

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 NEW FACILITY 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:

"DEDUCTION--GROSS RECEIPTS TAX--SALE OF ENGINEERING, ARCHITECTURAL AND NEW FACILITY CONSTRUCTION SERVICES USED IN CONSTRUCTION OF CERTAIN PUBLIC HEALTH CARE FACILITIES.--
Receipts from selling an engineering, architectural or construction service used in the new facility construction of a sole community provider hospital that is located in a federally designated health professional shortage area may be deducted from gross receipts if the sale of the engineering, architectural or construction service is made to a foundation or a nonprofit organization that:

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

B. delivers to the seller of the engineering, architectural or construction service 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 2. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

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

A. has entered into a written agreement with a county to pay at least ninety-five percent of the costs of new facility 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.