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HOUSE BILL 4

**53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

INTRODUCED BY

Jim R. Trujillo and Roberto "Bobby" J. Gonzales and Brian Egolf

AN ACT

RELATING TO TAXATION; PROVIDING THAT THE PLACE OF BUSINESS OF A  
PERSON WITHOUT PHYSICAL PRESENCE IN THIS STATE IS WHERE THE  
PROPERTY OR SERVICE BEING SOLD IS DELIVERED; AMENDING THE  
PERSONAL INCOME TAX RATES AND BRACKETS; PROVIDING THAT CERTAIN  
THIRD-PARTY SELLERS ARE SUBJECT TO THE GROSS RECEIPTS AND  
COMPENSATING TAX ACT; BARRING THE TAXATION AND REVENUE  
DEPARTMENT FROM ENFORCING COLLECTION OF THE GROSS RECEIPTS TAX  
IN CERTAIN CIRCUMSTANCES; IMPOSING THE STATE GROSS RECEIPTS TAX  
ON A NONPROFIT HOSPITAL; IMPOSING THE GOVERNMENTAL GROSS  
RECEIPTS TAX ON A GOVERNMENT HOSPITAL; PROVIDING THAT THE NET  
GOVERNMENTAL GROSS RECEIPTS ATTRIBUTABLE TO GOVERNMENT  
HOSPITALS SHALL BE DISTRIBUTED TO THE GENERAL FUND; REPEALING  
THE CREDIT AGAINST THE GROSS RECEIPTS TAX FOR CERTAIN HOSPITALS  
AND A DISTRIBUTION RELATED TO THAT CREDIT; REPEALING AN  
OUTDATED VERSION OF SECTION 7-2-7 NMSA 1978 (BEING LAWS 2005

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1 (1ST S.S.), CHAPTER 3, SECTION 2); MAKING AN APPROPRIATION.

2

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

4 SECTION 1. Section 7-1-6.4 NMSA 1978 (being Laws 1983,  
5 Chapter 211, Section 9, as amended) is amended to read:

6 "7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS  
7 TAX.--

8 A. Except as provided in Subsection B of this  
9 section, a distribution pursuant to Section 7-1-6.1 NMSA 1978  
10 shall be made to each municipality in an amount, subject to any  
11 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
12 1978, equal to the product of the quotient of one and two  
13 hundred twenty-five thousandths percent divided by the tax rate  
14 imposed by Section 7-9-4 NMSA 1978 multiplied by the net  
15 receipts, except net receipts attributable to a nonprofit  
16 hospital licensed by the department of health, for the month  
17 attributable to the gross receipts tax from business locations:

- 18 (1) within that municipality;
- 19 (2) on land owned by the state, commonly known  
20 as the "state fairgrounds", within the exterior boundaries of  
21 that municipality;
- 22 (3) outside the boundaries of any municipality  
23 on land owned by that municipality; and
- 24 (4) on an Indian reservation or pueblo grant  
25 in an area that is contiguous to that municipality and in which

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1 the municipality performs services pursuant to a contract  
2 between the municipality and the Indian tribe or Indian pueblo  
3 if:

4 (a) the contract describes an area in  
5 which the municipality is required to perform services and  
6 requires the municipality to perform services that are  
7 substantially the same as the services the municipality  
8 performs for itself; and

9 (b) the governing body of the  
10 municipality has submitted a copy of the contract to the  
11 secretary.

12 B. If the reduction made by Laws 1991, Chapter 9,  
13 Section 9 to the distribution under this section impairs the  
14 ability of a municipality to meet its principal or interest  
15 payment obligations for revenue bonds outstanding prior to July  
16 1, 1991 that are secured by the pledge of all or part of the  
17 municipality's revenue from the distribution made under this  
18 section, then the amount distributed pursuant to this section  
19 to that municipality shall be increased by an amount sufficient  
20 to meet any required payment, provided that the distribution  
21 amount does not exceed the amount that would have been due that  
22 municipality under this section as it was in effect on June 30,  
23 1992.

24 C. A distribution pursuant to this section may be  
25 adjusted for a distribution made to a tax increment development

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1 district with respect to a portion of a gross receipts tax  
2 increment dedicated by a municipality pursuant to the Tax  
3 Increment for Development Act."

4 SECTION 2. Section 7-1-6.38 NMSA 1978 (being Laws 1994,  
5 Chapter 145, Section 1, as amended) is amended to read:

6 "7-1-6.38. DISTRIBUTION--GOVERNMENTAL GROSS RECEIPTS  
7 TAX.--

8 A. A distribution pursuant to Section 7-1-6.1 NMSA  
9 1978 shall be made in amounts equal to the following  
10 percentages of the net receipts attributable to the  
11 governmental gross receipts tax, less the net receipts  
12 attributable to a hospital licensed by the department of  
13 health:

14 (1) seventy-five percent to the public project  
15 revolving fund administered by the New Mexico finance  
16 authority; [~~in an amount equal to seventy-five percent of the~~  
17 ~~net receipts attributable to the governmental gross receipts~~  
18 ~~tax.~~

19 B. ~~A distribution pursuant to Section 7-1-6.1 NMSA~~  
20 ~~1978 shall be made]~~

21 (2) twenty-four percent to the energy,  
22 minerals and natural resources department [~~in an amount equal~~  
23 ~~to twenty-four percent of the net receipts attributable to the~~  
24 ~~governmental gross receipts tax]; provided that forty-one and  
25 two-thirds percent of the distribution is appropriated to the~~

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1 energy, minerals and natural resources department to implement  
2 the provisions of the New Mexico Youth Conservation Corps Act  
3 and fifty-eight and one-third percent of the distribution is  
4 appropriated to the energy, minerals and natural resources  
5 department for state park and recreation area capital  
6 improvements, including the costs of planning, engineering,  
7 design, construction, renovation, repair, equipment and  
8 furnishings; and

9 ~~[C. A distribution pursuant to Section 7-1-6.1 NMSA~~  
10 ~~1978 shall be made]~~

11 (3) one percent to the ~~[office of]~~ cultural  
12 affairs ~~[in an amount equal to one percent of the net receipts~~  
13 ~~attributable to the governmental gross receipts tax]~~ department  
14 for capital improvements at state museums and monuments  
15 administered by the ~~[office of]~~ cultural affairs department.

16 ~~[D.]~~ B. The state pledges to and agrees with the  
17 holders of any bonds or notes issued by the New Mexico finance  
18 authority or by the energy, minerals and natural resources  
19 department and payable from the net receipts attributable to  
20 the governmental gross receipts tax distributed to the New  
21 Mexico finance authority or the energy, minerals and natural  
22 resources department pursuant to this section that the state  
23 will not limit, reduce or alter the distribution of the net  
24 receipts attributable to the governmental gross receipts tax to  
25 the New Mexico finance authority or the energy, minerals and

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1 natural resources department or limit, reduce or alter the rate  
2 of imposition of the governmental gross receipts tax until the  
3 bonds or notes together with the interest thereon are fully met  
4 and discharged. The New Mexico finance authority and the  
5 energy, minerals and natural resources department are  
6 authorized to include this pledge and agreement of the state in  
7 any agreement with the holders of the bonds or notes."

8 SECTION 3. Section 7-1-14 NMSA 1978 (being Laws 1969,  
9 Chapter 145, Section 1, as amended) is amended to read:

10 "7-1-14. SECRETARY MAY DETERMINE WHERE CERTAIN GROSS  
11 RECEIPTS ARE TO BE REPORTED--PLACE OF BUSINESS FOR CONSTRUCTION  
12 PROJECTS, [~~AND~~] CERTAIN REAL PROPERTY SALES AND SALES BY  
13 PERSONS WITHOUT PHYSICAL PRESENCE.--

14 A. By regulation, the secretary may require any  
15 person maintaining one or more places of business to report the  
16 person's taxable gross receipts and deductions for each  
17 municipality or county or area within an Indian reservation or  
18 pueblo grant in which the person maintains a place of business.

19 B. For persons engaged in the construction  
20 business, the place where the construction project is performed  
21 is a "place of business", and all receipts from that project  
22 are to be reported from that place of business.

23 C. The secretary may, by regulation, also require  
24 any person maintaining a business outside the boundaries of a  
25 municipality on land owned by that municipality to report the

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1 person's taxable gross receipts for that municipality.

2 D. For a person engaged in the business of selling  
3 real estate, the location of the real property sold is the  
4 "place of business", and all receipts from that sale are to be  
5 reported from that place of business.

6 E. For a person engaging in business but that is  
7 without physical presence in this state, "place of business" is  
8 the location where the property or the product of a service  
9 being sold by the person is delivered."

10 SECTION 4. Section 7-2-7 NMSA 1978 (being Laws 2005,  
11 Chapter 104, Section 4) is amended to read:

12 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by  
13 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
14 taxable year beginning on or after January 1, [2008] 2019:

15 ~~[A. For married individuals filing separate~~  
16 ~~returns:~~

<del>If the taxable income is:</del>	<del>The tax shall be:</del>
<del>Not over \$4,000</del>	<del>1.7% of taxable income</del>
<del>Over \$4,000 but not over \$8,000</del>	<del>\$68.00 plus 3.2% of</del> <del>excess over \$4,000</del>
<del>Over \$8,000 but not over \$12,000</del>	<del>\$196 plus 4.7% of</del> <del>excess over \$8,000</del>
<del>Over \$12,000</del>	<del>\$384 plus 4.9% of excess</del> <del>over \$12,000.</del>

25 ~~B. For heads of household, surviving spouses and~~

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1 ~~married individuals filing joint returns:~~

2	<del>If the taxable income is:</del>	<del>The tax shall be:</del>
3	<del>Not over \$8,000</del>	<del>1.7% of taxable income</del>
4	<del>Over \$8,000 but not over \$16,000</del>	<del>\$136 plus 3.2% of</del>
5		<del>excess over \$8,000</del>
6	<del>Over \$16,000 but not over \$24,000</del>	<del>\$392 plus 4.7% of</del>
7		<del>excess over \$16,000</del>
8	<del>Over \$24,000</del>	<del>\$768 plus 4.9% of</del>
9		<del>excess over \$24,000.</del>

10 ~~C. For single individuals and for estates and~~  
11 ~~trusts:~~

12	<del>If the taxable income is:</del>	<del>The tax shall be:</del>
13	<del>Not over \$5,500</del>	<del>1.7% of taxable income</del>
14	<del>Over \$5,500 but not over \$11,000</del>	<del>\$93.50 plus 3.2% of</del>
15		<del>excess over \$5,500</del>
16	<del>Over \$11,000 but not over \$16,000</del>	<del>\$269.50 plus 4.7% of</del>
17		<del>excess over \$11,000</del>
18	<del>Over \$16,000</del>	<del>\$504.50 plus 4.9% of</del>
19		<del>excess over \$16,000.]</del>

20 A. For married individuals filing separate returns:

21	<u>If the taxable income is:</u>	<u>The tax shall be:</u>
22	<u>Not over \$8,000</u>	<u>1.5% of taxable income</u>
23	<u>Over \$8,000 but not over \$16,000</u>	<u>\$120 plus 3.0% of excess</u>
24		<u>over \$8,000</u>
25	<u>Over \$16,000 but not over \$24,000</u>	<u>\$360 plus 4.5% of excess</u>

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1 over \$16,000  
2 Over \$24,000 but not over \$75,000 \$720 plus 5.2% of excess  
3 over \$24,000  
4 Over \$75,000 \$3,372 plus 5.9% of  
5 excess over \$75,000.

6 B. For heads of household, surviving spouses and  
7 married individuals filing joint returns:

8 <u>If the taxable income is:</u>	9 <u>The tax shall be:</u>
10 <u>Not over \$16,000</u>	11 <u>1.5% of taxable income</u>
12 <u>Over \$16,000 but not over \$32,000</u>	13 <u>\$240 plus 3.0% of excess</u> 14 <u>over \$16,000</u>
15 <u>Over \$32,000 but not over \$64,000</u>	16 <u>\$720 plus 4.5% of excess</u> 17 <u>over \$32,000</u>
18 <u>Over \$64,000 but not over \$150,000</u>	19 <u>\$2,160 plus 5.2% of</u> 20 <u>excess over \$64,000</u>
21 <u>Over \$150,000</u>	22 <u>\$6,632 plus 5.9% of</u> 23 <u>excess over \$150,000.</u>

24 C. For single individuals and for estates and  
25 trusts:

26 <u>If the taxable income is:</u>	27 <u>The tax shall be:</u>
28 <u>Not over \$11,000</u>	29 <u>1.5% of taxable income</u>
30 <u>Over \$11,000 but not over \$22,000</u>	31 <u>\$165 plus 3.0% of excess</u> 32 <u>over \$11,000</u>
33 <u>Over \$22,000 but not over \$32,000</u>	34 <u>\$495 plus 4.5% of excess</u> 35 <u>over \$22,000</u>

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1     Over \$32,000 but not over \$100,000     \$945 plus 5.2% of excess  
2                                                             over \$32,000  
3     Over \$100,000                                     \$4,481 plus 5.9% of  
4                                                             excess over \$100,000.

5                     D. The tax on the sum of any lump-sum amounts  
6 included in net income is an amount equal to five multiplied by  
7 the difference between:

8                             (1) the amount of tax due on the taxpayer's  
9 taxable income; and

10                            (2) the amount of tax that would be due on an  
11 amount equal to the taxpayer's taxable income and twenty  
12 percent of the taxpayer's lump-sum amounts included in net  
13 income."

14                     SECTION 5. A new section of the Gross Receipts and  
15 Compensating Tax Act is enacted to read:

16                     "[NEW MATERIAL] LIABILITY OF MARKETPLACE FACILITATORS AND  
17 REMOTE SELLERS.--

18                             A. Remote sellers and marketplace facilitators are  
19 liable for the taxes imposed pursuant to the Gross Receipts and  
20 Compensating Tax Act if, during the current or immediately  
21 preceding calendar year:

22                                     (1) for a remote seller, the remote seller's  
23 gross receipts from sales sourced to this state pursuant to  
24 Section 7-1-14 NMSA 1978 are at least one hundred thousand  
25 dollars (\$100,000); and

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1                   (2) for a marketplace facilitator, the  
2 marketplace facilitator's gross receipts from sales sourced to  
3 this state pursuant to Section 7-1-14 NMSA 1978, whether the  
4 sales are made in the marketplace facilitator's own name or by  
5 the marketplace facilitator as an agent of a marketplace  
6 seller, total at least one hundred thousand dollars (\$100,000).  
7 The provisions of this section apply to marketplace  
8 facilitators only with respect to:

9                   (a) receipts from sales through the  
10 marketplace facilitator's marketplace by or on behalf of  
11 marketplace sellers who do not have a physical presence in this  
12 state; and

13                   (b) receipts from sales made by the  
14 marketplace facilitator, provided that the marketplace  
15 facilitator does not have a physical presence in this state.

16                   B. For purposes of this section, a marketplace  
17 facilitator is deemed to be an agent of a marketplace seller  
18 that makes sales through the marketplace facilitator's physical  
19 or electronic marketplace.

20                   C. The department may require a marketplace  
21 facilitator to provide to the department any information the  
22 department determines is reasonably necessary to enforce the  
23 provisions of this section. Such information may include  
24 documentation of sales made by marketplace sellers through the  
25 marketplace facilitator's physical or electronic marketplace.

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1 The department may prescribe by rule the form and manner for  
2 providing this information.

3 D. Subject to the limitations provided in  
4 Subsection E of this section, a marketplace facilitator is  
5 relieved of liability pursuant to this section for failure to  
6 remit the correct amount of tax to the extent that the  
7 marketplace facilitator can show to the department's  
8 satisfaction that the:

9 (1) failure was due to incorrect information  
10 given to the marketplace facilitator by the marketplace seller,  
11 unless the marketplace facilitator and the marketplace seller  
12 are affiliated persons. When the marketplace facilitator is  
13 relieved of liability pursuant to this subsection, the  
14 marketplace seller is solely liable for the amount of tax due;

15 (2) failure was not due to an error in  
16 sourcing the sale pursuant to Section 7-1-14 NMSA 1978; and

17 (3) sale was made:

18 (a) through the marketplace  
19 facilitator's marketplace; and

20 (b) with the marketplace facilitator  
21 acting as the agent of a marketplace seller and the marketplace  
22 facilitator and marketplace seller are not affiliated persons.

23 E. Liability relief for a marketplace facilitator  
24 pursuant to Subsection D of this section is limited as follows:

25 (1) for calendar year 2019, the liability

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1 relief may not exceed ten percent of the total tax due pursuant  
2 to this section on receipts from sales made by the marketplace  
3 facilitator as agent of a marketplace seller and sourced to  
4 this state during the same calendar year;

5 (2) for calendar years 2020, 2021, 2022 and  
6 2023, the liability relief may not exceed five percent of the  
7 total tax due pursuant to this section on receipts from sales  
8 by the marketplace facilitator as agent of a marketplace seller  
9 and sourced to this state during the same calendar year; and

10 (3) beginning in calendar year 2024, the  
11 liability relief may not exceed three percent of the total tax  
12 due pursuant to this section on receipts from sales by the  
13 marketplace facilitator as agent of a marketplace seller and  
14 sourced to this state during the same calendar year.

15 F. If a marketplace facilitator is relieved of  
16 liability pursuant to Paragraphs (2) and (3) of Subsection D of  
17 this section, the marketplace seller is also relieved of  
18 liability for the amount of tax due, subject to the limitations  
19 in Subsection G of this section.

20 G. Except as otherwise provided in this section, a  
21 marketplace seller obligated to remit the taxes imposed  
22 pursuant to the Gross Receipts and Compensating Tax Act is not  
23 required to remit such taxes on receipts from sales made  
24 through a marketplace operated by a marketplace facilitator if  
25 the marketplace seller has obtained documentation from the

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1 marketplace facilitator indicating that the marketplace  
2 facilitator is registered with the department and will remit  
3 the taxes due on all receipts from sales made on behalf of the  
4 marketplace seller through the marketplace operated by the  
5 marketplace facilitator. The documentation shall be provided  
6 in a form and manner prescribed by the department. A  
7 marketplace seller is not relieved from liability for taxes due  
8 pursuant to this section due to a failure of a marketplace  
9 facilitator to remit the proper amount of tax due when the  
10 error was due to incorrect information given to the marketplace  
11 facilitator by the marketplace seller.

12 H. As used in this section:

13 (1) "affiliated person" means a person that,  
14 with respect to another person:

15 (a) has an ownership interest of more  
16 than five percent, whether direct or indirect, in the other  
17 person; or

18 (b) is related to the other person  
19 because a third person, or group of third persons who are  
20 affiliated persons with respect to each other, holds an  
21 ownership interest of more than five percent, whether direct or  
22 indirect, in the related persons;

23 (2) "marketplace facilitator" means a person  
24 that contracts with sellers to facilitate for consideration,  
25 including by a deduction of a fee from the transaction, the

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1 sale of the seller's products through a physical or electronic  
2 marketplace operated by the person and engages:

3 (a) directly or indirectly, through one  
4 or more affiliated persons, in any of the following: 1)  
5 transmitting or otherwise communicating the offer or acceptance  
6 between the buyer and seller; 2) owning or operating the  
7 infrastructure, electronic or physical, or technology that  
8 brings buyers and sellers together; 3) providing a virtual  
9 currency that buyers are allowed or required to use to purchase  
10 products from the seller; or 4) software development or  
11 research and development activities related to any of the  
12 activities described in Subparagraph (b) of this paragraph, if  
13 such activities are directly related to a physical or  
14 electronic marketplace operated by the person or an affiliated  
15 person; and

16 (b) in any of the following activities  
17 with respect to the seller's products: 1) payment processing  
18 services; 2) fulfillment or storage services; 3) listing  
19 products for sale; 4) setting prices; 5) branding sales as  
20 those of the marketplace facilitator; 6) order taking; 7)  
21 advertising or promotion; or 8) providing customer service or  
22 accepting or assisting with returns or exchanges;

23 (3) "marketplace seller" means a seller that  
24 makes sales through any physical or electronic marketplaces  
25 operated by a marketplace facilitator, regardless of whether

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1 the seller is required to be registered with the department;

2 (4) "purchaser" means any person who purchases  
3 or leases a product sourced to this state;

4 (5) "remote seller" means a seller, other than  
5 a marketplace facilitator, that does not have a physical  
6 presence in this state and that makes sales to purchasers; and

7 (6) "seller" means a person who engages in the  
8 act of selling and who:

9 (a) transfers property for  
10 consideration;

11 (b) performs a service for  
12 consideration; or

13 (c) is a marketplace facilitator,  
14 whether making sales in the marketplace facilitator's own right  
15 or on behalf of marketplace sellers."

16 SECTION 6. Section 7-9-4.3 NMSA 1978 (being Laws 1991,  
17 Chapter 8, Section 2, as amended by Laws 1993, Chapter 332,  
18 Section 1 and by Laws 1993, Chapter 352, Section 1) is amended  
19 to read:

20 "7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS  
21 "GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of  
22 engaging in certain activities by governments, there is imposed  
23 on every agency, institution, instrumentality or political  
24 subdivision of the state, except any school district and ~~any~~  
25 an entity licensed by the department of health, other than a

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1 hospital, that is principally engaged in providing health care  
2 services, an excise tax of five percent of governmental gross  
3 receipts. The tax imposed by this section shall be referred to  
4 as the "governmental gross receipts tax".

5 SECTION 7. Section 7-9-7.1 NMSA 1978 (being Laws 1993,  
6 Chapter 45, Section 1, as amended) is amended to read:

7 "7-9-7.1. DEPARTMENT BARRED FROM TAKING COLLECTION  
8 ACTIONS WITH RESPECT TO CERTAIN COMPENSATING AND GROSS RECEIPTS  
9 TAX LIABILITIES.--

10 A. The department shall take no action to enforce  
11 collection of compensating tax due on purchases made by an  
12 individual if:

13 (1) the property is used only for nonbusiness  
14 purposes;

15 (2) the property is not a manufactured home;  
16 and

17 (3) the individual is not an agent for  
18 collection of compensating tax pursuant to Section 7-9-10 NMSA  
19 1978.

20 B. The department shall take no action to enforce  
21 collection of gross receipts tax for a tax period prior to July  
22 1, 2019 on persons engaging in business if, for those tax  
23 periods, those persons:

24 (1) lacked physical presence in the state; and

25 (2) did not report taxable gross receipts

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1 prior to July 1, 2019.

2           ~~[B-]~~ C. The prohibition in Subsection A of this  
3 section does not prevent the department from enforcing  
4 collection of compensating tax on purchases from persons who  
5 are not individuals, who are agents for collection pursuant to  
6 Section 7-9-10 NMSA 1978 or who use the property in the course  
7 of engaging in business in New Mexico or from enforcing  
8 collection of compensating tax due on purchase of manufactured  
9 homes."

10           **SECTION 8.** Section 7-9-29 NMSA 1978 (being Laws 1970,  
11 Chapter 12, Section 3, as amended) is amended to read:

12           "7-9-29. ~~EXEMPTION--GROSS RECEIPTS TAX--CERTAIN~~  
13 ~~ORGANIZATIONS--EXCEPTIONS.--~~

14           A. Exempted from the gross receipts tax are the  
15 receipts of organizations that demonstrate to the department  
16 that they have been granted exemption from the federal income  
17 tax by the United States commissioner of internal revenue as  
18 organizations described in Section 501(c)(3) of the United  
19 States Internal Revenue Code of [~~1954~~] 1986, as that section  
20 may be amended or renumbered, except as provided in Subsection  
21 B of this section.

22           B. Exempted from any local option gross receipts  
23 tax, but not the state gross receipts tax, are receipts of an  
24 organization that is a hospital licensed by the department of  
25 health that demonstrates to the department that it has been

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1 granted exemption from the federal income tax by the United  
2 States commissioner of internal revenue as an organization  
3 described in Section 501(c)(3) of the United States Internal  
4 Revenue Code of 1986, as that section may be amended or  
5 renumbered.

6 [B-] C. Exempted from the gross receipts tax are  
7 the receipts from carrying on chamber of commerce, visitor  
8 bureau and convention bureau functions of organizations that  
9 demonstrate to the department that they have been granted  
10 exemption from the federal income tax by the United States  
11 commissioner of internal revenue as organizations described in  
12 Section 501(c)(6) of the United States Internal Revenue Code of  
13 [~~1954~~] 1986, as that section may be amended or renumbered.

14 [G-] D. This section does not apply to receipts  
15 derived from an unrelated trade or business as defined in  
16 Section 513 of the United States Internal Revenue Code of  
17 [~~1954~~] 1986, as that section may be amended or renumbered."

18 SECTION 9. Section 7-9-73.1 NMSA 1978 (being Laws 1991,  
19 Chapter 8, Section 3, as amended) is amended to read:

20 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--GOVERNMENTAL GROSS  
21 RECEIPTS--HOSPITALS.--

22 A. Fifty percent of the receipts of hospitals  
23 licensed by the department of health may be deducted from gross  
24 receipts; provided that this deduction may be applied only to  
25 the taxable gross receipts remaining after all other

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[bracketed material] = delete

1 appropriate deductions have been taken.

2 B. Fifty percent of the receipts of a hospital  
3 licensed by the department of health may be deducted from  
4 governmental gross receipts; provided that this deduction may  
5 be applied only to the taxable governmental gross receipts  
6 remaining after all other appropriate deductions have been  
7 taken."

8 SECTION 10. REPEAL.--Sections 7-1-6.57 and 7-9-96.1 NMSA  
9 1978 (being Laws 2007, Chapter 361, Sections 1 and 7) are  
10 repealed.

11 SECTION 11. ADDITIONAL REPEAL.--That version of Section  
12 7-2-7 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3, Section  
13 2) is repealed.

14 SECTION 12. APPLICABILITY.--The provisions of Section 4  
15 of this act apply to taxable years beginning on or after  
16 January 1, 2019.

17 SECTION 13. EFFECTIVE DATE.--

18 A. The effective date of the provisions of Sections  
19 1, 2, 6 and 8 through 10 of this act is July 1, 2018.

20 B. The effective date of the provisions of Section  
21 4 of this act is January 1, 2019.

22 C. The effective date of the provisions of Sections  
23 3, 5 and 7 of this act is July 1, 2019.