AN ACT

RELATING TO TAXATION; PROVIDING FOR A DEDUCTION FROM GROSS RECEIPTS OF CERTAIN INFRASTRUCTURE CONSTRUCTION SERVICES PERFORMED ON MILITARY BASES.

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:

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--SALES OF CONSTRUCTION SERVICES--MILITARY BASES.--

A. From July 1, 2017 through June 30, 2022, receipts from the sale of services for construction of infrastructure on a military base to support a training mission involving F-16 tactical fighter jets in this state may be deducted from gross receipts.

B. The purpose of the deduction provided by this

.206986.1

1   section is to:

2   (1)   make the state more competitive in the

3   decision by the United States air force of whether to continue

4   a training mission involving F-16 tactical fighter jets in New

5   Mexico; and

6   (2)   improve economic development in the state

7   by generating more revenue from out-of-state sources.

8   C.   A taxpayer allowed a deduction in accordance

9   with this section shall report the amount of the deduction

10   separately in a manner required by the department.

11   D.   Beginning in 2018, the department shall compile

12   an annual report on the deduction provided by this section that

13   includes the number of taxpayers that claimed the deduction,

14   the aggregate amount of deductions claimed and any other

15   information necessary to evaluate the effectiveness of the

16   deduction.   The department shall compile and present the annual

17   reports to the revenue stabilization and tax policy committee

18   and the legislative finance committee with an analysis of the

19   effectiveness and cost of the deduction and whether the

20   deduction is performing the purpose for which it was created."

21   - 2 -

22

23

24

25

.206986.1