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HOUSE BILL 317

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO TAXATION; REMOVING CERTAIN GROSS RECEIPTS AND
COMPENSATING TAX EXEMPTIONS FOR NATIONAL LABORATORIES;
PROVIDING FOR A DISTRIBUTION OF GROSS RECEIPTS TAX REVENUE TO
THE PUBLIC SCHOOL FUND; MAKING AN APPROPRIATION.

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

Section 1. Section 7-9-15 NMSA 1978 (being Laws 1970,
Chapter 12, Section 1, as amended) is amended to read:

"7-9-15. EXEMPTION--COMPENSATING TAX--CERTAIN
ORGANIZATIONS.--

A. Exempted from the compensating tax is the use of
property by organizations other than a national laboratory that
demonstrate to the department that they have been granted
exemption from the federal income tax by the United States
commissioner of internal revenue as organizations described in

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1 Section 501(c)(3) of the United States Internal Revenue Code of
2 1954, as amended or renumbered, in the conduct of functions
3 described in Section 501(c)(3). The use of property as an
4 ingredient or component part of a construction project is not a
5 use in the conduct of functions described in Section 501(c)(3).
6 This section does not apply to the use of property in an
7 unrelated trade or business as defined in Section 513 of the
8 United States Internal Revenue Code of 1954, as amended or
9 renumbered.

10 B. As used in this section, "national laboratory"
11 means a federally funded research and development center
12 operated as a department of energy national laboratory."

13 Section 2. Section 7-9-29 NMSA 1978 (being Laws 1970,
14 Chapter 12, Section 3, as amended) is amended to read:

15 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
16 ORGANIZATIONS.--

17 A. Exempted from the gross receipts tax are the
18 receipts of organizations other than a national laboratory that
19 demonstrate to the department that they have been granted
20 exemption from the federal income tax by the United States
21 commissioner of internal revenue as organizations described in
22 Section 501(c)(3) of the United States Internal Revenue Code of
23 1954, as amended or renumbered.

24 B. Exempted from the gross receipts tax are the
25 receipts from carrying on chamber of commerce, visitor bureau

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1 and convention bureau functions of organizations that
2 demonstrate to the department that they have been granted
3 exemption from the federal income tax by the United States
4 commissioner of internal revenue as organizations described in
5 Section 501(c)(6) of the United States Internal Revenue Code of
6 1954, as amended or renumbered.

7 C. This section does not apply to receipts derived
8 from an unrelated trade or business as defined in Section 513
9 of the United States Internal Revenue Code of 1954, as amended
10 or renumbered.

11 D. As used in this section, "national laboratory"
12 means a federally funded research and development center
13 operated as a department of energy national laboratory."

14 Section 3. Section 7-9-60 NMSA 1978 (being Laws 1970,
15 Chapter 12, Section 4, as amended) is amended to read:

16 "7-9-60. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL
17 GROSS RECEIPTS TAX--SALES TO CERTAIN ORGANIZATIONS.--

18 A. Except as provided otherwise in Subsection B of
19 this section, receipts from selling tangible personal property
20 to organizations other than a national laboratory that have
21 been granted exemption from the federal income tax by the
22 United States commissioner of internal revenue as organizations
23 described in Section 501(c)(3) of the United States Internal
24 Revenue Code of 1986, as amended or renumbered, may be deducted
25 from gross receipts or from governmental gross receipts if the

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1 sale is made to an organization that delivers a nontaxable
2 transaction certificate to the seller. The buyer delivering
3 the nontaxable transaction certificate shall employ the
4 tangible personal property in the conduct of functions
5 described in Section 501(c)(3) and shall not employ the
6 tangible personal property in the conduct of an unrelated trade
7 or business as defined in Section 513 of the United States
8 Internal Revenue Code of 1986, as amended or renumbered.

9 B. The deduction provided by this section does not
10 apply to receipts from selling construction material or from
11 selling metalliferous mineral ore.

12 C. As used in this section, "national laboratory"
13 means a federally funded research and development center
14 operated as a department of energy national laboratory."

15 Section 4. A new section of the Tax Administration Act is
16 enacted to read:

17 "[NEW MATERIAL] DISTRIBUTION TO PUBLIC SCHOOL FUND. -- A
18 distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be
19 made to the public school fund in an amount equal to the net
20 receipts attributable to the gross receipts tax imposed on a
21 federally funded research and development center operated as a
22 department of energy national laboratory that is an
23 organization described in Section 501(c)(3) of the Internal
24 Revenue Code. The distribution made pursuant to this section
25 shall be considered as new revenue to the public school fund

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1 and shall not be offset by a reduction of previously existing
2 revenue sources or of the level of appropriation from those
3 resources. "

4 Section 5. EFFECTIVE DATE. --

5 A. The effective date of the provisions of Sections
6 1 through 3 of this act is July 1, 2003.

7 B. The effective date of the provisions of Section
8 4 of this act is August 1, 2003.

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