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F I S C A L I M P A C T R E P O R T

NSOR: Cisneros DATE TYPED: 01-22-02 HB

SHORT TITLE: Software Development Gross Receipts Deduction SB 45

ANALYST: Neel

REVENUE

Estimated Revenue		**Subsequent Years Impact**	**Recurring or Non-Rec**	**Fund Affected**
FY02	**FY03**			
	($0.1)	Undetermined	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

<u>No Response Received</u>

Taxation and Revenue Department (TRD)

SUMMARY

Senate Bill 45 enacts a new section of the Gross Receipts and Compensating Tax Act to allow for a deduction from the Gross Receipts Tax for the sale of software development services that are performed in specific areas of New Mexico.

In order to be eligible the company must:

- Be located in an area in New Mexico outside cities of populations that are greater than 50,000;
- Primarily engage in software development;
- Have no other business location in New Mexico other than the one receiving the deduction.

Additionally, during the 2006 interim, TRD and representatives of the software companies are required to report to the Revenue Stabilization and Tax Policy Committee, and the Legislative Finance Committee on the fiscal impact of the legislation.

SN/prr