HOUSE BILL 129

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

INTRODUCED BY

Mary Helen Garcia and Mary Kay Papen

AN ACT

RELATING TO TAXATION; EXTENDING ELIGIBILITY FOR THE GROSS
RECEIPTS TAX DEDUCTION FOR TRADE-SUPPORT COMPANIES IN A BORDER
ZONE FOR SEVEN YEARS.

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

SECTION 1. Section 7-9-56.3 NMSA 1978 (being Laws 2003,
Chapter 232, Section 1, as amended) is amended to read:

"7-9-56.3. DEDUCTION--GROSS RECEIPTS--TRADE-SUPPORT
COMPANY IN A BORDER ZONE.--

A. The receipts of a trade-support company may be
deducted from gross receipts if:

(1) the trade-support company first locates in
New Mexico within twenty miles of a port of entry on New
Mexico's border with Mexico on or after July 1, 2003 but before
July 1, 2013 <u>or on or after July 1, 2014 but before July 1,</u>

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2021;

(2)   the receipts are received by the company within a five-year period beginning on the date the trade-support company locates in New Mexico and the receipts are derived from its business activities and operations at its border zone location; and

(3)   the trade-support company employs at least two employees in New Mexico.

B. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

C. The department shall compile an annual report on the deduction created pursuant to this section that shall include the number of taxpayers approved by the department to receive the deduction, the aggregate amount of deductions approved and any other information necessary to evaluate the effectiveness of the deduction. Beginning in 2015 and every four years thereafter that the deduction is in effect, the department shall compile and present the annual reports to the revenue stabilization and tax policy committee and the legislative finance committee with an analysis of the effectiveness and cost of the deduction.

[B.] D. As used in this section:

(1)   "employee" means an individual, other than an individual who:

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(a) bears any of the relationships described in Paragraphs (1) through (8) of 26 U.S.C. Section 152(a) to the employer or, if the employer is a corporation, to an individual who owns, directly or indirectly, more than fifty percent in value of the outstanding stock of the corporation or, if the employer is an entity other than a corporation, to an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity;

(b) if the employer is an estate or trust, is a grantor, beneficiary or fiduciary of the estate or trust or is an individual who bears any of the relationships described in Paragraphs (1) through (8) of 26 U.S.C. Section 152(a) to a grantor, beneficiary or fiduciary of the estate or trust; or

(c) is a dependent, as that term is described in 26 U.S.C. Section 152(a)(9), of the employer, or, if the taxpayer is a corporation, of an individual who owns, directly or indirectly, more than fifty percent in value of the outstanding stock of the corporation or, if the employer is an entity other than a corporation, an individual who owns, directly or indirectly, more than fifty percent of the capital and profits interests in the entity or, if the employer is an estate or trust, of a grantor, beneficiary or fiduciary of the estate or trust;

(2) "port of entry" means an international

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port of entry in New Mexico at which customs services are

provided by United States customs and border protection; and

(3) "trade-support company" means a customs

brokerage firm or a freight forwarder."

SECTION 2. EFFECTIVE DATE.--The effective date of the

provisions of this act is July 1, 2014.

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