

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HOUSE BILL 45

**51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

INTRODUCED BY

Larry A. Larrañaga

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM THE GROSS RECEIPTS TAX FOR CERTAIN RECEIPTS DERIVED FROM THE SALE OF GOODS AND SERVICES TO THE UNITED STATES DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY OR SATELLITES; REQUIRING REPORTS AND REVIEW.

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--GOODS AND SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY AND SATELLITES--TEN-YEAR PERIOD--REPORTING.--

A. A taxpayer's receipts from the sale of research and development services related to directed energy or satellites and receipts from the sale of directed energy and

underscoring material = new  
~~[bracketed material] = delete~~

1 satellite-related inputs when sold pursuant to a contract with  
2 the United States department of defense, that are not otherwise  
3 exempt from gross receipts taxation and that are not deductible  
4 pursuant to another provision of the Gross Receipts and  
5 Compensating Tax Act, may be deducted from gross receipts in an  
6 amount equal to the aggregate total of New Mexico income and  
7 property taxes paid by the taxpayer's employees, whose work is  
8 related to directed energy or satellites, during a tax  
9 reporting period in which the taxpayer:

10 (1) expands its directed energy and satellite  
11 business in New Mexico by hiring new employees in New Mexico;  
12 or

13 (2) begins a directed energy and satellite  
14 business in New Mexico, including the hiring of employees in  
15 New Mexico.

16 B. After an initial deduction, the taxpayer may  
17 continue to take the deduction during subsequent tax reporting  
18 periods as calculated in those reporting periods unless during  
19 a tax reporting period the taxpayer reduces the number of  
20 employees below the number of employees included for purposes  
21 of calculating the initial deduction.

22 C. For the purposes of claiming and calculating the  
23 deduction provided by this section, a taxpayer shall certify in  
24 a manner acceptable to the secretary the identity of employees  
25 it employed during a tax reporting period. The secretary shall

underscoring material = new  
~~[bracketed material] = delete~~

1 calculate and report to the taxpayer the amount of deduction  
2 allowable for that tax reporting period in a manner that keeps  
3 individual employee tax information confidential, unless  
4 otherwise provided by law.

5 D. The purpose of the deductions allowed in this  
6 section is to promote new and sophisticated technology, enhance  
7 the viability of existing directed energy and satellite  
8 projects, attract new projects and employers to New Mexico and  
9 increase high-technology employment opportunities.

10 E. In a tax reporting period in which a taxpayer  
11 deducts gross receipts pursuant to this section, the taxpayer  
12 shall file a report with the economic development department,  
13 in a manner required by that department, stating the number of  
14 jobs created that qualify the taxpayer for the deduction and  
15 other information that facilitates the evaluation by the  
16 interim revenue stabilization and tax policy committee and  
17 legislative finance committee of the benefit to the state  
18 resulting from the deduction. The economic development  
19 department shall annually report this information to those  
20 committees. In fiscal year 2021, but no later than December 1,  
21 2021, the economic development department shall review the  
22 efficacy of the deduction and shall recommend to the interim  
23 revenue stabilization and tax policy committee and the  
24 legislative finance committee whether or not the deduction  
25 should continue.

.195348.3

underscoring material = new  
~~[bracketed material] = delete~~

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

F. As used in this section:

(1) "directed energy" means a system, including related services, that enables the use of the frequency spectrum, including radio waves, light and x-rays;

(2) "directed energy and satellite-related inputs" means systems, subsystems, components, prototypes and demonstrators or products and services involving optics, photonics, electronics, advanced materials, nanoelectromechanical and microelectromechanical systems, fabrication materials, test evaluation and computer control systems related to directed energy or satellites; and

(3) "satellite" means composite systems assembled and packaged for use in space, including launch vehicles and related products and services."