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SENATE BILL 288

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Roman M. Maes III

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS FOR RECEIPTS FROM THE SALE OF CONSTRUCTION MATERIALS, CONSTRUCTION SERVICES, MANUFACTURING EQUIPMENT AND INSTALLATION SERVICES FOR USE IN NEW OR EXPANDED MANUFACTURING OPERATIONS.

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

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

" NEW MATERIAL DEDUCTION-- GROSS RECEIPTS TAX-- SALE OF CERTAIN SERVICES, MATERIALS AND EQUIPMENT FOR MANUFACTURING OPERATIONS-- DEFINITIONS. --

A. Receipts from the sale of construction services to expand existing or construct new facilities for a manufacturing operation located in New Mexico may be deducted

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1 from gross receipts if the construction service is sold to a
2 person who delivers a nontaxable transaction certificate to
3 the person performing the construction service.

4 B. Receipts from the sale of construction
5 materials purchased for use to expand existing or construct
6 new facilities for a manufacturing operation located in New
7 Mexico may be deducted from gross receipts if the materials
8 are sold to a person who delivers a nontaxable transaction
9 certificate to the person selling the materials.

10 C. Receipts from the sale of manufacturing
11 equipment purchased for use in a new or expanded manufacturing
12 operation located in New Mexico may be deducted from gross
13 receipts if the equipment is sold to a person who delivers a
14 nontaxable transaction certificate to the person selling the
15 equipment.

16 D. Receipts from the sale of installation services
17 necessary to install manufacturing equipment in a new or
18 expanded manufacturing operation located in New Mexico may be
19 deducted from gross receipts if the installation service is
20 sold to a person who delivers a nontaxable transaction
21 certificate to the person performing the installation service.

22 E. As used in this section:

23 (1) "construction service" means a service
24 necessary to construct or expand a manufacturing operation;

25 (2) "manufacturing equipment" means equipment

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1 necessary to conduct a new or expanded manufacturing
2 operation;

3 (3) "installation service" means a service
4 required to install and make operational manufacturing
5 equipment necessary to conduct a manufacturing operation; and

6 (4) "manufacturing operation" means a plant
7 employing personnel to perform production or assembly tasks to
8 produce goods.

9 F. Election by a taxpayer to deliver the
10 nontaxable transaction certificate necessary to support a
11 deduction for receipts from the sale of manufacturing
12 equipment, pursuant to the provisions of this section, shall
13 preclude availability of the investment credit that would be
14 available with regard to the same equipment pursuant to the
15 provisions of the Investment Credit Act. "

16 Section 2. EFFECTIVE DATE. --The effective date of the
17 provisions of this act is July 1, 1999.

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5 February 24, 1999

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7 Mr. President:

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9 Your WAYS & MEANS COMMITTEE, to whom has been referred

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11 SENATE BILL 288

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

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17 1. On page 1, line 25, after "New Mexico" insert "in a
18 high unemployment county".

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20 2. On page 2, line 7, after "Mexico" insert "in a high
21 unemployment county".

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23 3. On page 2, line 12, after "New Mexico" insert "in a
24 high unemployment county".

FORTY- FOURTH LEGISLATURE
FIRST SESSION, 1999

SWMC/SB 288

Page 5

4. On page 2, line 18, after "New Mexico" insert "in a high unemployment county".

5. On page 3, line 5, strike "and".

6. On page 3, line 8, strike the period and insert in lieu thereof "; and" and between lines 8 and 9, insert the following new paragraph:

"(5) "high unemployment county" means a county whose unemployment rate for the previous calendar year was estimated by the New Mexico department of labor New Mexico labor force estimates as seven percent or higher.".,

and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

FORTY- FOURTH LEGI SLATURE
FIRST SESSI ON, 1999

SWMC/SB 288

Page 6

Carlos R. Cisneros, Chair man

Adopted _____ Not

Adopted _____

(Chi ef Clerk)

(Chi ef Clerk)

Date _____

The roll call vote was 6 For 0 Against

Yes: 6

No: 0

Excused: Carraro, Duran, Ki dd

Absent: None

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