

FORTY-FOURTH LEGISLATURE
SECOND SESSION, 2000

February 8, 2000

Mr. Speaker:

Your **AGRICULTURE AND WATER RESOURCES COMMITTEE**, to whom has been referred

HOUSE BILL 283

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On pages 6 through 9, strike Section 3 in its entirety and insert in lieu thereof the following new section:

"Section 3. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--SALE OF CERTAIN SERVICES, MATERIALS AND EQUIPMENT FOR AGRICULTURAL PROCESSING OPERATIONS--DEFINITIONS.--

A. Receipts from the sale of construction services to expand existing or construct new facilities for an agricultural processing operation located in New Mexico may be deducted from gross receipts if the construction service is sold to a qualifying entity that delivers a nontaxable transaction certificate to the person performing the construction service.

B. Receipts from the sale of construction materials purchased for use to expand existing or construct new facilities for an agricultural processing operation located in New Mexico may be deducted from gross receipts if the materials are sold to a qualifying entity that delivers a nontaxable transaction certificate to the person selling the materials.

C. Receipts from the sale of agricultural processing equipment purchased for use in a new or expanded agricultural processing operation located in New Mexico may be deducted from gross receipts if the equipment is sold to a qualifying entity that delivers a nontaxable transaction certificate to the person selling the equipment.

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D. Receipts from the sale of installation services necessary to install agricultural processing equipment in a new or expanded agricultural processing operation located in New Mexico may be deducted from gross receipts if the installation service is sold to a qualifying entity that delivers a nontaxable transaction certificate to the person performing the installation service.

E. As used in this section:

(1) "agricultural processing equipment" means equipment necessary to conduct a new or expanded agricultural processing operation;

(2) "agricultural processing operation" means a plant, business or establishment at which personnel are employed for the purpose of processing agricultural products, including storage, handling, packaging and similar activities associated with processing;

(3) "agricultural product" means a raw or unprocessed product of a plant or animal;

(4) "construction service" means a service necessary to construct or expand an agricultural processing operation;

(5) "installation service" means a service required to install and make operational agricultural processing equipment necessary to conduct an agricultural processing operation;

(6) "qualified entity" means an entity certified by the secretary of economic development as a part of the agriculture processing cluster pilot project and is participating in a regional or local government economic development plan or project pursuant to the Local Economic Development Act, is located in an enterprise zone as defined by the Enterprise Zone Act or is located in a rural area; and

(7) "rural area" means any part of the state other than:

(a) an H class county;

(b) an incorporated municipality within

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a metropolitan statistical area if the municipality's population is thirty thousand or more according to the most recent federal decennial census; and

(c) any area within ten miles of the exterior boundaries of a municipality described in Subparagraph (b) of this paragraph.

F. Election by a taxpayer to deliver the nontaxable transaction certificate necessary to support a deduction for receipts from the sale of agricultural processing equipment, pursuant to the provisions of this section, shall preclude availability of the investment credit that would be available with regard to the same equipment pursuant to the provisions of the Investment Credit Act."",

and thence referred to the **APPROPRIATIONS AND FINANCE COMMITTEE.**

Respectfully submitted,

Joe M Stell, Chairman

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

Date _____

The roll call vote was 6 For 0 Against

Yes: 6

Excused: Gubbels, Varela, Wright

Absent: None

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