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HOUSE BILL 500

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

INTRODUCED BY

Daniel P. Silva

AN ACT

RELATING TO TAXATION; PROVIDING FOR A DEDUCTION FROM GROSS RECEIPTS FOR RECEIPTS FROM FEES FOR MANAGEMENT OF MUTUAL FUNDS OR HEDGE FUNDS LOCATED IN NEW MEXICO.

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--RECEIPTS FROM FEES FOR MANAGEMENT OF MUTUAL FUNDS OR HEDGE FUNDS LOCATED IN NEW MEXICO.--

A. Receipts from fees for management of a mutual fund or a hedge fund located in New Mexico may be deducted from gross receipts.

B. For the purposes of this section, "hedge fund" means a private investment fund or pool, the assets of which

underscoring material = new  
[bracketed material] = delete

1 are managed by a professional management firm and that:

2 (1) trades and invests in assets, including  
3 securities, commodities, currency and derivatives;

4 (2) is not an investment company pursuant to  
5 the provisions of 15 U.S.C. 80a-3(c)(1) or 15 U.S.C.  
6 80a-3(c)(7); and

7 (3) is comprised of investments by accredited  
8 investors in accordance with federal Securities and Exchange  
9 Commission Regulation D."

10 Section 2. EFFECTIVE DATE.--The effective date of the  
11 provisions of this act is July 1, 2006.

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