

1 HOUSE BILL 131

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

3 INTRODUCED BY

4 Jason C. Harper and Timothy M. Keller

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7  
8 FOR THE REVENUE AND STABILIZATION AND TAX POLICY COMMITTEE

9  
10 AN ACT

11 RELATING TO TAXATION; REQUIRING CERTAIN GROSS RECEIPTS AND  
12 COMPENSATING TAX DEDUCTIONS AND EXEMPTIONS TO BE SEPARATELY  
13 STATED AND ITEMIZED; REQUIRING THE SECRETARY OF TAXATION AND  
14 REVENUE TO PROMULGATE RULES FOR SEPARATELY STATING AND  
15 ITEMIZING GROSS RECEIPTS AND COMPENSATING TAX DEDUCTIONS AND  
16 EXEMPTIONS; PROVIDING A SUNSET FOR CERTAIN SECTIONS OF THE  
17 GROSS RECEIPTS AND COMPENSATING TAX ACT; MAKING AN  
18 APPROPRIATION.

19  
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

21 SECTION 1. Section 7-9-5 NMSA 1978 (being Laws 1966,  
22 Chapter 47, Section 5, as amended) is amended to read:

23 "7-9-5. PRESUMPTION OF TAXABILITY.--

24 A. To prevent evasion of the gross receipts tax and  
25 to aid in its administration, it is presumed that all receipts

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1 of a person engaging in business are subject to the gross  
2 receipts tax. [~~Any~~]

3 B. Except as provided in Subsections C through E of  
4 this section, a person that is exempt from or that may take a  
5 deduction against the tax liability imposed pursuant to the  
6 Gross Receipts and Compensating Tax Act shall separately state  
7 and itemize the exemption or deduction in a manner required by  
8 the department. Multiple claims for the same exemption or  
9 deduction claimed in the same period may be aggregated.

10 C. Receipts that may be deducted pursuant to the  
11 following provisions of the Gross Receipts and Compensating Tax  
12 Act shall not be required to be separately stated or itemized:

13 (1) Sections 7-9-47, 7-9-48 and 7-9-49 NMSA  
14 1978;

15 (2) Sections 7-9-50, 7-9-51, 7-9-52, 7-9-52.1,  
16 7-9-53, 7-9-54, 7-9-54.1, 7-9-55, 7-9-56, 7-9-56.1, 7-9-56.2,  
17 7-9-57, 7-9-57.1, 7-9-58 and 7-9-59 NMSA 1978;

18 (3) Sections 7-9-60, 7-9-61.1, 7-9-62,  
19 7-9-62.1, 7-9-63, 7-9-64, 7-9-65, 7-9-66, 7-9-66.1, 7-9-67,  
20 7-9-68 and 7-9-69 NMSA 1978;

21 (4) Sections 7-9-70, 7-9-71, 7-9-74, 7-9-75,  
22 7-9-76, 7-9-76.1, 7-9-76.2, 7-9-77, 7-9-78 and 7-9-78.1 NMSA  
23 1978; and

24 (5) Sections 7-9-85, 7-9-87, 7-9-89, 7-9-91,  
25 7-9-108 and 7-9-109 NMSA 1978.

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1                   D. Receipts that are exempt pursuant to the  
2 following provisions of the Gross Receipts and Compensating Tax  
3 Act shall not be required to be separately stated or itemized:

4                   (1) Sections 7-9-3.3 and 7-9-3.5 NMSA 1978;

5                   (2) Sections 7-9-13, 7-9-13.1, 7-9-13.2,  
6 7-9-14, 7-9-15, 7-9-16, 7-9-17, 7-9-18, 7-9-18.1 and 7-9-19  
7 NMSA 1978;

8                   (3) Sections 7-9-22, 7-9-22.1, 7-9-23,  
9 7-9-23.1, 7-9-24, 7-9-25, 7-9-26, 7-9-27, 7-9-28 and 7-9-29  
10 NMSA 1978;

11                   (4) Sections 7-9-31, 7-9-32, 7-9-33, 7-9-34,  
12 7-9-35, 7-9-36, 7-9-37, 7-9-38, 7-9-38.1, 7-9-38.2 and 7-9-39  
13 NMSA 1978; and

14                   (5) Sections 7-9-41, 7-9-41.3 and 7-9-41.4  
15 NMSA 1978.

16                   E. A person engaged solely in transactions  
17 specifically exempt under the provisions of the Gross Receipts  
18 and Compensating Tax Act described in Subsection D of this  
19 section shall not be required to register or file a return  
20 under that act.

21                   ~~[B.]~~ F. If receipts from nontaxable charges for  
22 mobile telecommunications services are aggregated with and not  
23 separately stated from taxable charges for mobile  
24 telecommunications services, ~~then~~ the charges for nontaxable  
25 mobile telecommunications services shall be subject to gross

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1 receipts tax unless the home service provider can reasonably  
2 identify nontaxable charges in its books and records that are  
3 kept in the regular course of business. For the purposes of  
4 this subsection, "charges for mobile telecommunications  
5 services", "home service provider" and "mobile  
6 telecommunications services" have the meanings given in the  
7 federal Mobile Telecommunications Sourcing Act.

8 G. The secretary shall promulgate rules to  
9 implement the provisions of this section."

10 SECTION 2. Section 7-9-13.3 NMSA 1978 (being Laws 2001,  
11 Chapter 231, Section 12) is amended to read:

12 "7-9-13.3. EXEMPTION--GROSS RECEIPTS TAX AND GOVERNMENTAL  
13 GROSS RECEIPTS TAX--STADIUM SURCHARGE.--~~[Exempted from the~~  
14 ~~gross receipts tax and from the governmental gross receipts tax~~  
15 ~~are the]~~ Prior to July 1, 2025, receipts from selling tickets,  
16 parking, souvenirs, concessions, programs, advertising,  
17 merchandise, corporate suites or boxes, broadcast revenues and  
18 all other products, services or activities sold at, related to  
19 or occurring at a minor league baseball stadium on which a  
20 stadium surcharge is imposed pursuant to the Minor League  
21 Baseball Stadium Funding Act are exempt from the gross receipts  
22 tax and the governmental gross receipts tax."

23 SECTION 3. Section 7-9-13.4 NMSA 1978 (being Laws 2002,  
24 Chapter 20, Section 1) is amended to read:

25 "7-9-13.4. EXEMPTION--GROSS RECEIPTS TAX--SALE OF

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1 TEXTBOOKS FROM CERTAIN BOOKSTORES TO ENROLLED STUDENTS.--  
2 [~~Exempted from the gross receipts tax are the~~] Prior to July 1,  
3 2025, receipts from the sale of textbooks and other materials  
4 that are required for courses at a public post-secondary  
5 educational institution if the sale is by a bookstore located  
6 on the campus of the institution and operated pursuant to a  
7 contractual agreement with that institution and the sale is to  
8 a student enrolled at the institution who displays a valid  
9 student identification card are exempt from the gross receipts  
10 tax."

11 SECTION 4. Section 7-9-13.5 NMSA 1978 (being Laws 2005,  
12 Chapter 351, Section 2) is amended to read:

13 "7-9-13.5. EXEMPTION--GROSS RECEIPTS TAX AND GOVERNMENTAL  
14 GROSS RECEIPTS TAX--EVENT CENTER SURCHARGE.--~~[Exempted from the~~  
15 ~~gross receipts tax and from the governmental gross receipts tax~~  
16 ~~are the~~] Prior July 1, 2025, receipts from selling tickets,  
17 parking, souvenirs, concessions, programs, advertising,  
18 merchandise, corporate suites or boxes, broadcast revenues and  
19 all other products or services sold at or related to a  
20 municipal event center or related to activities occurring at  
21 the event center on which an event center surcharge is imposed  
22 pursuant to the Municipal Event Center Funding Act are exempt  
23 from the gross receipts tax and the governmental gross receipts  
24 tax."

25 SECTION 5. Section 7-9-20 NMSA 1978 (being Laws 1988,

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1 Chapter 82, Section 1) is amended to read:

2 "7-9-20. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN RECEIPTS  
3 OF HOMEOWNERS ASSOCIATIONS.--~~[Exempted from the gross receipts~~  
4 ~~tax are those]~~ Prior to July 1, 2025, receipts of homeowners  
5 associations defined in Section 528(c)(1) (A thru D), (2), (3)  
6 and (4) (A, B and D) of the Internal Revenue Code, as amended,  
7 which are received as membership fees, dues or assessments from  
8 members who are owners of residential units, residences or  
9 residential lots, except for owners of time-share interests,  
10 for payment of taxes, insurance, utility expenses, management  
11 and improvement, maintenance or rehabilitation of those common  
12 areas, elements or facilities appurtenant thereto ~~[which]~~ that  
13 are for the sole use of the owners and their guests are exempt  
14 from the gross receipts tax."

15 SECTION 6. Section 7-9-26.1 NMSA 1978 (being Laws 2003,  
16 Chapter 62, Section 1) is amended to read:

17 "7-9-26.1. EXEMPTION--GROSS RECEIPTS TAX AND COMPENSATING  
18 TAX--FUEL FOR SPACE VEHICLES.--

19 A. ~~[Exempted from the gross receipts tax are]~~ Prior  
20 to July 1, 2025, the receipts from selling fuel, oxidizer or a  
21 substance that combines fuel and oxidizer to propel space  
22 vehicles or to operate space vehicle launchers are exempt from  
23 the gross receipts tax.

24 B. ~~[Exempted from the compensating tax is]~~ Prior to  
25 July 1, 2025, the use of fuel, oxidizer or a substance that

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1 combines fuel and oxidizer to propel space vehicles or to  
2 operate space vehicle launchers is exempt from the compensating  
3 tax."

4 SECTION 7. Section 7-9-30 NMSA 1978 (being Laws 1969,  
5 Chapter 144, Section 23, as amended) is amended to read:

6 "7-9-30. EXEMPTION--COMPENSATING TAX--RAILROAD EQUIPMENT,  
7 AIRCRAFT AND SPACE VEHICLES.--

8 A. [~~Exempted from the compensating tax is~~] Prior to  
9 July 1, 2025, the use of railroad locomotives, trailers,  
10 containers, tenders or cars procured or bought for use in  
11 railroad transportation is exempt from the compensating tax.

12 B. [~~Exempted from the compensating tax is~~] Prior to  
13 July 1, 2025, the use of commercial aircraft bought or leased  
14 primarily for use in the transportation of passengers or  
15 property for hire in interstate commerce is exempt from the  
16 compensating tax.

17 C. [~~Exempted from the compensating tax is~~] Prior to  
18 July 1, 2025, the use of space vehicles for transportation of  
19 persons or property in, to or from space is exempt from the  
20 compensating tax."

21 SECTION 8. Section 7-9-40 NMSA 1978 (being Laws 1970,  
22 Chapter 60, Section 2, as amended) is amended to read:

23 "7-9-40. EXEMPTION--GROSS RECEIPTS TAX--PURSES AND JOCKEY  
24 REMUNERATION AT NEW MEXICO RACETRACKS--RECEIPTS FROM GROSS  
25 AMOUNTS WAGERED.--

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1           A. ~~[Exempted from the gross receipts tax are the]~~  
2 Prior to July 1, 2025, receipts of horsemen, jockeys and  
3 trainers from race purses at New Mexico horse racetracks  
4 subject to the jurisdiction of the state racing commission are  
5 exempt from the gross receipts tax.

6           B. Exempted from the gross receipts tax are the  
7 receipts of a racetrack from the commissions and other amounts  
8 authorized by Section ~~[60-1-10]~~ 60-1A-19 NMSA 1978 to be  
9 retained by a racetrack conducting horse races under the  
10 authority of a license from the state racing commission."

11           SECTION 9. Section 7-9-41.1 NMSA 1978 (being Laws 2007,  
12 Chapter 117, Section 1) is amended to read:

13           "7-9-41.1. EXEMPTION--GROSS RECEIPTS TAX AND GOVERNMENTAL  
14 GROSS RECEIPTS TAX--ATHLETIC FACILITY SURCHARGE.--~~[Exempted~~  
15 ~~from the gross receipts tax and from the governmental gross~~  
16 ~~receipts tax are the]~~ Prior to July 1, 2025, receipts of a  
17 university from an athletic facility surcharge imposed pursuant  
18 to the University Athletic Facility Funding Act are exempt from  
19 the gross receipts tax and the governmental gross receipts  
20 tax."

21           SECTION 10. Section 7-9-41.2 NMSA 1978 (being Laws 2007,  
22 Chapter 172, Section 13) is amended to read:

23           "7-9-41.2. EXEMPTION--COMPENSATING TAX--LOCOMOTIVE ENGINE  
24 FUEL.--~~[Exempted from the compensating tax is]~~ Prior to July 1,  
25 2025, the use of fuel to be loaded or used by a common carrier

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1 in a locomotive engine is exempt from the compensating tax.  
2 For the purposes of this section, "locomotive engine" means a  
3 wheeled vehicle consisting of a self-propelled engine that is  
4 used to draw trains along railway tracks."

5 SECTION 11. Section 7-9-54.2 NMSA 1978 (being Laws 1995,  
6 Chapter 183, Section 2, as amended) is amended to read:

7 "7-9-54.2. GROSS RECEIPTS--DEDUCTION--SPACEPORT  
8 OPERATION--SPACE OPERATIONS--LAUNCHING, OPERATING AND  
9 RECOVERING SPACE VEHICLES OR PAYLOADS--PAYLOAD SERVICES--  
10 OPERATIONALLY RESPONSIVE SPACE PROGRAM SERVICES.--

11 A. Prior to July 1, 2025, receipts from launching,  
12 operating or recovering space vehicles or payloads in New  
13 Mexico may be deducted from gross receipts.

14 B. Prior to July 1, 2025, receipts from preparing a  
15 payload in New Mexico are deductible from gross receipts.

16 C. Prior to July 1, 2025, receipts from operating a  
17 spaceport in New Mexico are deductible from gross receipts.

18 D. Prior to July 1, 2025, receipts from the  
19 provision of research, development, testing and evaluation  
20 services for the United States air force operationally  
21 responsive space program may be deducted from gross receipts.

22 E. As used in this section:

23 (1) "operationally responsive space program"  
24 means a program authorized pursuant to 10 U.S.C. 2273a;

25 (2) "payload" means a system, subsystem or

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1 other mechanical structure or material to be conveyed into  
2 space that is designed, constructed or intended to perform a  
3 function in space;

4 (3) "space" means any location beyond  
5 altitudes of sixty thousand feet above the earth's mean sea  
6 level;

7 (4) "space operations" means the process of  
8 commanding and controlling payloads in space; and

9 (5) "spaceport" means an installation and  
10 related facilities used for the launching, landing, operating,  
11 recovering, servicing and monitoring of vehicles capable of  
12 entering or returning from space.

13 F. Receipts from the sale of tangible personal  
14 property that will become an ingredient or component part of a  
15 construction project or from performing construction services  
16 may not be deducted under this section."

17 SECTION 12. Section 7-9-54.3 NMSA 1978 (being Laws 2002,  
18 Chapter 37, Section 8, as amended by Laws 2010, Chapter 77,  
19 Section 2 and by Laws 2010, Chapter 78, Section 2) is amended  
20 to read:

21 "7-9-54.3. DEDUCTION--GROSS RECEIPTS TAX--WIND AND SOLAR  
22 GENERATION EQUIPMENT--SALES TO GOVERNMENTS.--

23 A. Prior to July 1, 2025, receipts from selling  
24 wind generation equipment or solar generation equipment to a  
25 government for the purpose of installing a wind or solar

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1 electric generation facility may be deducted from gross  
2 receipts.

3 B. The deduction allowed pursuant to this section  
4 shall not be claimed for receipts from an expenditure for which  
5 a taxpayer claims a credit pursuant to Section 7-2-18.25,  
6 7-2A-25 or 7-9G-2 NMSA 1978.

7 C. As used in this section:

8 (1) "government" means the United States or  
9 the state or a governmental unit or a subdivision, agency,  
10 department or instrumentality of the federal government or the  
11 state;

12 (2) "related equipment" means transformers,  
13 circuit breakers and switching and metering equipment used to  
14 connect a wind or solar electric generation plant to the  
15 electric grid;

16 (3) "solar generation equipment" means solar  
17 thermal energy collection, concentration and heat transfer and  
18 conversion equipment; solar tracking hardware and software;  
19 photovoltaic panels and inverters; support structures; turbines  
20 and associated electrical generating equipment used to generate  
21 electricity from solar thermal energy; and related equipment;  
22 and

23 (4) "wind generation equipment" means wind  
24 generation turbines, blades, nacelles, rotors and supporting  
25 structures used to generate electricity from wind and related

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1 equipment."

2 SECTION 13. Section 7-9-54.4 NMSA 1978 (being Laws 2003,  
3 Chapter 62, Section 4) is amended to read:

4 "7-9-54.4. DEDUCTION--COMPENSATING TAX--SPACE-RELATED  
5 TEST ARTICLES.--

6 A. Prior to July 1, 2025, the value of space-  
7 related test articles used in New Mexico exclusively for  
8 research or testing, placing on public display after research  
9 or testing or storage for future research, testing or public  
10 display may be deducted in computing compensating tax due.  
11 This subsection does not apply to any other use of a space-  
12 related test article.

13 B. Prior to July 1, 2025, the value of equipment  
14 and materials used in New Mexico for research or testing, or  
15 for supporting the research or testing of, space-related test  
16 articles or for storage of such equipment or materials for  
17 research or testing, or supporting the research and testing of,  
18 space-related test articles may be deducted in computing  
19 compensating tax due. This subsection does not apply to any  
20 other use of such equipment and materials.

21 C. As used in this section, a "space-related test  
22 article" is a material or device intended to be used primarily  
23 in research or testing to determine properties and qualities of  
24 the material or properties, qualities or functioning of a  
25 device or technology when the principal use of the material,

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1 device or technology is intended to be in space or as part of,  
2 or associated with, a space vehicle."

3 SECTION 14. Section 7-9-54.5 NMSA 1978 (being Laws 2004,  
4 Chapter 16, Section 3) is amended to read:

5 "7-9-54.5. DEDUCTION--COMPENSATING TAX--TEST ARTICLES.--

6 A. Prior to July 1, 2025, the value of test  
7 articles upon which research or testing is conducted in New  
8 Mexico pursuant to a contract with the United States department  
9 of defense may be deducted in computing the compensating tax  
10 due.

11 B. As used in this section, "test article" means a  
12 material or device upon which research or testing is conducted  
13 to determine the properties and qualities of the material or  
14 the properties, qualities or functioning of the device or a  
15 technology used with the device.

16 C. The deduction provided by this section does not  
17 apply to the value of property purchased by a prime contractor  
18 operating a facility designated as a national laboratory by an  
19 act of congress."

20 SECTION 15. Section 7-9-57.2 NMSA 1978 (being Laws 2002,  
21 Chapter 10, Section 1) is amended to read:

22 "7-9-57.2. DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
23 SOFTWARE DEVELOPMENT SERVICES.--

24 A. To stimulate new business development, the  
25 receipts of an eligible software development company from the

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1 sale of software development services that are performed in a  
2 qualified area may be deducted from gross receipts prior to  
3 July 1, 2025.

4 B. As used in this section:

5 (1) "eligible software development company"  
6 means a taxpayer who is not a successor in business of another  
7 taxpayer; ~~and~~ whose primary business in New Mexico is  
8 established after the effective date of this section and is  
9 providing software development services; and who had no  
10 business location in New Mexico other than in a qualified area  
11 during the period for which a deduction under this section is  
12 sought;

13 (2) "qualified area" means the state of New  
14 Mexico except for an incorporated municipality with a  
15 population of more than fifty thousand according to the most  
16 recent federal decennial census; and

17 (3) "software development services" means  
18 custom software design and development and web site design and  
19 development but does not include software implementation or  
20 support services."

21 SECTION 16. Section 7-9-61.2 NMSA 1978 (being Laws 2000,  
22 Chapter 48, Section 1) is amended to read:

23 "7-9-61.2. DEDUCTION--RECEIPTS FROM SALES TO STATE-  
24 CHARTERED CREDIT UNIONS.--Prior to July 1, 2025, receipts from  
25 selling tangible personal property to credit unions chartered  
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1 under the provisions of the Credit Union Act are deductible to  
2 the same extent that receipts from the sale of tangible  
3 personal property to federal credit unions may be deducted  
4 pursuant to the provisions of Section 7-9-54 NMSA 1978."

5 SECTION 17. Section 7-9-73 NMSA 1978 (being Laws 1970,  
6 Chapter 78, Section 2, as amended) is amended to read:

7 "7-9-73. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL  
8 GROSS RECEIPTS--SALE OF PROSTHETIC DEVICES.--Prior to July 1,  
9 2025, receipts from selling prosthetic devices may be deducted  
10 from gross receipts or from governmental gross receipts if the  
11 sale is made to a person who is licensed to practice medicine,  
12 osteopathic medicine, dentistry, podiatry, optometry,  
13 chiropractic or professional nursing and who delivers a  
14 nontaxable transaction certificate to the seller. The buyer  
15 delivering the nontaxable transaction certificate must deliver  
16 the prosthetic device incidental to the performance of a  
17 service and must include the value of the prosthetic device in  
18 [~~his~~] the charge for the service."

19 SECTION 18. Section 7-9-73.1 NMSA 1978 (being Laws 1991,  
20 Chapter 8, Section 3, as amended) is amended to read:

21 "7-9-73.1. DEDUCTION--GROSS RECEIPTS--HOSPITALS.--Prior  
22 to July 1, 2025, fifty percent of the receipts of hospitals  
23 licensed by the department of health may be deducted from gross  
24 receipts; provided, this deduction may be applied only to the  
25 taxable gross receipts remaining after all other appropriate

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1 deductions have been taken."

2 SECTION 19. Section 7-9-73.2 NMSA 1978 (being Laws 1998,  
3 Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as  
4 amended) is amended to read:

5 "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL  
6 GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN.--

7 A. Prior to July 1, 2025, receipts from the sale of  
8 prescription drugs and oxygen and oxygen services provided by a  
9 licensed medicare durable medical equipment provider may be  
10 deducted from gross receipts and governmental gross receipts.

11 B. For the purposes of this section, "prescription  
12 drugs" means insulin and substances that are:

13 (1) dispensed by or under the supervision of a  
14 licensed pharmacist or by a physician or other person  
15 authorized under state law to do so;

16 (2) prescribed for a specified person by a  
17 person authorized under state law to prescribe the substance;  
18 and

19 (3) subject to the restrictions on sale  
20 contained in Subparagraph 1 of Subsection (b) of 21 USCA 353."

21 SECTION 20. Section 7-9-77.1 NMSA 1978 (being Laws 1998,  
22 Chapter 96, Section 1, as amended) is amended to read:

23 "7-9-77.1. DEDUCTION--GROSS RECEIPTS TAX--CERTAIN MEDICAL  
24 AND HEALTH CARE SERVICES.--

25 A. Prior to July 1, 2025, receipts from payments by

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1 the United States government or any agency thereof for  
2 provision of medical and other health services by medical  
3 doctors, osteopathic physicians, doctors of oriental medicine,  
4 athletic trainers, chiropractic physicians, counselor and  
5 therapist practitioners, dentists, massage therapists,  
6 naprapaths, nurses, nutritionists, dietitians, occupational  
7 therapists, optometrists, pharmacists, physical therapists,  
8 psychologists, radiologic technologists, respiratory care  
9 practitioners, audiologists, speech-language pathologists,  
10 social workers and podiatrists or of medical, other health and  
11 palliative services by hospices or nursing homes to medicare  
12 beneficiaries pursuant to the provisions of Title 18 of the  
13 federal Social Security Act may be deducted from gross  
14 receipts.

15 B. Prior to July 1, 2025, receipts from payments by  
16 a third-party administrator of the federal TRICARE program for  
17 provision of medical and other health services by medical  
18 doctors and osteopathic physicians to covered beneficiaries may  
19 be deducted from gross receipts.

20 C. Prior to July 1, 2025, receipts from payments by  
21 or on behalf of the Indian health service of the United States  
22 department of health and human services for provision of  
23 medical and other health services by medical doctors and  
24 osteopathic physicians to covered beneficiaries may be deducted  
25 from gross receipts.

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1           D. Prior to July 1, 2025, receipts from payments by  
2 the United States government or any agency thereof for medical  
3 services provided by a clinical laboratory to medicare  
4 beneficiaries pursuant to the provisions of Title 18 of the  
5 federal Social Security Act may be deducted from gross  
6 receipts.

7           E. Prior to July 1, 2025, receipts from payments by  
8 the United States government or any agency thereof for medical,  
9 other health and palliative services provided by a home health  
10 agency to medicare beneficiaries pursuant to the provisions of  
11 Title 18 of the federal Social Security Act may be deducted  
12 from gross receipts.

13           F. For the purposes of this section:

14                   (1) "athletic trainer" means a person licensed  
15 as an athletic trainer pursuant to the provisions of Chapter  
16 61, Article 14D NMSA 1978;

17                   (2) "chiropractic physician" means a person  
18 who practices chiropractic as defined in the Chiropractic  
19 Physician Practice Act;

20                   (3) "clinical laboratory" means a laboratory  
21 accredited pursuant to 42 USCA 263a;

22                   (4) "counselor and therapist practitioner"  
23 means a person licensed to practice as a counselor or therapist  
24 pursuant to the provisions of Chapter 61, Article 9A NMSA 1978;

25                   (5) "dentist" means a person licensed to

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1 practice as a dentist pursuant to the provisions of Chapter 61,  
2 Article 5A NMSA 1978;

3 (6) "doctor of oriental medicine" means a  
4 person licensed as a physician to practice acupuncture or  
5 oriental medicine pursuant to the provisions of Chapter 61,  
6 Article 14A NMSA 1978;

7 (7) "home health agency" means a for-profit  
8 entity that is licensed by the department of health and  
9 certified by the federal centers for medicare and medicaid  
10 services as a home health agency and certified to provide  
11 medicare services;

12 (8) "hospice" means a for-profit entity  
13 licensed by the department of health as a hospice and certified  
14 to provide medicare services;

15 (9) "massage therapist" means a person  
16 licensed to practice massage therapy pursuant to the provisions  
17 of Chapter 61, Article 12C NMSA 1978;

18 (10) "medical doctor" means a person licensed  
19 as a physician to practice medicine pursuant to the provisions  
20 of the Medical Practice Act;

21 (11) "naprapath" means a person licensed as a  
22 naprapath pursuant to the provisions of Chapter 61, Article  
23 [~~12E~~] 12F NMSA 1978;

24 (12) "nurse" means a person licensed as a  
25 registered nurse pursuant to the provisions of Chapter 61,

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1 Article 3 NMSA 1978;

2 (13) "nursing home" means a for-profit entity  
3 licensed by the department of health as a nursing home and  
4 certified to provide medicare services;

5 (14) "nutritionist" or "dietitian" means a  
6 person licensed as a nutritionist or dietitian pursuant to the  
7 provisions of Chapter 61, Article 7A NMSA 1978;

8 (15) "occupational therapist" means a person  
9 licensed as an occupational therapist pursuant to the  
10 provisions of Chapter 61, Article 12A NMSA 1978;

11 (16) "osteopathic physician" means a person  
12 licensed as an osteopathic physician pursuant to the provisions  
13 of Chapter 61, Article 10 NMSA 1978;

14 (17) "optometrist" means a person licensed to  
15 practice optometry pursuant to the provisions of Chapter 61,  
16 Article 2 NMSA 1978;

17 (18) "pharmacist" means a person licensed as a  
18 pharmacist pursuant to the provisions of Chapter 61, Article 11  
19 NMSA 1978;

20 (19) "physical therapist" means a person  
21 licensed as a physical therapist pursuant to the provisions of  
22 Chapter 61, Article 12D NMSA 1978;

23 (20) "podiatrist" means a person licensed as a  
24 podiatrist pursuant to the provisions of the Podiatry Act;

25 (21) "psychologist" means a person licensed as

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1 a psychologist pursuant to the provisions of Chapter 61,  
2 Article 9 NMSA 1978;

3 (22) "radiologic technologist" means a person  
4 licensed as a radiologic technologist pursuant to the  
5 provisions of Chapter 61, Article 14E NMSA 1978;

6 (23) "respiratory care practitioner" means a  
7 person licensed as a respiratory care practitioner pursuant to  
8 the provisions of Chapter 61, Article 12B NMSA 1978;

9 (24) "social worker" means a person licensed  
10 as an independent social worker pursuant to the provisions of  
11 Chapter 61, Article 31 NMSA 1978;

12 (25) "speech-language pathologist" means a  
13 person licensed as a speech-language pathologist pursuant to  
14 the provisions of Chapter 61, Article 14B NMSA 1978; and

15 (26) "TRICARE program" means the program  
16 defined in 10 U.S.C. 1072(7)."

17 SECTION 21. Section 7-9-83 NMSA 1978 (being Laws 1993,  
18 Chapter 364, Section 1, as amended) is amended to read:

19 "7-9-83. DEDUCTION--GROSS RECEIPTS TAX--JET FUEL.--

20 A. From July 1, 2003 through June 30, 2017,  
21 fifty-five percent of the receipts from the sale of fuel  
22 specially prepared and sold for use in turboprop or jet-type  
23 engines as determined by the department may be deducted from  
24 gross receipts.

25 B. [~~After June 30~~] From July 1, 2017 through June

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1 30, 2027, forty percent of the receipts from the sale of fuel  
2 specially prepared and sold for use in turboprop or jet-type  
3 engines as determined by the department may be deducted from  
4 gross receipts."

5 SECTION 22. Section 7-9-84 NMSA 1978 (being Laws 1993,  
6 Chapter 364, Section 2, as amended) is amended to read:

7 "7-9-84. DEDUCTION--COMPENSATING TAX--JET FUEL.--

8 A. From July 1, 2003 through June 30, 2017, fifty-  
9 five percent of the value of the fuel specially prepared and  
10 sold for use in turboprop or jet-type engines as determined by  
11 the department may be deducted in computing the compensating  
12 tax due.

13 B. [~~After June 30~~] From July 1, 2017 through June  
14 30, 2027, forty percent of the value of the fuel specially  
15 prepared and sold for use in turboprop or jet-type engines as  
16 determined by the department may be deducted in computing the  
17 compensating tax due."

18 SECTION 23. Section 7-9-86 NMSA 1978 (being Laws 1995,  
19 Chapter 80, Section 1, as amended) is amended to read:

20 "7-9-86. DEDUCTION--GROSS RECEIPTS TAX--SALES TO  
21 QUALIFIED FILM PRODUCTION COMPANY.--

22 A. Prior to July 1, 2027, receipts from selling or  
23 leasing property and from performing services may be deducted  
24 from gross receipts or from governmental gross receipts if the  
25 sale, lease or performance is made to a qualified production

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1 company that delivers a nontaxable transaction certificate to  
2 the seller, lessor or performer.

3 B. For the purposes of this section:

4 (1) "film" means a single media or multimedia  
5 program, including an advertising message, that:

6 (a) is fixed on film, digital medium,  
7 videotape, computer disc, laser disc or other similar delivery  
8 medium;

9 (b) can be viewed or reproduced;

10 (c) is not intended to and does not  
11 violate a provision of Chapter 30, Article 37 NMSA 1978; and

12 (d) is intended for reasonable  
13 commercial exploitation for the delivery medium used;

14 (2) "production company" means a person that  
15 produces one or more films for exhibition in theaters, on  
16 television or elsewhere;

17 (3) "production costs" means the costs of the  
18 following:

19 (a) a story and scenario to be used for  
20 a film;

21 (b) salaries of talent, management and  
22 labor, including payments to personal services corporations for  
23 the services of a performing artist;

24 (c) set construction and operations,  
25 wardrobe, accessories and related services;

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1 (d) photography, sound synchronization,  
2 lighting and related services;

3 (e) editing and related services;

4 (f) rental of facilities and equipment;

5 or

6 (g) other direct costs of producing the  
7 film in accordance with generally accepted entertainment  
8 industry practice; and

9 (4) "qualified production company" means a  
10 production company that meets the provisions of this section  
11 and has registered or will register with the New Mexico film  
12 division of the economic development department.

13 C. A qualified production company may deliver the  
14 nontaxable transaction certificates authorized by this section  
15 only with respect to production costs."

16 SECTION 24. Section 7-9-93 NMSA 1978 (being Laws 2004,  
17 Chapter 116, Section 6, as amended) is amended to read:

18 "7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR  
19 SERVICES PROVIDED BY HEALTH CARE PRACTITIONER.--

20 A. Prior to July 1, 2029, receipts from payments by  
21 a managed health care provider or health care insurer for  
22 commercial contract services or medicare part C services  
23 provided by a health care practitioner that are not otherwise  
24 deductible pursuant to another provision of the Gross Receipts  
25 and Compensating Tax Act may be deducted from gross receipts,

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1 provided that the services are within the scope of practice of  
2 the person providing the service. Receipts from fee-for-  
3 service payments by a health care insurer may not be deducted  
4 from gross receipts. The deduction provided by this section  
5 shall be separately stated by the taxpayer.

6 B. For the purposes of this section:

7 (1) "commercial contract services" means  
8 health care services performed by a health care practitioner  
9 pursuant to a contract with a managed health care provider or  
10 health care insurer other than those health care services  
11 provided for medicare patients pursuant to Title 18 of the  
12 federal Social Security Act or for medicaid patients pursuant  
13 to Title 19 or Title 21 of the federal Social Security Act;

14 (2) "health care insurer" means a person that:

15 (a) has a valid certificate of authority  
16 in good standing pursuant to the New Mexico Insurance Code to  
17 act as an insurer, health maintenance organization or nonprofit  
18 health care plan or prepaid dental plan; and

19 (b) contracts to reimburse licensed  
20 health care practitioners for providing basic health services  
21 to enrollees at negotiated fee rates;

22 (3) "health care practitioner" means:

23 (a) a chiropractic physician licensed  
24 pursuant to the provisions of the Chiropractic Physician  
25 Practice Act;

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1 (b) a dentist or dental hygienist  
2 licensed pursuant to the Dental Health Care Act;

3 (c) a doctor of oriental medicine  
4 licensed pursuant to the provisions of the Acupuncture and  
5 Oriental Medicine Practice Act;

6 (d) an optometrist licensed pursuant to  
7 the provisions of the Optometry Act;

8 (e) an osteopathic physician licensed  
9 pursuant to the provisions of Chapter 61, Article 10 NMSA 1978  
10 or an osteopathic physician's assistant licensed pursuant to  
11 the provisions of the Osteopathic Physicians' Assistants Act;

12 (f) a physical therapist licensed  
13 pursuant to the provisions of the Physical Therapy Act;

14 (g) a physician or physician assistant  
15 licensed pursuant to the provisions of Chapter 61, Article 6  
16 NMSA 1978;

17 (h) a podiatrist licensed pursuant to  
18 the provisions of the Podiatry Act;

19 (i) a psychologist licensed pursuant to  
20 the provisions of the Professional Psychologist Act;

21 (j) a registered lay midwife registered  
22 by the department of health;

23 (k) a registered nurse or licensed  
24 practical nurse licensed pursuant to the provisions of the  
25 Nursing Practice Act;

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1 (l) a registered occupational therapist  
2 licensed pursuant to the provisions of the Occupational Therapy  
3 Act;

4 (m) a respiratory care practitioner  
5 licensed pursuant to the provisions of the Respiratory Care  
6 Act;

7 (n) a speech-language pathologist or  
8 audiologist licensed pursuant to the Speech-Language Pathology,  
9 Audiology and Hearing Aid Dispensing Practices Act;

10 (o) a professional clinical mental  
11 health counselor, marriage and family therapist or professional  
12 art therapist licensed pursuant to the provisions of the  
13 Counseling and Therapy Practice Act who has obtained a master's  
14 degree or a doctorate;

15 (p) an independent social worker  
16 licensed pursuant to the provisions of the Social Work Practice  
17 Act; and

18 (q) a clinical laboratory that is  
19 accredited pursuant to 42 U.S.C. Section 263a but that is not a  
20 laboratory in a physician's office or in a hospital defined  
21 pursuant to 42 U.S.C. Section 1395x;

22 (4) "managed health care provider" means a  
23 person that provides for the delivery of comprehensive basic  
24 health care services and medically necessary services to  
25 individuals enrolled in a plan through its own employed health

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1 care providers or by contracting with selected or participating  
2 health care providers. "Managed health care provider" includes  
3 only those persons that provide comprehensive basic health care  
4 services to enrollees on a contract basis, including the  
5 following:

- 6 (a) health maintenance organizations;
- 7 (b) preferred provider organizations;
- 8 (c) individual practice associations;
- 9 (d) competitive medical plans;
- 10 (e) exclusive provider organizations;
- 11 (f) integrated delivery systems;
- 12 (g) independent physician-provider  
13 organizations;
- 14 (h) physician hospital-provider  
15 organizations; and
- 16 (i) managed care services organizations;
- 17 and

18 (5) "medicare part C services" means services  
19 performed pursuant to a contract with a managed health care  
20 provider for medicare patients pursuant to Title 18 of the  
21 federal Social Security Act."

22 SECTION 25. Section 7-9-95 NMSA 1978 (being Laws 2005,  
23 Chapter 104, Section 25) is amended to read:

24 "7-9-95. DEDUCTION--GROSS RECEIPTS TAX--SALES OF CERTAIN  
25 TANGIBLE PERSONAL PROPERTY--LIMITED PERIOD.--Prior to July 1,

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1 2027, receipts from the sale at retail of the following types  
2 of tangible personal property may be deducted if the sale of  
3 the property occurs during the period beginning at 12:01 a.m.  
4 on the first Friday in August and ending at midnight on the  
5 following Sunday:

6 A. an article of clothing or footwear designed to  
7 be worn on or about the human body if the sales price of the  
8 article is less than one hundred dollars (\$100) except:

9 (1) any special clothing or footwear that is  
10 primarily designed for athletic activity or protective use and  
11 that is not normally worn except when used for the athletic  
12 activity or protective use for which it is designed; and

13 (2) accessories, including jewelry, handbags,  
14 luggage, umbrellas, wallets, watches and similar items worn or  
15 carried on or about the human body, without regard to whether  
16 worn on the body in a manner characteristic of clothing;

17 B. a desktop, laptop or notebook computer if the  
18 sales price of the computer does not exceed one thousand  
19 dollars (\$1,000) and any associated monitor, speaker or set of  
20 speakers, printer, keyboard, microphone or mouse if the sales  
21 price of the device does not exceed five hundred dollars  
22 (\$500); and

23 C. school supplies that are items normally used by  
24 students in a standard classroom for educational purposes,  
25 including notebooks, paper, writing instruments, crayons, art

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1 supplies, rulers, book bags, backpacks, handheld calculators,  
2 maps and globes, but not including watches, radios, compact  
3 disc players, headphones, sporting equipment, portable or  
4 desktop telephones, copiers, office equipment, furniture or  
5 fixtures."

6 SECTION 26. Section 7-9-97 NMSA 1978 (being Laws 2005,  
7 Chapter 169, Section 1) is amended to read:

8 "7-9-97. DEDUCTION--GROSS RECEIPTS TAX--RECEIPTS FROM  
9 CERTAIN PURCHASES BY OR ON BEHALF OF THE STATE.--Prior to July  
10 1, 2027, receipts from the sale of property or services  
11 purchased by or on behalf of the state from funds obtained from  
12 the forfeiture of financial assurance pursuant to the New  
13 Mexico Mining Act or the forfeiture of financial responsibility  
14 pursuant to the Water Quality Act may be deducted from gross  
15 receipts."

16 SECTION 27. Section 7-9-98 NMSA 1978 (being Laws 2005,  
17 Chapter 179, Section 1) is amended to read:

18 "7-9-98. DEDUCTION--COMPENSATING TAX--BIOMASS-RELATED  
19 EQUIPMENT--BIOMASS MATERIALS.--

20 A. Prior to July 1, 2027, the value of a biomass  
21 boiler, gasifier, furnace, turbine-generator, storage facility,  
22 feedstock processing or drying equipment, feedstock trailer or  
23 interconnection transformer may be deducted in computing the  
24 compensating tax due.

25 B. Prior to July 1, 2027, the value of biomass

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1 materials used for processing into biopower, biofuels or  
2 biobased products may be deducted in computing the compensating  
3 tax due.

4 C. As used in this section:

5 (1) "biobased products" means products created  
6 from plant- or crop-based resources such as agricultural crops  
7 and crop residues, forestry, pastures and rangelands that are  
8 normally made from petroleum;

9 (2) "biofuels" means biomass converted to  
10 liquid or gaseous fuels such as ethanol, methanol, methane and  
11 hydrogen;

12 (3) "biomass material" means organic material  
13 that is available on a renewable or recurring basis, including:

14 (a) forest-related materials, including  
15 mill residues, logging residues, forest thinnings, slash,  
16 brush, low-commercial-value materials or undesirable species,  
17 salt cedar and other phreatophyte or woody vegetation removed  
18 from river basins or watersheds and woody material harvested  
19 for the purpose of forest fire fuel reduction or forest health  
20 and watershed improvement;

21 (b) agricultural-related materials,  
22 including orchard trees, vineyard, grain or crop residues,  
23 including straws and stover, aquatic plants and agricultural  
24 processed co-products and waste products, including fats, oils,  
25 greases, whey and lactose;

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1 (c) animal waste, including manure and  
2 slaughterhouse and other processing waste;

3 (d) solid woody waste materials,  
4 including landscape or right-of-way tree trimmings, range land  
5 maintenance residues, waste pallets, crates and manufacturing,  
6 construction and demolition wood wastes, excluding pressure-  
7 treated, chemically treated or painted wood wastes and wood  
8 contaminated with plastic;

9 (e) crops and trees planted for the  
10 purpose of being used to produce energy;

11 (f) landfill gas, wastewater treatment  
12 gas and biosolids, including organic waste byproducts generated  
13 during the wastewater treatment process; and

14 (g) segregated municipal solid waste,  
15 excluding tires and medical and hazardous waste; and

16 (4) "biopower" means biomass converted to  
17 produce electrical and thermal energy."

18 SECTION 28. Section 7-9-99 NMSA 1978 (being Laws 2006,  
19 Chapter 35, Section 1) is amended to read:

20 "7-9-99. DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
21 ENGINEERING, ARCHITECTURAL AND NEW FACILITY CONSTRUCTION  
22 SERVICES USED IN CONSTRUCTION OF CERTAIN PUBLIC HEALTH CARE  
23 FACILITIES.--Prior to July 1, 2027, receipts from selling an  
24 engineering, architectural or construction service used in the  
25 new facility construction of a sole community provider hospital

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1 that is located in a federally designated health professional  
2 shortage area may be deducted from gross receipts if the sale  
3 of the engineering, architectural or construction service is  
4 made to a foundation or a nonprofit organization that:

5 A. has entered into a written agreement with a  
6 county to pay at least ninety-five percent of the costs of new  
7 facility construction of that sole community provider hospital;  
8 and

9 B. delivers to the seller of the engineering,  
10 architectural or construction service either an appropriate  
11 nontaxable transaction certificate or other evidence acceptable  
12 to the secretary of a written agreement made in accordance with  
13 Subsection A of this section."

14 SECTION 29. Section 7-9-100 NMSA 1978 (being Laws 2006,  
15 Chapter 35, Section 2) is amended to read:

16 "7-9-100. DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
17 CONSTRUCTION EQUIPMENT AND CONSTRUCTION MATERIALS USED IN NEW  
18 FACILITY CONSTRUCTION OF A SOLE COMMUNITY PROVIDER HOSPITAL  
19 THAT IS LOCATED IN A FEDERALLY DESIGNATED HEALTH PROFESSIONAL  
20 SHORTAGE AREA.--Prior to July 1, 2027, receipts from selling  
21 construction equipment or construction materials used in the  
22 new facility construction of a sole community provider hospital  
23 that is located in a federally designated health professional  
24 shortage area may be deducted from gross receipts if the sale  
25 of the construction equipment or construction materials is made

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1 to a foundation or a nonprofit organization that:

2 A. has entered into a written agreement with a  
3 county to pay at least ninety-five percent of the costs of new  
4 facility construction of that sole community provider hospital;  
5 and

6 B. delivers to the seller either an appropriate  
7 nontaxable transaction certificate or other evidence acceptable  
8 to the secretary of a written agreement made in accordance with  
9 Subsection A of this section."

10 SECTION 30. Section 7-9-101 NMSA 1978 (being Laws 2007,  
11 Chapter 3, Section 16) is amended to read:

12 "7-9-101. DEDUCTION--GROSS RECEIPTS--EQUIPMENT FOR  
13 CERTAIN ELECTRIC TRANSMISSION OR STORAGE FACILITIES.--Prior to  
14 July 1, 2027, receipts from selling equipment to the New Mexico  
15 renewable energy transmission authority or an agent or lessee  
16 of the authority may be deducted from gross receipts if the  
17 equipment is installed as part of an electric transmission  
18 facility or an interconnected storage facility acquired by the  
19 authority pursuant to the New Mexico Renewable Energy  
20 Transmission Authority Act."

21 SECTION 31. Section 7-9-102 NMSA 1978 (being Laws 2007,  
22 Chapter 3, Section 17) is amended to read:

23 "7-9-102. DEDUCTION--COMPENSATING TAX--EQUIPMENT FOR  
24 CERTAIN ELECTRIC TRANSMISSION OR STORAGE FACILITIES.--Prior to  
25 July 1, 2027, the value of equipment installed as part of an

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1 electric transmission facility or an interconnected storage  
2 facility acquired by the New Mexico renewable energy  
3 transmission authority pursuant to the New Mexico Renewable  
4 Energy Transmission Authority Act may be deducted in computing  
5 compensating tax due."

6 SECTION 32. Section 7-9-103 NMSA 1978 (being Laws 2007,  
7 Chapter 3, Section 18) is amended to read:

8 "7-9-103. DEDUCTION--GROSS RECEIPTS--SERVICES PROVIDED  
9 FOR CERTAIN ELECTRIC TRANSMISSION AND STORAGE FACILITIES.--  
10 Prior to July 1, 2027, receipts from providing services to the  
11 New Mexico renewable energy transmission authority or an agent  
12 or lessee of the authority for the planning, installation,  
13 repair, maintenance or operation of an electric transmission  
14 facility or an interconnected storage facility acquired by the  
15 authority pursuant to the New Mexico Renewable Energy  
16 Transmission Authority Act may be deducted from gross  
17 receipts."

18 SECTION 33. Section 7-9-103.1 NMSA 1978 (being Laws 2012,  
19 Chapter 12, Section 2) is amended to read:

20 "7-9-103.1. DEDUCTION--GROSS RECEIPTS TAX--CONVERTING  
21 ELECTRICITY.--

22 A. Prior to July 1, 2027, receipts from the  
23 transmission of electricity where voltage source conversion  
24 technology is employed to provide such services and from  
25 ancillary services may be deducted from gross receipts.

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1           B. The department shall report annually to the  
2 interim revenue stabilization and tax policy committee on the  
3 expansion of voltage source conversion technology use in the  
4 transmission of electricity in New Mexico and the use of the  
5 deduction provided in this section.

6           C. As used in this section, "ancillary services"  
7 means services that are supplied from or in connection with  
8 facilities employing voltage source conversion technology and  
9 that are used to support or enhance the efficient and reliable  
10 operation of the electric system."

11           **SECTION 34.** Section 7-9-103.2 NMSA 1978 (being Laws 2012,  
12 Chapter 12, Section 3) is amended to read:

13           "7-9-103.2. DEDUCTION--GROSS RECEIPTS--ELECTRICITY  
14 EXCHANGE.--

15           A. Prior to July 1, 2027, receipts from operating a  
16 market or exchange for the sale or trading of electricity,  
17 rights to electricity and derivative products and from  
18 providing ancillary services may be deducted from gross  
19 receipts.

20           B. The department shall report annually to the  
21 interim revenue stabilization and tax policy committee on use  
22 of the deduction provided in this section.

23           C. As used in this section, "ancillary services"  
24 means services that are supplied from or in connection with  
25 facilities employing voltage source conversion technology and

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1 that are used to support or enhance the efficient and reliable  
2 operation of the electric system."

3 SECTION 35. Section 7-9-107 NMSA 1978 (being Laws 2007,  
4 Chapter 172, Section 9) is amended to read:

5 "7-9-107. DEDUCTION--GROSS RECEIPTS TAX--PRODUCTION OR  
6 STAGING OF PROFESSIONAL CONTESTS.--Prior to July 1, 2027,  
7 receipts from producing or staging a professional boxing,  
8 wrestling or martial arts contest that occurs in New Mexico,  
9 including receipts from ticket sales and broadcasting, may be  
10 deducted from gross receipts."

11 SECTION 36. Section 7-9-110.1 NMSA 1978 (being Laws 2011,  
12 Chapter 60, Section 1 and Laws 2011, Chapter 61, Section 1) is  
13 amended to read:

14 "7-9-110.1. DEDUCTION--GROSS RECEIPTS TAX--LOCOMOTIVE  
15 ENGINE FUEL.--Prior to July 1, 2027, receipts from the sale of  
16 fuel to a common carrier to be loaded or used in a locomotive  
17 engine may be deducted from gross receipts. For the purposes  
18 of this section, "locomotive engine" means a wheeled vehicle  
19 consisting of a self-propelled engine that is used to draw  
20 trains along railway tracks."

21 SECTION 37. Section 7-9-110.2 NMSA 1978 (being Laws 2011,  
22 Chapter 60, Section 2 and Laws 2011, Chapter 61, Section 2) is  
23 amended to read:

24 "7-9-110.2. DEDUCTION--COMPENSATING TAX--LOCOMOTIVE  
25 ENGINE FUEL.--Prior to July 1, 2027, the value of fuel to be  
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1 loaded or used by a common carrier in a locomotive engine may  
2 be deducted in computing the compensating tax due. For the  
3 purposes of this section, "locomotive engine" means a wheeled  
4 vehicle consisting of a self-propelled engine that is used to  
5 draw trains along railway tracks."

6 SECTION 38. Section 7-9-111 NMSA 1978 (being Laws 2007,  
7 Chapter 361, Section 6) is amended to read:

8 "7-9-111. DEDUCTION--GROSS RECEIPTS--HEARING AIDS AND  
9 VISION AIDS AND RELATED SERVICES.--

10 A. Prior to July 1, 2027, receipts that are not  
11 exempt from gross receipts taxation and are not deductible  
12 pursuant to another provision of the Gross Receipts and  
13 Compensating Tax Act that are from the sale of vision aids or  
14 hearing aids or related services may be deducted from gross  
15 receipts.

16 B. As used in this section:

17 (1) "hearing aid" means a small electronic  
18 prescription device that amplifies sound and is usually worn in  
19 or behind the ear of a person that compensates for impaired  
20 hearing, including cochlear implants, amplification systems or  
21 other devices that are:

22 (a) specifically designed for use by and  
23 marketed to persons with hearing loss; and

24 (b) not normally used by a person who  
25 does not have a hearing loss;

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1 (2) "low vision" means impaired vision with a  
2 significant reduction in visual function that cannot be  
3 corrected with conventional glasses or contact lenses;

4 (3) "related services" means services required  
5 to fit or dispense hearing aids or vision aids;

6 (4) "vision aid" means closed circuit  
7 television systems, monoculars, magnification systems, speech  
8 output devices or other systems that are:

9 (a) specifically designed for use by and  
10 marketed to persons with low vision or visual impairments; and

11 (b) not normally used by a person who  
12 does not have low vision or a visual impairment; and

13 (5) "visual impairment" means a central visual  
14 acuity of 20/200 or less in the better eye with the use of a  
15 correcting lens or a limitation in the fields of vision so that  
16 the widest diameter of the visual field subtends an angle of  
17 twenty degrees or less."

18 SECTION 39. Section 7-9-112 NMSA 1978 (being Laws 2007,  
19 Chapter 204, Section 10) is amended to read:

20 "7-9-112. DEDUCTION--GROSS RECEIPTS--SOLAR ENERGY  
21 SYSTEMS.--

22 A. Prior to July 1, 2027, receipts from the sale  
23 and installation of solar energy systems may be deducted from  
24 gross receipts.

25 B. As used in this section, "solar energy system"

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1 means an installation that is used to provide space heat, hot  
2 water or electricity to the property in which it is installed  
3 and is:

4 (1) an installation that utilizes solar panels  
5 that are not also windows, including the solar panels and all  
6 equipment necessary for the installation and operation of the  
7 solar panels;

8 (2) a dark-colored water tank exposed to  
9 sunlight, including all equipment necessary for the  
10 installation and operation of the water tank as a part of the  
11 overall water system of the property; or

12 (3) a non-vented trombe wall, including all  
13 equipment necessary for the installation and operation of the  
14 trombe wall."

15 SECTION 40. Section 7-9-114 NMSA 1978 (being Laws 2010,  
16 Chapter 77, Section 1 and Laws 2010, Chapter 78, Section 1, as  
17 amended) is amended to read:

18 "7-9-114. ADVANCED ENERGY DEDUCTION--GROSS RECEIPTS AND  
19 COMPENSATING TAXES.--

20 A. Prior to July 1, 2027, receipts from selling or  
21 leasing tangible personal property or services that are  
22 eligible generation plant costs to a person that holds an  
23 interest in a qualified generating facility may be deducted  
24 from gross receipts if the holder of the interest delivers an  
25 appropriate nontaxable transaction certificate to the seller or

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1 lessor. The department shall issue nontaxable transaction  
2 certificates to a person that holds an interest in a qualified  
3 generating facility upon presentation to the department of a  
4 certificate of eligibility obtained from the department of  
5 environment pursuant to Subsection G of this section for the  
6 deduction created in this section or a certificate of  
7 eligibility pursuant to Section 7-2-18.25, 7-2A-25 or 7-9G-2  
8 NMSA 1978. The deduction created in this section may be  
9 referred to as the "advanced energy deduction".

10 B. The purpose of the advanced energy deduction is  
11 to encourage the construction and development of qualified  
12 generating facilities in New Mexico and to sequester or control  
13 carbon dioxide emissions.

14 C. The value of eligible generation plant costs  
15 from the sale or lease of tangible personal property to a  
16 person that holds an interest in a qualified generating  
17 facility for which the department of environment has issued a  
18 certificate of eligibility pursuant to Subsection G of this  
19 section may be deducted in computing the compensating tax due.

20 D. The maximum tax benefit allowed for all eligible  
21 generation plant costs from a qualified generating facility  
22 shall be sixty million dollars (\$60,000,000) total for eligible  
23 generation plant costs deducted or claimed pursuant to this  
24 section or Section 7-2-18.25, 7-2A-25 or 7-9G-2 NMSA 1978.

25 E. Deductions taken pursuant to this section shall

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1 be reported separately on a form approved by the department.  
2 The nontaxable transaction certificates used to obtain tax-  
3 deductible tangible personal property or services shall display  
4 clearly a notice to the taxpayer that the deduction shall be  
5 reported separately from any other deductions claimed from  
6 gross receipts. A taxpayer deducting eligible generation plant  
7 costs from the costs on which compensating tax is imposed shall  
8 report those eligible generation plant costs that are being  
9 deducted.

10 F. The deductions allowed for a qualified  
11 generating facility pursuant to this section shall be available  
12 for a ten-year period for purchases and a twenty-five-year  
13 period for leases from the year development of the qualified  
14 generating facility begins and expenditures are made for which  
15 nontaxable transaction certificates authorized pursuant to this  
16 section are submitted to sellers or lessors for eligible  
17 generation plant costs or deductions from the costs on which  
18 compensating tax are calculated are first taken for eligible  
19 generation plant costs.

20 G. An entity that holds an interest in a qualified  
21 generating facility may request a certificate of eligibility  
22 from the department of environment to enable the requester to  
23 obtain a nontaxable transaction certificate for the advanced  
24 energy deduction. The department of environment shall:

25 (1) determine if the facility is a qualified

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1 generating facility;

2 (2) require that the requester provide the  
3 department of environment with the information necessary to  
4 assess whether the requester's facility meets the criteria to  
5 be a qualified generating facility;

6 (3) issue a certificate from sequentially  
7 numbered certificates to the requester stating that the  
8 facility is or is not a qualified generating facility within  
9 one hundred eighty days after receiving all information  
10 necessary to make a determination;

11 (4) issue:

12 (a) rules governing the procedures for  
13 administering the provisions of this subsection; and

14 (b) a schedule of fees in which no fee  
15 exceeds one hundred fifty thousand dollars (\$150,000);

16 (5) deposit fees collected pursuant to this  
17 subsection in the state air quality permit fund created  
18 pursuant to Section 74-2-15 NMSA 1978; and

19 (6) report annually to the appropriate interim  
20 legislative committee information that will allow the  
21 legislative committee to analyze the effectiveness of the  
22 advanced energy deduction, including the identity of qualified  
23 generating facilities, the energy production means used, the  
24 amount of emissions identified in this section reduced and  
25 removed by those qualified generating facilities and whether

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1 any requests for certificates of eligibility could not be  
2 approved due to program limits.

3 H. The economic development department shall keep a  
4 record of temporary and permanent jobs at all qualified  
5 generating facilities in New Mexico. The economic development  
6 department and the taxation and revenue department shall  
7 measure the amount of state revenue that is attributable to  
8 activity at each qualified generating facility in New Mexico.  
9 The economic development department shall coordinate with the  
10 department of environment to report annually to the appropriate  
11 interim legislative committee on the effectiveness of the  
12 advanced energy deduction. A taxpayer who claims an advanced  
13 energy deduction shall provide the economic development  
14 department, the department of environment and the taxation and  
15 revenue department with the information required to compile the  
16 report required by this section. Notwithstanding any other  
17 section of law to the contrary, the economic development  
18 department, the department of environment and the taxation and  
19 revenue department may disclose the number of applicants for  
20 the advanced energy deduction, the amount of the deduction  
21 approved, the number of employees of the taxpayer and any other  
22 information required by the legislature or the taxation and  
23 revenue department to aid in evaluating the effectiveness of  
24 that deduction.

25 I. If the department of environment issues a

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1 certificate of eligibility to a taxpayer stating that the  
2 taxpayer holds an interest in a qualified generating facility  
3 and the taxpayer does not sequester or control carbon dioxide  
4 emissions to the extent required by this section by the later  
5 of January 1, 2017 or eighteen months after the commercial  
6 operation date of the qualified generating facility, the  
7 taxpayer's certification as a qualified generating facility  
8 shall be revoked by the department of environment and the  
9 taxpayer shall repay to the state tax deductions granted  
10 pursuant to this section; provided that, if the taxpayer  
11 demonstrates to the department of environment that the taxpayer  
12 made every effort to sequester or control carbon dioxide  
13 emissions to the extent feasible and the facility's inability  
14 to meet the sequestration requirements of a qualified  
15 generating facility was beyond the facility's control, the  
16 department of environment shall determine, after a public  
17 hearing, the amount of tax deduction that should be repaid to  
18 the state. The department of environment, in its  
19 determination, shall consider the environmental performance of  
20 the facility and the extent to which the inability to meet the  
21 sequestration requirements of a qualified generating facility  
22 was in the control of the taxpayer. The repayment as  
23 determined by the department of environment shall be paid  
24 within one hundred eighty days following a final order by the  
25 department of environment.

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1           J. The advanced energy deduction allowed pursuant  
2 to this section shall not be claimed for the same qualified  
3 expenses for which a taxpayer claims a credit pursuant to  
4 Section 7-2-18.25, 7-2A-25 or 7-9G-2 NMSA 1978 or a deduction  
5 pursuant to Section 7-9-54.3 NMSA 1978.

6           K. An appropriate legislative committee shall  
7 review the effectiveness of the advanced energy deduction every  
8 four years beginning in 2015.

9           L. As used in this section:

10                   (1) "coal-based electric generating facility"  
11 means a new or repowered generating facility and an associated  
12 coal gasification facility, if any, that uses coal to generate  
13 electricity and that meets the following specifications:

14                           (a) emits the lesser of: 1) what is  
15 achievable with the best available control technology; or 2)  
16 thirty-five thousandths pound per million British thermal units  
17 of sulfur dioxide, twenty-five thousandths pound per million  
18 British thermal units of oxides of nitrogen and one hundredth  
19 pound per million British thermal units of total particulate in  
20 the flue gas;

21                           (b) removes the greater of: 1) what is  
22 achievable with the best available control technology; or 2)  
23 ninety percent of the mercury from the input fuel;

24                           (c) captures and sequesters or controls  
25 carbon dioxide emissions so that by the later of January 1,

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1 2017 or eighteen months after the commercial operation date of  
2 the coal-based electric generating facility, no more than one  
3 thousand one hundred pounds per megawatt-hour of carbon dioxide  
4 is emitted into the atmosphere;

5 (d) all infrastructure required for  
6 sequestration is in place by the later of January 1, 2017 or  
7 eighteen months after the commercial operation date of the  
8 coal-based electric generating facility;

9 (e) includes methods and procedures to  
10 monitor the disposition of the carbon dioxide captured and  
11 sequestered from the coal-based electric generating facility;  
12 and

13 (f) does not exceed a name-plate  
14 capacity of seven hundred net megawatts;

15 (2) "eligible generation plant costs" means  
16 expenditures for the development and construction of a  
17 qualified generating facility, including permitting; lease  
18 payments; site characterization and assessment; engineering;  
19 design; carbon dioxide capture, treatment, compression,  
20 transportation and sequestration; site and equipment  
21 acquisition; and fuel supply development used directly and  
22 exclusively in a qualified generating facility;

23 (3) "entity" means an individual, estate,  
24 trust, receiver, cooperative association, club, corporation,  
25 company, firm, partnership, limited liability company, limited

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1 liability partnership, joint venture, syndicate or other  
2 association or a gas, water or electric utility owned or  
3 operated by a county or municipality;

4 (4) "geothermal electric generating facility"  
5 means a facility with a name-plate capacity of one megawatt or  
6 more that uses geothermal energy to generate electricity,  
7 including a facility that captures and provides geothermal  
8 energy to a preexisting electric generating facility using  
9 other fuels in part;

10 (5) "interest in a qualified generating  
11 facility" means title to a qualified generating facility; a  
12 lessee's interest in a qualified generating facility; and a  
13 county or municipality's interest in a qualified generating  
14 facility when the county or municipality issues an industrial  
15 revenue bond for construction of the qualified generating  
16 facility;

17 (6) "name-plate capacity" means the maximum  
18 rated output of the facility measured as alternating current or  
19 the equivalent direct current measurement;

20 (7) "qualified generating facility" means a  
21 facility that begins construction not later than December 31,  
22 2015 and is:

23 (a) a solar thermal electric generating  
24 facility that begins construction on or after July 1, 2010 and  
25 that may include an associated renewable energy storage

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1 facility;

2 (b) a solar photovoltaic electric  
3 generating facility that begins construction on or after July  
4 1, 2010 and that may include an associated renewable energy  
5 storage facility;

6 (c) a geothermal electric generating  
7 facility that begins construction on or after July 1, 2010;

8 (d) a recycled energy project if that  
9 facility begins construction on or after July 1, 2010; or

10 (e) a new or repowered coal-based  
11 electric generating facility and an associated coal  
12 gasification facility;

13 (8) "recycled energy" means energy produced by  
14 a generation unit with a name-plate capacity of not more than  
15 fifteen megawatts that converts the otherwise lost energy from  
16 the exhaust stacks or pipes to electricity without combustion  
17 of additional fossil fuel;

18 (9) "sequester" means to store, or chemically  
19 convert, carbon dioxide in a manner that prevents its release  
20 into the atmosphere and may include the use of geologic  
21 formations and enhanced oil, coaled methane or natural gas  
22 recovery techniques;

23 (10) "solar photovoltaic electric generating  
24 facility" means an electric generating facility with a name-  
25 plate capacity of one megawatt or more that uses solar

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1 photovoltaic energy to generate electricity; and

2 (11) "solar thermal electric generating  
3 facility" means an electric generating facility with a name-  
4 plate capacity of one megawatt or more that uses solar thermal  
5 energy to generate electricity, including a facility that  
6 captures and provides solar thermal energy to a preexisting  
7 electric generating facility using other fuels in part."

8 SECTION 41. APPROPRIATION.--Five hundred thousand dollars  
9 (\$500,000) is appropriated from the general fund to the  
10 taxation and revenue department for expenditure in fiscal years  
11 2015 and 2016 to purchase equipment and contract for services  
12 necessary to create and process an expanded reporting form for  
13 taxpayer reporting of deductions and exemptions pursuant to  
14 Section 1 of this act and to provide public outreach to  
15 taxpayers regarding the reporting requirements. Any unexpended  
16 or unencumbered balance remaining at the end of fiscal year  
17 2016 shall revert to the general fund.

18 SECTION 42. EFFECTIVE DATE.--

19 A. The effective date of the provisions of Section  
20 1 of this act is July 1, 2015.

21 B. The effective date of the provisions of Sections  
22 2 through 41 of this act is July 1, 2014.

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