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HOUSE BILL

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; REMOVING THE SUNSET FOR A GROSS RECEIPTS
TAX AND GOVERNMENTAL GROSS RECEIPTS TAX DEDUCTION FOR DURABLE
MEDICAL EQUIPMENT AND MEDICAL SUPPLIES.

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

SECTION 1. Section 7-9-73.3 NMSA 1978 (being Laws 2014,
Chapter 26, Section 1) is amended to read:

"7-9-73.3. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL
GROSS RECEIPTS TAX--DURABLE MEDICAL EQUIPMENT--MEDICAL
SUPPLIES.--

A. Receipts [~~from transactions occurring prior to
July 1, 2020 that are~~] from the sale or rental of durable
medical equipment and medical supplies may be deducted from
gross receipts and governmental gross receipts.

B. The purpose of the deduction provided in this

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1 section is to help protect jobs and retain businesses in New
2 Mexico that sell or rent durable medical equipment and medical
3 supplies.

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

7 D. The deduction provided in this section shall be
8 taken only by a taxpayer participating in the New Mexico
9 medicaid program whose gross receipts are no less than ninety
10 percent derived from the sale or rental of durable medical
11 equipment, medical supplies or infusion therapy services,
12 including the medications used in infusion therapy services.

13 E. Acceptance of a deduction provided by this
14 section is authorization by the taxpayer receiving the
15 deduction for the department to reveal information to the
16 revenue stabilization and tax policy committee and the
17 legislative finance committee necessary to analyze the
18 effectiveness and cost of the deduction and whether the
19 deduction is performing the purpose for which it was created.

20 F. The department shall compile an annual report on
21 the deduction provided by this section that shall include the
22 number of taxpayers approved by the department to receive the
23 deduction, the aggregate amount of deductions approved and any
24 other information necessary to evaluate the effectiveness of
25 the deduction. Beginning in 2019 and every five years

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1 thereafter, the department shall compile and present the annual
2 reports to the revenue stabilization and tax policy committee
3 and the legislative finance committee with an analysis of the
4 effectiveness and cost of the deduction and whether the
5 deduction is performing the purpose for which it was created.

6 G. As used in this section:

7 (1) "durable medical equipment" means a
8 medical assistive device or other equipment that:

9 (a) can withstand repeated use;

10 (b) is primarily and customarily used to
11 serve a medical purpose and is not useful to an individual in
12 the absence of an illness, injury or other medical necessity,
13 including improved functioning of a body part;

14 (c) is appropriate for use at home
15 exclusively by the eligible recipient for whom the durable
16 medical equipment is prescribed; and

17 (d) is prescribed by a physician or
18 other person licensed by the state to prescribe durable medical
19 equipment;

20 (2) "infusion therapy services" means the
21 administration of prescribed medication through a needle or
22 catheter;

23 (3) "medical supplies" means items for a
24 course of medical treatment, including nutritional products,
25 that are:

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- (a) necessary for an ongoing course of medical treatment;
- (b) disposable and cannot be reused; and
- (c) prescribed by a physician or other person licensed by the state to prescribe medical supplies; and
- (4) "prescribe" means to authorize the use of an item or substance for a course of medical treatment."

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2020.