

HOUSE BILL 163

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; PROVIDING A TWENTY-FIVE PERCENT GROSS RECEIPTS TAX DEDUCTION FOR CERTAIN SMALL BUSINESSES.

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--GROSS RECEIPTS TAX--CERTAIN BUSINESSES.--

A. Twenty-five percent of the receipts of a small business may be deducted from gross receipts.

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

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

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

8 D. As used in this section, "small business" means
9 a business that employs no more than four full- or part-time
10 employees who are employed by the business for at least forty-
11 four weeks in the twelve months prior to the month for which
12 the deduction pursuant to this section is claimed."

13 SECTION 2. EFFECTIVE DATE.--The effective date of the
14 provisions of this act is July 1, 2023.