14 percent of the capital and profits interests in the entity;

15 (b) if the employer is an estate or
16 trust, is a grantor, beneficiary or fiduciary of the estate or
17 trust or is an individual who bears any of the relationships
18 described in Paragraphs (1) through (8) of 26 U.S.C. Section
19 152(a) to a grantor, beneficiary or fiduciary of the estate or
20 trust; or

21 (c) is a dependent, as that term is
22 described in 26 U.S.C. Section 152(a)(9), of the employer, or,
23 if the taxpayer is a corporation, of an individual who owns,
24 directly or indirectly, more than fifty percent in value of the
25 outstanding stock of the corporation or, if the employer is an

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1 entity other than a corporation, an individual who owns,
 2 directly or indirectly, more than fifty percent of the capital
 3 and profits interests in the entity or, if the employer is an
 4 estate or trust, of a grantor, beneficiary or fiduciary of the
 5 estate or trust;

6 (2) "port of entry" means an international
 7 port of entry in New Mexico at which customs services are
 8 provided by United States customs and border protection; and

9 (3) "trade-support company" means a customs
 10 brokerage firm or a freight forwarder."

11 SECTION 5. Section 7-9-57.2 NMSA 1978 (being Laws 2002,
 12 Chapter 10, Section 1) is amended to read:

13 "7-9-57.2. DEDUCTION--GROSS RECEIPTS TAX--SALE OF
 14 SOFTWARE DEVELOPMENT SERVICES.--

15 A. To stimulate new business development, the
 16 receipts of an eligible software development company from the
 17 sale of software development services that are performed in a
 18 qualified area may be deducted from gross receipts.

19 B. A taxpayer allowed a deduction pursuant to this
 20 section shall report the amount of the deduction separately in
 21 a manner required by the department.

22 C. The department shall compile an annual report on
 23 the deduction provided by this section that shall include the
 24 number of taxpayers that claimed the deduction, the aggregate
 25 amount of deductions claimed and any other information

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1 necessary to evaluate the deduction. The department shall
2 present the report to the revenue stabilization and tax policy
3 committee and the legislative finance committee with an
4 analysis of the cost of the deduction.

5 ~~[B.]~~ D. As used in this section:

6 (1) "eligible software development company"
7 means a taxpayer who is not a successor in business of another
8 taxpayer; ~~and~~ whose primary business in New Mexico is
9 established after ~~[the effective date of this section]~~ July 1,
10 2002 and is providing software development services; and who
11 had no business location in New Mexico other than in a
12 qualified area during the period for which a deduction under
13 this section is sought;

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

18 (3) "software development services" means
19 custom software design and development and ~~[web site]~~ website
20 design and development but does not include software
21 implementation or support services."

22 SECTION 6. Section 7-9-62.1 NMSA 1978 (being Laws 2000
23 (2nd S.S.), Chapter 4, Section 2, as amended) is amended to
24 read:

25 "7-9-62.1. DEDUCTION--GROSS RECEIPTS TAX--AIRCRAFT SALES

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1 AND SERVICES--REPORTING REQUIREMENTS.--

2 A. Receipts from the sale of or from maintaining,
 3 refurbishing, remodeling or otherwise modifying a commercial or
 4 military carrier over ten thousand pounds gross landing weight
 5 may be deducted from gross receipts.

6 B. A taxpayer allowed a deduction pursuant to this
 7 section shall report the amount of the deduction separately in
 8 a manner required by the department.

9 C. The department shall compile an annual report on
 10 the deduction provided by this section that shall include the
 11 number of taxpayers approved by the department to receive the
 12 deduction, the aggregate amount of deductions approved and any
 13 other information necessary to evaluate the effectiveness of
 14 the deduction. [~~Beginning in 2019 and every five years~~
 15 ~~thereafter that the deduction is in effect~~] The department
 16 shall [~~compile and~~] present the [~~annual reports~~] report to the
 17 revenue stabilization and tax policy committee and the
 18 legislative finance committee with an analysis of the
 19 effectiveness and cost of the deduction."

20 SECTION 7. Section 7-9-63 NMSA 1978 (being Laws 1969,
 21 Chapter 144, Section 53) is amended to read:

22 "7-9-63. DEDUCTION--GROSS RECEIPTS TAX--PUBLICATION
 23 SALES.--

24 A. Receipts from publishing newspapers or
 25 magazines, except from selling advertising space, may be

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1 deducted from gross receipts.

2 B. Receipts from selling magazines at retail may
3 not be deducted from gross receipts.

4 C. A taxpayer allowed a deduction pursuant to this
5 section shall report the amount of the deduction separately in
6 a manner required by the department.

7 D. The department shall compile an annual report on
8 the deduction provided by this section that shall include the
9 number of taxpayers that claimed the deduction, the aggregate
10 amount of deductions claimed and any other information
11 necessary to evaluate the deduction. The department shall
12 present the report to the revenue stabilization and tax policy
13 committee and the legislative finance committee with an
14 analysis of the cost of the deduction."

15 SECTION 8. Section 7-9-64 NMSA 1978 (being Laws 1969,
16 Chapter 144, Section 54) is amended to read:

17 "7-9-64. DEDUCTION--GROSS RECEIPTS TAX--NEWSPAPER
18 SALES.--

19 A. Receipts from selling newspapers, except from
20 selling advertising space, may be deducted from gross receipts.

21 B. A taxpayer allowed a deduction pursuant to this
22 section shall report the amount of the deduction separately in
23 a manner required by the department.

24 C. The department shall compile an annual report on
25 the deduction provided by this section that shall include the

1 number of taxpayers that claimed the deduction, the aggregate
 2 amount of deductions claimed and any other information
 3 necessary to evaluate the deduction. The department shall
 4 present the report to the revenue stabilization and tax policy
 5 committee and the legislative finance committee with an
 6 analysis of the cost of the deduction."

7 SECTION 9. Section 7-9-65 NMSA 1978 (being Laws 1969,
 8 Chapter 144, Section 56) is amended to read:

9 "7-9-65. DEDUCTION--GROSS RECEIPTS TAX--CHEMICALS AND
 10 REAGENTS.--

11 A. Receipts from selling chemicals or reagents to
 12 any mining, milling or oil company for use in processing ores
 13 or oil in a mill, smelter or refinery or in acidizing oil wells
 14 [~~and receipts from selling chemicals or reagents in lots in~~
 15 ~~excess of eighteen tons~~] may be deducted from gross receipts.
 16 Receipts from selling explosives, blasting powder or dynamite
 17 and receipts from selling chemicals or reagents for use as fuel
 18 may not be deducted from gross receipts pursuant to this
 19 section.

20 B. A taxpayer allowed a deduction pursuant to this
 21 section shall report the amount of the deduction separately in
 22 a manner required by the department.

23 C. The department shall compile an annual report on
 24 the deduction provided by this section that shall include the
 25 number of taxpayers that claimed the deduction, the aggregate

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1 amount of deductions claimed and any other information
2 necessary to evaluate the deduction. The department shall
3 present the report to the revenue stabilization and tax policy
4 committee and the legislative finance committee with an
5 analysis of the cost of the deduction."

6 SECTION 10. Section 7-9-73.1 NMSA 1978 (being Laws 1991,
7 Chapter 8, Section 3, as amended) is amended to read:

8 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--HOSPITALS.--

9 A. Fifty percent of the receipts of hospitals
10 licensed by the department of health may be deducted from gross
11 receipts; provided that this deduction may be applied only to
12 the taxable gross receipts remaining after all other
13 appropriate deductions have been taken.

14 B. A taxpayer allowed a deduction pursuant to this
15 section shall report the amount of the deduction separately in
16 a manner required by the department.

17 C. The department shall compile an annual report on
18 the deduction provided by this section that shall include the
19 number of taxpayers that claimed the deduction, the aggregate
20 amount of deductions claimed and any other information
21 necessary to evaluate the deduction. The department shall
22 present the report to the revenue stabilization and tax policy
23 committee and the legislative finance committee with an
24 analysis of the cost of the deduction."

25 SECTION 11. Section 7-9-73.2 NMSA 1978 (being Laws 1998,

1 Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as
 2 amended) is amended to read:

3 "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL
 4 GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN.--

5 A. Receipts from the sale of prescription drugs and
 6 oxygen and oxygen services provided by a licensed medicare
 7 durable medical equipment provider may be deducted from gross
 8 receipts and governmental gross receipts.

9 B. A taxpayer allowed a deduction pursuant to this
 10 section shall report the amount of the deduction separately in
 11 a manner required by the department.

12 C. The department shall compile an annual report on
 13 the deduction provided by this section that shall include the
 14 number of taxpayers that claimed the deduction, the aggregate
 15 amount of deductions claimed and any other information
 16 necessary to evaluate the deduction. The department shall
 17 present the report to the revenue stabilization and tax policy
 18 committee and the legislative finance committee with an
 19 analysis of the cost of the deduction.

20 [~~B.~~] D. For the purposes of this section,
 21 "prescription drugs" means insulin and substances that are:

22 (1) dispensed by or under the supervision of a
 23 licensed pharmacist or by a physician or other person
 24 authorized under state law to do so;

25 (2) prescribed for a specified person by a

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1 person authorized under state law to prescribe the substance;
2 and

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

5 SECTION 12. Section 7-9-83 NMSA 1978 (being Laws 1993,
6 Chapter 364, Section 1, as amended) is amended to read:

7 "7-9-83. DEDUCTION--GROSS RECEIPTS TAX--JET FUEL.--

8 A. ~~[From July 1, 2003 through June 30, 2017,~~
9 ~~fifty-five percent of the receipts from the sale of fuel~~
10 ~~specially prepared and sold for use in turboprop or jet-type~~
11 ~~engines as determined by the department may be deducted from~~
12 ~~gross receipts. B. After June 30, 2017]~~ Forty percent of the
13 receipts from the sale of fuel specially prepared and sold for
14 use in turboprop or jet-type engines as determined by the
15 department may be deducted from gross receipts.

16 B. A taxpayer allowed a deduction pursuant to this
17 section shall report the amount of the deduction separately in
18 a manner required by the department.

19 C. The department shall compile an annual report on
20 the deduction provided by this section that shall include the
21 number of taxpayers that claimed the deduction, the aggregate
22 amount of deductions claimed and any other information
23 necessary to evaluate the deduction. The department shall
24 present the report to the revenue stabilization and tax policy
25 committee and the legislative finance committee with an

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1 analysis of the cost of the deduction."

2 SECTION 13. Section 7-9-84 NMSA 1978 (being Laws 1993,
3 Chapter 364, Section 2, as amended) is amended to read:

4 "7-9-84. DEDUCTION--COMPENSATING TAX--JET FUEL.--

5 A. ~~[From July 1, 2003 through June 30, 2017, fifty-~~
6 ~~five percent of the value of the fuel specially prepared and~~
7 ~~sold for use in turboprop or jet-type engines as determined by~~
8 ~~the department may be deducted in computing the compensating~~
9 ~~tax due. B. After June 30, 2017]~~ Forty percent of the value
10 of the fuel specially prepared and sold for use in turboprop or
11 jet-type engines as determined by the department may be
12 deducted in computing the compensating tax due.

13 B. A taxpayer allowed a deduction pursuant to this
14 section shall report the amount of the deduction separately in
15 a manner required by the department.

16 C. The department shall compile an annual report on
17 the deduction provided by this section that shall include the
18 number of taxpayers that claimed the deduction, the aggregate
19 amount of deductions claimed and any other information
20 necessary to evaluate the deduction. The department shall
21 present the report to the revenue stabilization and tax policy
22 committee and the legislative finance committee with an
23 analysis of the cost of the deduction."

24 SECTION 14. Section 7-9-86 NMSA 1978 (being Laws 1995,
25 Chapter 80, Section 1, as amended) is amended to read:

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1 "7-9-86. DEDUCTION--GROSS RECEIPTS TAX--SALES TO
2 QUALIFIED FILM PRODUCTION COMPANY.--

3 A. Receipts from selling or leasing property and
4 from performing services may be deducted from gross receipts or
5 from governmental gross receipts if the sale, lease or
6 performance is made to a qualified production company that
7 delivers a nontaxable transaction certificate to the seller,
8 lessor or performer.

9 B. A taxpayer allowed a deduction pursuant to this
10 section shall report the amount of the deduction separately in
11 a manner required by the department.

12 C. The department shall compile an annual report on
13 the deduction provided by this section that shall include the
14 number of taxpayers that claimed the deduction, the aggregate
15 amount of deductions claimed and any other information
16 necessary to evaluate the deduction. The department shall
17 present the report to the revenue stabilization and tax policy
18 committee and the legislative finance committee with an
19 analysis of the cost of the deduction.

20 ~~[B.]~~ D. For the purposes of this section:

21 (1) "film" means a single media or multimedia
22 program, including an advertising message, that:

23 (a) is fixed on film, digital medium,
24 videotape, computer disc, laser disc or other similar delivery
25 medium;

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- 1 (b) can be viewed or reproduced;
- 2 (c) is not intended to and does not
- 3 violate a provision of Chapter 30, Article 37 NMSA 1978; and
- 4 (d) is intended for reasonable
- 5 commercial exploitation for the delivery medium used;

6 (2) "production company" means a person that
7 produces one or more films for exhibition in theaters, on
8 television or elsewhere;

9 (3) "production costs" means the costs of the
10 following:

11 (a) a story and scenario to be used for
12 a film;

13 (b) salaries of talent, management and
14 labor, including payments to personal services corporations for
15 the services of a performing artist;

16 (c) set construction and operations,
17 wardrobe, accessories and related services;

18 (d) photography, sound synchronization,
19 lighting and related services;

20 (e) editing and related services;

21 (f) rental of facilities and equipment;

22 or

23 (g) other direct costs of producing the
24 film in accordance with generally accepted entertainment
25 industry practice; and

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1 (4) "qualified production company" means a
2 production company that meets the provisions of this section
3 and has registered or will register with the New Mexico film
4 division of the economic development department.

5 [~~E.~~] E. A qualified production company may deliver
6 the nontaxable transaction certificates authorized by this
7 section only with respect to production costs."

8 SECTION 15. Section 7-9-108 NMSA 1978 (being Laws 2007,
9 Chapter 172, Section 10) is amended to read:

10 "7-9-108. DEDUCTION--GROSS RECEIPTS--RECEIPTS FROM
11 PERFORMING MANAGEMENT OR INVESTMENT ADVISORY SERVICES FOR
12 MUTUAL FUNDS, HEDGE FUNDS OR REAL ESTATE INVESTMENT TRUSTS.--

13 A. Receipts from fees received for performing
14 management or investment advisory services for a mutual fund,
15 hedge fund or real estate investment trust may be deducted from
16 gross receipts.

17 B. A taxpayer allowed a deduction pursuant to this
18 section shall report the amount of the deduction separately in
19 a manner required by the department.

20 C. The department shall compile an annual report on
21 the deduction provided by this section that shall include the
22 number of taxpayers that claimed the deduction, the aggregate
23 amount of deductions claimed and any other information
24 necessary to evaluate the deduction. The department shall
25 present the report to the revenue stabilization and tax policy

1 committee and the legislative finance committee with an
 2 analysis of the cost of the deduction.

3 ~~[B-]~~ D. As used in this section:

4 (1) "hedge fund" means a private investment
 5 fund or pool, the assets of which are managed by a professional
 6 management firm, that:

7 (a) trades or invests, through public
 8 market or private transactions, in securities, commodities,
 9 currency, derivatives or similar classes of financial assets;
 10 or

11 (b) is not an investment company
 12 pursuant to the provisions of 15 U.S.C. 80a-3(c)(1) or 15
 13 U.S.C. 80a-3(c)(7);

14 (2) "mutual fund" means an entity registered
 15 pursuant to the federal Investment Company Act of 1940, as
 16 amended; and

17 (3) "real estate investment trust" means an
 18 entity described in Section 856(a) of the Internal Revenue Code
 19 of 1986, as amended, the investments of which are limited to
 20 interests in mortgages on real property and shares of or
 21 transferable certificates of beneficial interest in an entity
 22 described in Section 856(a) of the Internal Revenue Code of
 23 1986, as amended."

24 **SECTION 16.** Section 7-14-6 NMSA 1978 (being Laws 1988,
 25 Chapter 73, Section 16, as amended) is amended to read:

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1 "7-14-6. EXEMPTIONS FROM TAX.--

2 A. A person who acquires a vehicle out of state
3 thirty or more days before establishing a domicile in this
4 state is exempt from the tax if the vehicle was acquired for
5 personal use.

6 B. A person applying for a certificate of title for
7 a vehicle registered in another state is exempt from the tax if
8 the person has previously registered and titled the vehicle in
9 New Mexico and has owned the vehicle continuously since that
10 time.

11 C. A vehicle with a certificate of title owned by
12 this state or any political subdivision is exempt from the tax.

13 D. A person is exempt from the tax if the person
14 has a disability at the time the person purchases a vehicle and
15 can prove to the motor vehicle division of the department or
16 its agent that modifications have been made to the vehicle that
17 are:

18 (1) due to that person's disability; and

19 (2) necessary to enable that person to drive
20 that vehicle or be transported in that vehicle.

21 E. A person is exempt from the tax if the person is
22 a bona fide resident of New Mexico who served in the armed
23 forces of the United States and who suffered, while serving in
24 the armed forces or from a service-connected cause, the loss or
25 complete and total loss of use of:

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1 (1) one or both legs at or above the ankle; or

2 (2) one or both arms at or above the wrist.

3 F. A person who acquires a vehicle for subsequent
4 lease shall be exempt from the tax if:

5 (1) the person does not use the vehicle in any
6 manner other than holding it for lease or sale or leasing or
7 selling it in the ordinary course of business;

8 (2) the lease is for a term of more than six
9 months;

10 (3) the receipts from the subsequent lease are
11 subject to the gross receipts tax; and

12 (4) the vehicle does not have a gross vehicle
13 weight of over twenty-six thousand pounds.

14 [~~G. From July 1, 2004 through June 30, 2009,~~
15 ~~vehicles that are gasoline-electric hybrid vehicles with a~~
16 ~~United States environmental protection agency fuel economy~~
17 ~~rating of at least twenty-seven and one-half miles per gallon~~
18 ~~are eligible for a one-time exemption from the tax at the time~~
19 ~~of the issuance of the original certificate of title for the~~
20 ~~vehicle.]"~~

21 SECTION 17. Section 59A-6-6 NMSA 1978 (being Laws 1984,
22 Chapter 127, Section 106, as amended) is amended to read:

23 "59A-6-6. PREEMPTION AND IN LIEU PROVISION.--The state
24 government of New Mexico preempts the field of taxation of
25 insurers, nonprofit health care plans, health maintenance

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1 organizations, prepaid dental plans, prearranged funeral plans
2 and insurance producers as such and payment of the taxes,
3 licenses and fees provided for in the Insurance Code shall be
4 in lieu of all other taxes, licenses and fees of every kind now
5 or hereafter imposed by this state or any political subdivision
6 thereof on any of the foregoing specified entities, excepting
7 the regular state, county and city taxes on property located in
8 New Mexico and excepting the income tax on insurance producers.
9 ~~[No provision of law enacted after January 1, 1985 shall be~~
10 ~~deemed to modify this provision except by express reference to~~
11 ~~this section]~~ The provisions of this section shall not apply to
12 revenues or receipts that are not directly attributable to
13 persons, entities and activities subject to the provisions of
14 the Insurance Code."

15 SECTION 18. TEMPORARY PROVISION--EXHAUSTION OF CREDITS.--

16 A. If a taxpayer has met the eligibility
17 requirements to apply for and claim a credit pursuant to
18 Section 7-2-18.4, 7-2-18.5, 7-2-18.8, 7-2-18.21, 7-2-18.27,
19 7-2A-15 or 7-2A-23 NMSA 1978 or a credit pursuant to the
20 Venture Capital Investment Act for a period prior to the
21 effective date of this act, the taxpayer may claim, and the
22 taxation and revenue department may approve, the credit for
23 those periods, including amounts that may be carried forward
24 pursuant to those sections and that act as they were in effect
25 prior to the effective date of this act.

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1 B. If a taxpayer has claimed and been awarded a
2 credit pursuant to Section 7-2-18.4, 7-2-18.5, 7-2-18.8,
3 7-2-18.21, 7-2-18.27, 7-2A-15 or 7-2A-23 NMSA 1978 or a credit
4 pursuant to the Venture Capital Investment Act, but a portion
5 of the credit claimed remains unused, the taxpayer may claim
6 the unused portion, including amounts that could have been
7 carried forward pursuant to those sections or that act as they
8 were in effect prior to the effective date of this act.

9 **SECTION 19. DELAYED REPEAL.**--Sections 7-2-18.4, 7-2-18.5,
10 7-2-18.8, 7-2-18.21, 7-2-18.27, 7-2A-15, 7-2A-23, 7-2D-1,
11 7-2D-2 and 7-2D-4 through 7-2D-14 NMSA 1978 (being Laws 1994,
12 Chapter 115, Section 1, Laws 1998, Chapter 97, Section 2, Laws
13 2001, Chapter 73, Section 1, Laws 2007, Chapter 204, Section 7,
14 Laws 2011, Chapter 89, Section 1, Laws 1994, Chapter 115,
15 Section 2, Laws 2007, Chapter 204, Section 8, Laws 1993,
16 Chapter 313, Sections 1, 2 and 4 through 8, Laws 1995, Chapter
17 89, Section 8 and Laws 1993, Chapter 313, Sections 9 through
18 14, as amended) are repealed effective January 1, 2019.

19 **SECTION 20. REPEAL.**--Section 7-9-106 NMSA 1978 (being
20 Laws 2007, Chapter 172, Section 8) is repealed.

21 **SECTION 21. EFFECTIVE DATE.**--The effective date of the
22 provisions of this act is July 1, 2018.