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**SENATE BILL 154**

**45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001**

**INTRODUCED BY**

**Shannon Robinson**

**AN ACT**

**RELATING TO TAXATION; EXPANDING THE DEFINITION OF "PRODUCTION COSTS" FOR PURPOSES OF THE GROSS RECEIPTS DEDUCTION FOR CERTAIN SALES TO A QUALIFIED FILM PRODUCTION COMPANY.**

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

**Section 1. Section 7-9-86 NMSA 1978 (being Laws 1995, Chapter 80, Section 1) is amended to read:**

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

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

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B. For the purposes of this section:

(1) "film" means a single media or multimedia program, including advertising messages, fixed on film, videotape, computer disc, laser disc or other similar delivery medium from which the program can be viewed or reproduced and which is exhibited in theaters, licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for the home viewing market;

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

(3) "production costs" include:

(a) the cost of a story and scenario to be used for a film;

(b) salaries of talent, management and labor, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62b(1)(A) of the Internal Revenue Code of 1986;

(c) cost of set construction and operations, wardrobe, accessories and related services;

(d) costs of sound synchronization, lighting and related services;

(e) costs of editing and related

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services;

(f) costs of food and lodging;

(g) leasing of vehicles;

~~(f)~~ (h) rental of facilities and

equipment; or

~~(g)~~ (i) other direct costs of

producing the film; and

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

C. A qualified production company may deliver the nontaxable transaction certificates authorized by this section only with respect to production costs."

Section 2. EFFECTIVE DATE. -- The effective date of the provisions of this act is July, 1, 2001.