

1 SENATE BILL 332

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

4 Joseph Cervantes

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10 AN ACT

11 RELATING TO TAXATION; EXTENDING ELIGIBILITY FOR THE GROSS
12 RECEIPTS TAX DEDUCTION FOR TRADE-SUPPORT COMPANIES IN A BORDER
13 ZONE FOR SIX YEARS.

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

16 SECTION 1. Section 7-9-56.3 NMSA 1978 (being Laws 2003,
17 Chapter 232, Section 1, as amended) is amended to read:

18 "7-9-56.3. DEDUCTION--GROSS RECEIPTS--TRADE-SUPPORT
19 COMPANY IN A BORDER ZONE.--

20 A. The receipts of a trade-support company may be
21 deducted from gross receipts if:

22 (1) the trade-support company first locates in
23 New Mexico within twenty miles of a port of entry on New
24 Mexico's border with Mexico on or after July 1, 2003 but before
25 July 1, 2013 or on or after July 1, 2015 but before July 1,

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1 2021;

2 (2) the receipts are received by the company
3 within a five-year period beginning on the date the trade-
4 support company locates in New Mexico and the receipts are
5 derived from its business activities and operations at its
6 border zone location; and

7 (3) the trade-support company employs at least
8 two employees in New Mexico.

9 B. A taxpayer allowed a deduction pursuant to this
10 section shall report the amount of the deduction separately in
11 a manner required by the department.

12 C. The department shall compile an annual report on
13 the deduction created pursuant to this section that shall
14 include the number of taxpayers approved by the department to
15 receive the deduction, the aggregate amount of deductions
16 approved and any other information necessary to evaluate the
17 effectiveness of the deduction. Beginning in 2016 and every
18 four years thereafter that the deduction is in effect, the
19 department shall compile and present the annual reports to the
20 revenue stabilization and tax policy committee and the
21 legislative finance committee with an analysis of the
22 effectiveness and cost of the deduction.

23 [~~B.~~] D. As used in this section:

24 (1) "employee" means an individual, other than
25 an individual who:

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1 (a) bears any of the relationships
2 described in Paragraphs (1) through (8) of 26 U.S.C. Section
3 152(a) to the employer or, if the employer is a corporation, to
4 an individual who owns, directly or indirectly, more than fifty
5 percent in value of the outstanding stock of the corporation
6 or, if the employer is an entity other than a corporation, to
7 an individual who owns, directly or indirectly, more than fifty
8 percent of the capital and profits interests in the entity;

9 (b) if the employer is an estate or
10 trust, is a grantor, beneficiary or fiduciary of the estate or
11 trust or is an individual who bears any of the relationships
12 described in Paragraphs (1) through (8) of 26 U.S.C. Section
13 152(a) to a grantor, beneficiary or fiduciary of the estate or
14 trust; or

15 (c) is a dependent, as that term is
16 described in 26 U.S.C. Section 152(a)(9), of the employer, or,
17 if the taxpayer is a corporation, of an individual who owns,
18 directly or indirectly, more than fifty percent in value of the
19 outstanding stock of the corporation or, if the employer is an
20 entity other than a corporation, an individual who owns,
21 directly or indirectly, more than fifty percent of the capital
22 and profits interests in the entity or, if the employer is an
23 estate or trust, of a grantor, beneficiary or fiduciary of the
24 estate or trust;

25 (2) "port of entry" means an international

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1 port of entry in New Mexico at which customs services are
2 provided by United States customs and border protection; and

3 (3) "trade-support company" means a customs
4 brokerage firm or a freight forwarder."

5 SECTION 2. EFFECTIVE DATE.--The effective date of the
6 provisions of this act is July 1, 2015.

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