**CHAPTER 10, LAWS 2002**

AN ACT
RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX
DEDUCTION FOR CERTAIN SOFTWARE DEVELOPMENT SERVICES;
ENACTING A NEW SECTION OF THE GROSS RECEIPTS AND
COMPENSATING TAX ACT.

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:

     "DEDUCTION--GROSS RECEIPTS TAX--SALE OF SOFTWARE
DEVELOPMENT SERVICES.--

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

          B.  As used in this section:

               (1)  "eligible software development company"
means a taxpayer who is not a successor in business of
another taxpayer and whose primary business in New Mexico is
established after the effective date of this section, is
providing software development services and who had no
business location in New Mexico other than in a qualified
area during the period for which a deduction under this
section is sought;

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

               (3)  "software development services" means
custom software design and development and web site design
and development but does not include software implementation
or support services."

     Section 2.  EFFECTIVE DATE.--The effective date of the
provisions of this act is July 1, 2002.
_____
HOUSE BILL 40, AS AMENDED