

1 SENATE BILL 502

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

3 INTRODUCED BY

4 George K. Munoz

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10 AN ACT

11 RELATING TO TAXATION; PROVIDING A DEDUCTION FROM THE GROSS
12 RECEIPTS TAX FOR CERTAIN RECEIPTS DERIVED FROM THE SALE OF
13 GOODS AND SERVICES TO THE UNITED STATES DEPARTMENT OF DEFENSE
14 RELATED TO DIRECTED ENERGY OR SATELLITES; REQUIRING REPORTS AND
15 REVIEW.

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

18 SECTION 1. A new section of the Gross Receipts and
19 Compensating Tax Act is enacted to read:

20 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--GOODS AND
21 SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED
22 ENERGY AND SATELLITES--TEN-YEAR PERIOD--REPORTING.--

23 A. Receipts in the period July 1, 2015 through June
24 30, 2025 from the sale by a qualified contractor of qualified
25 research and development services and qualified directed energy

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1 and satellite-related inputs may be deducted from gross
2 receipts when sold pursuant to a contract with the United
3 States department of defense.

4 B. The purpose of the deductions allowed in this
5 section is to promote new and sophisticated technology, enhance
6 the viability of directed energy and satellite projects,
7 attract new projects and employers to New Mexico and increase
8 high-technology employment opportunities in New Mexico.

9 C. For the purposes of claiming and calculating the
10 deductions provided by this section, a taxpayer shall report in
11 a manner acceptable to the secretary the amount of gross
12 receipts subject to the deductions pursuant to this section,
13 the charges for services separately stated to the department of
14 defense and the number of employees for whom charges were made
15 during the reporting period.

16 D. The department shall compile the information
17 reported pursuant to Subsection C of this section for each
18 fiscal year and shall report annually by October 15 to the
19 interim revenue stabilization and tax policy committee and the
20 legislative finance committee to facilitate evaluation by those
21 committees of the benefit to the state of the deductions. In
22 fiscal year 2022, but no later than December 1, 2022, the
23 department together with the economic development department
24 shall review the efficacy of the deduction and recommend to the
25 interim revenue stabilization and tax policy committee and the

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1 legislative finance committee whether or not the deductions
2 should continue.

3 E. As used in this section:

4 (1) "directed energy" means a system,
5 including related services, that enables the use of the
6 frequency spectrum, including radio waves, light and x-rays;

7 (2) "inputs" means systems, subsystems,
8 components, prototypes and demonstrators or products and
9 services involving optics, photonics, electronics, advanced
10 materials, nanoelectromechanical and microelectromechanical
11 systems, fabrication materials, test evaluation and computer
12 control systems related to directed energy or satellites;

13 (3) "qualified contractor" means a person
14 other than an organization designated as a national laboratory
15 by act of congress or any operator of national laboratory
16 facilities in New Mexico; provided that the operator may be a
17 qualified contractor with respect to the operator's receipts
18 not connected with operating the national laboratory;

19 (4) "qualified directed energy and
20 satellite-related inputs" means inputs supplied to the
21 department of defense pursuant to a contract with that
22 department entered into on or after July 1, 2015;

23 (5) "qualified research and development
24 services" means research and development services related to
25 directed energy or satellites provided to the department of

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1 defense pursuant to a contract with that department entered
2 into on or after July 1, 2015; and

3 (6) "satellite" means composite systems
4 assembled and packaged for use in space, including launch
5 vehicles and related products and services."

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