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SENATE BILL 45

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Carlos R. Cisneros

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:

"~~[NEW MATERIAL]~~ DEDUCTION--GROSS RECEIPTS TAX--SALE OF SOFTWARE DEVELOPMENT SERVICES. --

A. The receipts of an eligible software 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 company" means a

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 taxpayer whose primary business in New Mexico is providing
2 software development services and who had no business location
3 in New Mexico other than in a qualified area during the period
4 for which a deduction pursuant to this section is sought;

5 (2) "qualified area" means an area within New
6 Mexico outside the boundaries of incorporated municipalities
7 with populations of more than fifty thousand according to the
8 most recent federal decennial census; and

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

13 C. In the 2006 interim, the department and
14 representatives of the software development industry shall
15 report to the revenue stabilization and tax policy committee
16 and the legislative finance committee on the fiscal and
17 economic impact of the software development services deduction
18 provided in this section. The report shall include data on
19 the use of the deduction, the geographic locations of the
20 eligible software companies claiming the deduction and
21 increases in the payrolls and the number of software
22 development companies in qualified areas in the state since
23 enactment of the deduction. The committees shall report their
24 findings and any recommendations to the first session of the
25 forty- eighth legislature. "

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