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SENATE BILL 374

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

INTRODUCED BY

MANNY M ARAGON

AN ACT

RELATING TO TAXATION; REMOVING HOSPITALS FROM CERTAIN GROSS RECEIPTS AND COMPENSATING TAX EXEMPTIONS AND DEDUCTIONS; AMENDING AND REPEALING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-9-15 NMSA 1978 (being Laws 1970, Chapter 12, Section 1, as amended) is amended to read:

"7-9-15. EXEMPTION--COMPENSATING TAX--CERTAIN ORGANIZATIONS.--Exempted from the compensating tax is the use of property by organizations that demonstrate to the department that they have been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3) of the United States Internal Revenue Code of [~~1954~~] 1986, as amended [~~or renumbered~~], other than organizations that are hospitals

Underscored material = new  
[bracketed material] = delete

1 licensed by the department of health, in the conduct of  
2 functions described in Section 501(c)(3). The use of property  
3 as an ingredient or component part of a construction project is  
4 not a use in the conduct of functions described in Section  
5 501(c)(3). This section does not apply to the use of property  
6 in an unrelated trade or business as defined in Section 513 of  
7 the United States Internal Revenue Code of [~~1954~~] 1986, as  
8 amended [~~or renumbered~~]. "

9 Section 2. Section 7-9-29 NMSA 1978 (being Laws 1970,  
10 Chapter 12, Section 3, as amended) is amended to read:

11 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN  
12 ORGANIZATIONS.--

13 A. Exempted from the gross receipts tax are the  
14 receipts of organizations that demonstrate to the department  
15 that they have been granted exemption from the federal income  
16 tax by the United States commissioner of internal revenue as  
17 organizations described in Section 501(c)(3) of the United  
18 States Internal Revenue Code of [~~1954~~] 1986, as amended [~~or~~  
19 ~~renumbered~~], other than organizations that are hospitals  
20 licensed by the department of health.

21 B. Exempted from the gross receipts tax are the  
22 receipts from carrying on chamber of commerce, visitor bureau  
23 and convention bureau functions of organizations that  
24 demonstrate to the department that they have been granted  
25 exemption from the federal income tax by the United States

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1 commissioner of internal revenue as organizations described in  
2 Section 501(c)(6) of the United States Internal Revenue Code of  
3 [1954] 1986, as amended [~~or renumbered~~].

4 C. This section does not apply to receipts derived  
5 from an unrelated trade or business as defined in Section 513 of  
6 the United States Internal Revenue Code of [1954] 1986, as  
7 amended [~~or renumbered~~]. "

8 Section 3. Section 7-9-60 NMSA 1978 (being Laws 1970,  
9 Chapter 12, Section 4, as amended) is amended to read:

10 "7-9-60. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL GROSS  
11 RECEIPTS TAX--SALES TO CERTAIN ORGANIZATIONS. --

12 A. Except as provided otherwise in Subsection B of  
13 this section, receipts from selling tangible personal property  
14 to organizations that have been granted exemption from the  
15 federal income tax by the United States commissioner of internal  
16 revenue as organizations described in Section 501(c)(3) of the  
17 United States Internal Revenue Code of 1986, as amended [~~or~~  
18 ~~renumbered~~], other than organizations that are hospitals  
19 licensed by the department of health, may be deducted from gross  
20 receipts or from governmental gross receipts if the sale is made  
21 to an organization that delivers a nontaxable transaction  
22 certificate to the seller. The buyer delivering the nontaxable  
23 transaction certificate shall employ the tangible personal  
24 property in the conduct of functions described in Section  
25 501(c)(3) and shall not employ the tangible personal property in

. 109671. 2

Underscored material = new  
[bracketed material] = delete

1 the conduct of an unrelated trade or business as defined in  
2 Section 513 of the United States Internal Revenue Code of 1986,  
3 as amended [~~or renumbered~~].

4 B. The deduction provided by this section does not  
5 apply to receipts from selling tangible personal property that  
6 will become an ingredient or component part of a construction  
7 project or from selling metalliferous mineral ore."

8 Section 4. REPEAL. -- Section 7-9-73.1 NMSA 1978 (being Laws  
9 1991, Chapter 8, Section 3, as amended) is repealed.

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

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1 FORTY- SECOND LEGISLATURE

2 SECOND SESSION, 1996

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6 JANUARY 29, 1996

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8 Mr. President:

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10 Your COMMITTEES' COMMITTEE, to whom has been referred

11  
12 SENATE BILL 374

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15 has had it under consideration and finds same to be GERMANE, PURSUANT  
16 TO CONSTITUTIONAL PROVISIONS, and thence referred to the WAYS AND  
17 MEANS COMMITTEE.

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19 Respectfully submitted,

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SENATOR MANNY M. ARAGON, Chairman

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Adopted \_\_\_\_\_  
(Chief Clerk)

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

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