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RELATING TO TAXATION; PROVIDING AN EXEMPTION FROM MOTOR
VEHICLE EXCISE TAX FOR CERTAIN NEW FUEL-EFFICIENT VEHICLES.

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

Section 1. Section 7-9-22 NMSA 1978 (being Laws 1969, Chapter 144,
Section 15, as amended) is amended to read:

"7-9-22. EXEMPTION--GROSS RECEIPTS TAX--VEHICLES.--Exempted
from the gross receipts tax are the receipts from selling vehicles on which a tax is
imposed by the Motor Vehicle Excise Tax Act, vehicles subject to registration under
Section 66-3-16 NMSA 1978 and vehicles exempt from the motor vehicle excise tax
pursuant to Subsection F of Section 7-14-6 NMSA 1978."

Section 2. Section 7-9-23 NMSA 1978 (being Laws 1969, Chapter 144,
Section 16, as amended) is amended to read:

"7-9-23. EXEMPTION--COMPENSATING TAX--VEHICLES.--Exempted
from the compensating tax is the use of vehicles on which the tax imposed by the
Motor Vehicle Excise Tax Act has been paid, the use of vehicles subject to
registration under Section 66-3-16 NMSA 1978 and the use of vehicles exempt from
the motor vehicle excise tax pursuant to Subsection F of Section 7-14-6 NMSA
1978."

Section 3. Section 7-14-6 NMSA 1978 (being Laws 1988, Chapter 73,
Section 16, as amended) is amended to read:

- "7-14-6. EXEMPTIONS FROM TAX.--
- A. Persons who acquire a vehicle out of state thirty or more days
before establishing a domicile in this state are exempt from the tax if the vehicle
was acquired for personal use.
 - B. Persons applying for a certificate of title for a vehicle registered in

1 another state are exempt from the tax if they have previously registered and titled
2 the vehicle in New Mexico and have owned the vehicle continuously since that time.

3 C. Certificates of title for all vehicles owned by this state or any
4 political subdivision are exempt from the tax.

5 D. A vehicle subject to registration under Section 66-3-16 NMSA
6 1978 is exempt from the tax.

7 E. Persons who acquire vehicles for subsequent lease shall be
8 exempt from the tax if:

9 (1) the person does not use the vehicle in any manner other
10 than holding it for lease or sale or leasing or selling it in the ordinary course of
11 business;

12 (2) the lease is for a term of more than six months;

13 (3) the receipts from the subsequent lease are subject to the
14 gross receipts tax; and

15 (4) the vehicle does not have a gross vehicle weight of over
16 twenty-six thousand pounds.

17 F. From July 1, 2004 through June 30, 2009, vehicles that are
18 gasoline-electric hybrid vehicles with a United States environmental protection
19 agency fuel economy rating of at least twenty-seven and one-half miles per gallon
20 are eligible for a one-time exemption from the tax at the time of the issuance of the
21 original certificate of title for the vehicle."

22 Section 4. EFFECTIVE DATE.--The effective date of the provisions of this
23 act is July 1, 2004.

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