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HOUSE BILL 8

**47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006**

INTRODUCED BY

Jose A. Campos

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING FOR DEDUCTIONS FROM GROSS RECEIPTS FOR THE SALE OF ENGINEERING, ARCHITECTURAL AND CONSTRUCTION SERVICES, CONSTRUCTION EQUIPMENT AND CONSTRUCTION MATERIALS USED IN THE CONSTRUCTION OF A SOLE COMMUNITY PROVIDER HOSPITAL THAT IS LOCATED IN A FEDERALLY DESIGNATED HEALTH PROFESSIONAL SHORTAGE AREA.

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 ENGINEERING, ARCHITECTURAL AND CONSTRUCTION SERVICES USED IN CONSTRUCTION OF PUBLIC HEALTH CARE FACILITIES.--Receipts from selling an engineering, architectural or construction service used in the construction of a sole community provider hospital

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1 that is located in a federally designated health professional  
2 shortage area may be deducted from gross receipts if the sale  
3 of the engineering, architectural or construction service is  
4 made to a foundation or a nonprofit organization that:

5 A. has entered into a written agreement with a  
6 county to pay at least ninety-five percent of the costs of  
7 construction of that sole community provider hospital; and

8 B. delivers to the seller of the engineering,  
9 architectural or construction service either an appropriate  
10 nontaxable transaction certificate or other evidence acceptable  
11 to the secretary of a written agreement made in accordance with  
12 Subsection A of this section."

13 Section 2. A new section of the Gross Receipts and  
14 Compensating Tax Act is enacted to read:

15 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
16 CONSTRUCTION EQUIPMENT AND CONSTRUCTION MATERIALS USED IN  
17 CONSTRUCTION OF A SOLE COMMUNITY PROVIDER HOSPITAL THAT IS  
18 LOCATED IN A FEDERALLY DESIGNATED HEALTH PROFESSIONAL SHORTAGE  
19 AREA.--Receipts from selling construction equipment or  
20 construction materials used in the construction of a sole  
21 community provider hospital that is located in a federally  
22 designated health professional shortage area may be deducted  
23 from gross receipts if the sale of the construction equipment  
24 or construction materials is made to a foundation or a  
25 nonprofit organization that:

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A. has entered into a written agreement with a county to pay at least ninety-five percent of the costs of construction of that sole community provider hospital; and

B. delivers to the seller either an appropriate nontaxable transaction certificate or other evidence acceptable to the secretary of a written agreement made in accordance with Subsection A of this section."

Section 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2006.