

AN ACT

RELATING TO TAXATION; CREATING CERTAIN DEDUCTIONS IN THE GROSS RECEIPTS AND COMPENSATING TAX ACT FOR CONVERTING ELECTRICITY AND OPERATING AN ELECTRICITY EXCHANGE; PROVIDING FOR AN EXPANDED EXEMPTION FOR FACILITIES FOR TRANSMITTING ELECTRICITY USING VOLTAGE SOURCE CONVERSION TECHNOLOGY.

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

SECTION 1. Section 7-9-38 NMSA 1978 (being Laws 1969, Chapter 144, Section 31) is amended to read:

"7-9-38. EXEMPTION--COMPENSATING TAX--USE OF ELECTRICITY IN THE PRODUCTION, CONVERSION AND TRANSMISSION OF ELECTRICITY.--Exempted from the compensating tax is electricity used in the production and transmission of electricity, including transmission using voltage source conversion technology."

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

"DEDUCTION--GROSS RECEIPTS TAX--CONVERTING ELECTRICITY.--

A. Receipts from the transmission of electricity where voltage source conversion technology is employed to provide such services and from ancillary services may be deducted from gross receipts.

B. The department shall report annually to the

interim revenue stabilization and tax policy committee on the expansion of voltage source conversion technology use in the transmission of electricity in New Mexico and the use of the deduction provided in this section.

C. As used in this section, "ancillary services" means services that are supplied from or in connection with facilities employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system."

SECTION 3. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"DEDUCTION--GROSS RECEIPTS--ELECTRICITY EXCHANGE.--

A. Receipts from operating a market or exchange for the sale or trading of electricity, rights to electricity and derivative products and from providing ancillary services may be deducted from gross receipts.

B. The department shall report annually to the interim revenue stabilization and tax policy committee on use of the deduction provided in this section.

C. As used in this section, "ancillary services" means services that are supplied from or in connection with facilities employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system."

SECTION 4. EFFECTIVE DATE.--The effective date of the

provisions of this act is July 1, 2012. _____

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