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AN ACT

RELATING TO TAXATION; CLARIFYING THAT RESIDENTIAL FACILITIES USED FOR PROVIDING CUSTODIAL MEMORY CARE ARE EXEMPT FROM THE GOVERNMENTAL GROSS RECEIPTS TAX; PROVIDING AN EXEMPTION FROM THE GROSS RECEIPTS TAX FOR CUSTODIAL MEMORY CARE.

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

SECTION 1. Section 7-9-4.3 NMSA 1978 (being Laws 1991, Chapter 8, Section 2, as amended) is amended to read:

"7-9-4.3. IMPOSITION AND RATE OF TAX--DENOMINATION AS "GOVERNMENTAL GROSS RECEIPTS TAX".--For the privilege of engaging in certain activities by governments, there is imposed on every agency, institution, instrumentality or political subdivision of the state, except any school district and an entity licensed by the department of health, including a residential facility designed and used for providing custodial memory care for people living with advanced dementia, other than a hospital, that is principally engaged in providing health care services, an excise tax of five percent of governmental gross receipts. The tax imposed by this section shall be referred to as the "governmental gross receipts tax"."

SECTION 2. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"EXEMPTION--GROSS RECEIPTS TAX--CUSTODIAL MEMORY CARE.-- HB 174
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A. Exempted from the gross receipts tax are the receipts of a:

(1) health care provider from payments received for custodial memory care services; and

(2) person attributable to the operation of residential facilities designed and used for providing custodial memory care.

B. As used in this section:

(1) "custodial memory care" means custodial care for people living with advanced dementia; and

(2) "health care provider" means a person licensed or otherwise authorized by law to provide health care in the ordinary course of business or practice of the person's profession."

SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2020. _____