

AN ACT
RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX
DEDUCTION FOR RECEIPTS FROM ADMINISTRATIVE AND ACCOUNTING
SERVICES PROVIDED TO AFFILIATED BUSINESS ENTITIES.

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

Section 1. Section 7-9-69 NMSA 1978 (being Laws 1969, Chapter 144, Section 61, as amended) is amended to read:

"7-9-69. DEDUCTION--GROSS RECEIPTS TAX--ADMINISTRATIVE AND ACCOUNTING SERVICES.--

A. Receipts of a corporation or an affiliate for administrative, managerial, accounting and customer services performed by it for the corporation or an affiliate upon a nonprofit or cost basis and receipts from the corporation or an affiliate for the joint use or sharing of office machines and facilities upon a nonprofit or cost basis may be deducted from gross receipts.

B. For the purposes of this section, "an affiliate" means a corporation or a limited partnership that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the subject corporation or limited partnership. For purposes of this subsection, "control" means ownership of stock in a corporation or of an interest in a limited partnership that:

(1) represents at least fifty percent of the total voting power of that corporation or limited partnership; and

(2) has a value equal to at least fifty percent of the total value of the stock of that corporation or limited partnership. "

Section 2. APPLICABILITY. --The provisions of this act apply to receipts received after July 1, 1998.

Section 3. EFFECTIVE DATE. --The effective date of the provisions of this act is July 1, 1998. _____