

1 SENATE BILL 425

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

4 George K. Munoz

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10 AN ACT

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

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

17 **SECTION 1.** Section 7-9-115 NMSA 1978 (being Laws 2015
18 (1st S.S.), Chapter 2, Section 9) is amended to read:

19 "7-9-115. DEDUCTION--GROSS RECEIPTS TAX--GOODS AND
20 SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED
21 ENERGY AND SATELLITES.--

22 A. Prior to January 1, [~~2021~~] 2031, receipts from
23 the sale by a qualified contractor of qualified research and
24 development services and qualified directed energy and
25 satellite-related inputs may be deducted from gross receipts

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underscored material = new
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1 when sold pursuant to a contract with the United States
2 department of defense.

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

9 C. 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 D. The department shall compile an annual report on
13 the deduction provided by this section that shall include the
14 number of taxpayers that claimed the deduction, the aggregate
15 amount of deductions claimed and any other information
16 necessary to evaluate the effectiveness of the deduction.
17 Beginning in 2017 and each year thereafter that the deduction
18 is in effect, the department and the economic development
19 department shall present the annual report to the revenue
20 stabilization and tax policy committee and the legislative
21 finance committee with an analysis of the effectiveness and
22 cost of the deduction and whether the deduction is performing
23 the purpose for which it was created.

24 E. As used in this section:

25 (1) "directed energy" means a system,

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1 including related services, that enables the use of the
2 frequency spectrum, including radio waves, light and x-rays;

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

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

15 (4) "qualified directed energy and satellite-
16 related inputs" means inputs supplied to the department of
17 defense pursuant to a contract with that department entered
18 into on or after January 1, 2016;

19 (5) "qualified research and development
20 services" means research and development services related to
21 directed energy or satellites provided to the department of
22 defense pursuant to a contract with that department entered
23 into on or after January 1, 2016; and

24 (6) "satellite" means composite systems
25 assembled and packaged for use in space, including launch

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1 vehicles and related products and services."

2 SECTION 2. EFFECTIVE DATE.--The effective date of the
3 provisions of this act is July 1, 2019.

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