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HOUSE BILL 57

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

PAULINE K. GUBBELS

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX DEDUCTION FOR RECEIPTS OF CERTAIN NONPROFIT ORGANIZATIONS; PROVIDING FOR REPORTING AND PAYMENT OF TAXES; AMENDING AND ENACTING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-1-15 NMSA 1978 (being Laws 1969, Chapter 31, Section 1, as amended) is amended to read:

"7-1-15. SECRETARY MAY SET TAX REPORTING AND PAYMENT INTERVALS. --The secretary may, pursuant to regulation, allow taxpayers with an anticipated tax liability of less than two hundred dollars (\$200) a month or taxpayers who claim gross receipts deductions pursuant to Section 7-9-85 or 7-9-85.1 NMSA 1978 to report and pay taxes at intervals ~~[which]~~ that the secretary may specify. However, unless specifically permitted

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1 by law, an interval shall not exceed six months. The secretary  
2 may permit annual reporting and payment of taxes by taxpayers  
3 who claim gross receipts deductions pursuant to Section 7-9-85  
4 or 7-9-85.1 NMSA 1978. "

5 Section 2. Section 7-9-39 NMSA 1978 (being Laws 1969,  
6 Chapter 144, Section 32, as amended) is amended to read:

7 "7-9-39. EXEMPTION--GROSS RECEIPTS TAX--FEES FROM SOCIAL  
8 ORGANIZATIONS.--

9 A. Exempted from the gross receipts tax are the  
10 receipts from dues and registration fees of nonprofit social,  
11 fraternal, political, trade, labor or professional organizations  
12 and business leagues if the receipts are not eligible for  
13 deduction from gross receipts pursuant to Section 7-9-85.1 NMSA  
14 1978.

15 B. For the purposes of this section:

16 (1) "dues" means amounts that a member of an  
17 organization pays at recurring intervals to retain membership in  
18 an organization where such amounts are used for the general  
19 maintenance and upkeep of the organization; and

20 (2) "registration fees" means amounts paid by  
21 persons to attend a specific event sponsored by an organization  
22 to defray the cost of the event."

23 Section 3. Section 7-9-85 NMSA 1978 (being Laws 1994,  
24 Chapter 43, Section 1) is amended to read:

25 "7-9-85. DEDUCTION--GROSS RECEIPTS TAX--CERTAIN

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1 ORGANIZATION FUNDRAISERS. -- Receipts from not more than two  
2 fundraising events annually conducted by an organization that is  
3 exempt from the federal income tax as an organization described  
4 in Section 501(c), other than an organization described in  
5 Section 501(c)(3), of the United States Internal Revenue Code of  
6 1986, as amended, may be deducted from gross receipts if the  
7 receipts of the organization are not eligible for deduction from  
8 gross receipts pursuant to Section 7-9-85.1 NMSA 1978. "

9 Section 4. A new section of the Gross Receipts and  
10 Compensating Tax Act, Section 7-9-85.1 NMSA 1978, is enacted to  
11 read:

12 "7-9-85.1. [NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--  
13 RECEIPTS OF CERTAIN NONPROFIT ORGANIZATIONS. --

14 A. Receipts of an organization may be deducted from  
15 gross receipts if the organization:

16 (1) is exempt from the federal income tax as an  
17 organization described in Section 501(c), other than:

18 (a) an organization described in Section  
19 501(c)(3) of the United States Internal Revenue Code of 1986, as  
20 amended; or

21 (b) an organization that carries on  
22 chamber of commerce, visitor bureau and convention bureau  
23 functions and is described in Section 501(c)(6) of the United  
24 States Internal Revenue Code of 1986, as amended;

25 (2) has gross receipts for the qualification

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1 year of less than eighty thousand dollars (\$80,000); and  
2 (3) incurred less than ten percent of its  
3 receipts in the qualification year for wages and salaries of  
4 organization personnel.

5 B. In any period for which the receipts of an  
6 organization may be deducted pursuant to this section, the  
7 organization may not claim nor may the department allow a  
8 deduction of the organization's receipts during the period under  
9 Section 7-9-85 NMSA 1978.

10 C. For the purposes of this section, the term  
11 "qualification year" means the organization's taxable year for  
12 federal income tax purposes ending within six months of the  
13 beginning of either the calendar or state fiscal year during  
14 which calendar or fiscal year the organization claims or intends  
15 to claim the deduction provided by this section. "

16 Section 5. EFFECTIVE DATE. --The effective date of the  
17 provisions of this act is July 1, 1996.

# State of New Mexico House of Representatives

FORTY- SECOND LEGISLATURE

SECOND SESSION, 1996

February 7, 1996

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has  
been referred

HOUSE BILL 57

has had it under consideration and reports same with  
recommendation that it DO PASS, amended as follows:

1. On page 3, line 14, after "Receipts" insert "of not more  
than eighty thousand dollars (\$80,000)".

2. On page 3, line 17, after "(c)" strike the remainder of  
the line and strike all of lines 18 through 24 and insert in lieu  
thereof "(4) or 501(c)(10) of the United States Internal Revenue  
Code of 1986, as amended;". ,

and thence referred to the APPROPRIATIONS AND FINANCE  
COMMITTEE.

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FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

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Respectfully submitted,

\_\_\_\_\_  
Jerry W. Sandel, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 9 For 0 Against

Yes: 9

Excused: Gallegos, Gonzales, Hawkins, Lujan

Absent: None

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# State of New Mexico House of Representatives

FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

February 10, 1996

Mr. Speaker:

Your APPROPRIATIONS AND FINANCE COMMITTEE, to  
whom has been referred

HOUSE BILL 57, as amended

has had it under consideration and reports same with  
recommendation that it DO PASS, amended as follows:

1. On page 4, between lines 4 and 5, insert the following:

“B. Receipts from gambling, except paper bingo and  
raffles, are not deductible even if total receipts are less than  
eighty thousand dollars (\$80,000).”.

2. Reletter the succeeding subsections accordingly.

FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

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Respectfully submitted,

\_\_\_\_\_  
Max Coll, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 8 For 4 Against  
Yes: 8  
No: Gentry, Martinez, Reyes, Watchman  
Excused: Bird, Casey, Light, Picraux, Saavedra, Wallace  
Absent: None

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FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

February 14, 1996

Mr. President:

Your WAYS AND MEANS COMMITTEE, to whom has been referred

HOUSE BILL 57, as amended

has had it under consideration and reports same with recommendation that it DO PASS, and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

\_\_\_\_\_  
TITO D. CHAVEZ, Chairman

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SECOND SESSION, 1996

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Campos, Riley, Wiener

Absent: None

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FORTY-SECOND LEGISLATURE  
SECOND SESSION, 1996

February 14, 1996

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

HOUSE BILL 57, as amended

has had it under consideration and reports same with  
recommendation that it DO PASS.

Respectfully submitted,

\_\_\_\_\_  
Ben D. Altamirano, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

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FORTY- SECOND LEGISLATURE  
SECOND SESSION, 1996

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Date \_\_\_\_\_

The roll call vote was 8 For 0 Against  
Yes: 8  
No: 0  
Excused: Donisthorpe, Duran, Ingle, Kidd, Kysar  
Absent: None

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