1	SENATE JOINT MEMORIAL 46
2	47th legislature - STATE OF NEW MEXICO - FIRST SESSION, 2005
3	INTRODUCED BY
4	Michael S. Sanchez
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10	A JOINT MEMORIAL
11	REQUESTING A STUDY OF THE COMPETITIVE DISADVANTAGES REALIZED BY
12	NEW MEXICO BUSINESSES AS A RESULT OF THE STATE'S GROSS RECEIPTS
13	AND COMPENSATING TAX STRUCTURE.
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15	WHEREAS, New Mexico businesses that sell goods to in-state
16	consumers are often at a competitive disadvantage with respect
17	to out-of-state sellers as a result of the gross receipts and
18	compensating tax structure of New Mexico law; and
19	WHEREAS, an out-of-state seller subject to a low gross
20	receipts or sales tax rate passes that low tax rate on to the
21	buyer if the goods are sold in that state; and
22	WHEREAS, an in-state seller subject to the New Mexico
23	state and local option gross receipts tax rates must pass those
24	taxes on to the buyer; and
25	WHEREAS, the tax rates passed on to a buyer by an in-state
	. 155291. 1

<u>underscored mterial = new</u> [bracketed mterial] = delete seller are often higher than those passed on to buyers by outof-state sellers; and

WHEREAS, the lower gross receipts or sales tax rates in other states often provide an incentive for buyers who reside in New Mexico to make purchases out-of-state; and

WHEREAS, although the imposition of the compensating tax for the use of tangible personal property acquired out-of-state is theoretically structured to eliminate some competitive disadvantage to New Mexico businesses, the New Mexico legislature enacted a law in 1995 to prohibit the taxation and revenue department from enforcing the collection of the compensating tax on purchases made by New Mexico residents for nonbusiness purposes; and

WHEREAS, New Mexico businesses, especially those that compete directly with out-of-state businesses for limited markets, suffer reduced revenues as a result of their competitive disadvantages;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO that the taxation and revenue department be requested to conduct a study of the competitive disadvantages realized by New Mexico businesses as the result of the state's gross receipts and compensating tax structure and present a written report of its findings and recommendations for elimination of the competitive disadvantages caused by New Mexico's gross receipts and compensating tax structure to the .155291.1

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appropriate interim committee of the legislature by December
 31, 2005; and

BE IT FURTHER RESOLVED that duplicate copies of the
taxation and revenue department's report be filed with the
legislative council service library upon presentation of the
report to the appropriate interim committee of the legislature;
and

BE IT FURTHER RESOLVED that a copy of this memorial be transmitted to the secretary of taxation and revenue.

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