

1 SENATE BILL 466

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

3 INTRODUCED BY

4 Gerald Ortiz y Pino

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10 AN ACT

11 RELATING TO TAXATION; CREATING A GROSS RECEIPTS TAX DEDUCTION
12 FOR CERTAIN START-UP BUSINESSES.

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

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

17 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--CERTAIN START-
18 UP BUSINESSES.--

19 A. Receipts of a start-up business certified
20 pursuant to Subsection C of this section may be deducted from
21 gross receipts for a period of five consecutive years,
22 beginning on the first day of the month in which the start-up
23 business registers as a taxpayer with the department. The
24 deduction provided by this section may be referred to as the
25 "start-up business deduction".

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1 B. The purpose of the start-up business deduction
2 is to promote the start-up and growth of science-, technology-
3 and manufacturing-related small businesses located in proximity
4 to post-secondary educational institutions.

5 C. A municipality shall certify a start-up business
6 for purposes of this section if the start-up business meets the
7 requirements of this section and is:

8 (1) located within three miles of a public
9 post-secondary educational institution; or

10 (2) located within:

11 (a) a research park; or

12 (b) property owned or operated by a
13 research park corporation.

14 D. A taxpayer allowed a deduction pursuant to this
15 section shall report the amount of the deduction separately in
16 a manner required by the department.

17 E. The department shall compile an annual report on
18 the deduction provided by this section that shall include the
19 number of taxpayers that claimed the deduction, the aggregate
20 amount of deductions claimed and any other information
21 necessary to evaluate the effectiveness of the deduction. The
22 department shall present the report to the revenue
23 stabilization and tax policy committee and the legislative
24 finance committee with an analysis of the effectiveness and
25 cost of the deduction and whether the deduction is performing

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1 the purpose for which it was created.

2 F. As used in this section:

3 (1) "full-time employee" means an employee who
4 works for the same employer an average of at least thirty-two
5 hours per week for at least forty-eight weeks per year;

6 (2) "professional services" means the services
7 of architects, archaeologists, engineers, surveyors, landscape
8 architects, medical arts practitioners, management and systems
9 analysts, certified public accountants, registered public
10 accountants, lawyers, psychologists, planners, construction
11 managers and other similar professional services;

12 (3) "research park" means "research park"
13 pursuant to the University Research Park and Economic
14 Development Act;

15 (4) "research park corporation" means
16 "research park corporation" pursuant to the University Research
17 Park and Economic Development Act; and

18 (5) "start-up business" means a business that:

19 (a) employs fewer than ten full-time
20 employees;

21 (b) in the previous calendar year, had
22 less than five hundred thousand dollars (\$500,000) in gross
23 receipts;

24 (c) except for the services of
25 scientists or researchers or other similar professional

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1 services, does not include a business that provides
2 professional services as the business's primary business
3 activity; and

4 (d) does not include a business that
5 provides as the business's primary business activity sales at
6 retail."

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

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