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SENATE BILL 46

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

INTRODUCED BY

John Arthur Smith

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; EXPANDING THE SCOPE OF A GROSS RECEIPTS
TAX DEDUCTION FOR SALES OF AGRICULTURAL IMPLEMENTS TO INCLUDE
SALES OF UNDERGROUND IRRIGATION TOOLS, UTENSILS OR INSTRUMENTS.

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

Section 1. Section 7-9-62 NMSA 1978 (being Laws 1969,
Chapter 144, Section 52, as amended) is amended to read:

"7-9-62. DEDUCTION--GROSS RECEIPTS TAX--AGRICULTURAL
IMPLEMENTS--AIRCRAFT--VEHICLES THAT ARE NOT REQUIRED TO BE
REGISTERED.--

A. Except for receipts deductible under Subsection
B of this section, fifty percent of the receipts from selling
agricultural implements, farm tractors, aircraft or vehicles
that are not required to be registered under the Motor Vehicle
Code may be deducted from gross receipts; provided that, with

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underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 respect to agricultural implements, the sale is made to a
2 person who states in writing that the person is regularly
3 engaged in the business of farming or ranching. Any deduction
4 allowed under Section 7-9-71 NMSA 1978 must be taken before the
5 deduction allowed by this subsection is computed.

6 B. Receipts of an aircraft manufacturer from
7 selling aircraft may be deducted from gross receipts. Any
8 deduction allowed under Section 7-9-71 NMSA 1978 must be taken
9 before the deduction allowed by this subsection is computed.

10 C. As used in this section, "agricultural
11 implement" means a tool, utensil or instrument that is:

12 (1) designed to irrigate agricultural produce
13 aboveground or belowground at the place where the produce is
14 grown; or

15 [~~(1)~~] (2) designed primarily for use with a
16 source of motive power, such as a tractor, in planting,
17 growing, cultivating, harvesting or processing agricultural
18 produce at the place where the produce is grown; in raising
19 poultry or livestock; or in obtaining or processing food or
20 fiber, such as eggs, milk, wool or mohair, from living poultry
21 or livestock at the place where the poultry or livestock are
22 kept for this purpose; and [~~(2)~~] that is depreciable for
23 federal income tax purposes."

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

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