

1 SENATE BILL 323

2 **47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006**

3 INTRODUCED BY

4 John Arthur Smith

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8 FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

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10 AN ACT

11 RELATING TO TAXATION; PROVIDING FOR A MAXIMUM PENALTY FOR
12 INCORRECT REPORTING OF GROSS RECEIPTS DEDUCTIONS FOR FOOD OR
13 HEALTH CARE PRACTITIONER SERVICES; CHANGING DOCUMENTATION
14 REQUIREMENTS FOR GROSS RECEIPTS TAX CREDIT CLAIMS INVOLVING
15 SALES OF TANGIBLE PERSONAL PROPERTY OR LICENSES FOR RESALE.

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

18 Section 1. Section 7-1-71.2 NMSA 1978 (being Laws 2004,
19 Chapter 116, Section 3) is amended to read:

20 "7-1-71.2. PENALTY FOR INCORRECT REPORTING OF FOOD
21 DEDUCTION OR HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--A
22 taxpayer who claims a deduction pursuant to Section 7-9-92 or
23 7-9-93 NMSA 1978 and fails to correctly report the amount of
24 the deduction to which the taxpayer is entitled shall pay a
25 penalty in the amount of the difference between the incorrect

.160258.1

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 deduction amount and the correct deduction amount multiplied by
2 [~~twice~~] the total local option tax rates in effect at the
3 taxpayer's business location for which the deduction was
4 claimed; [~~This~~] provided that the penalty shall not exceed ten
5 thousand dollars (\$10,000). The penalty shall be in addition
6 to other applicable penalties."

7 Section 2. Section 7-9-47 NMSA 1978 (being Laws 1969,
8 Chapter 144, Section 37, as amended) is amended to read:

9 "7-9-47. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL
10 GROSS RECEIPTS TAX--SALE OF TANGIBLE PERSONAL PROPERTY OR
11 LICENSES FOR RESALE.--Receipts from selling tangible personal
12 property or licenses may be deducted from gross receipts or
13 from governmental gross receipts if the sale is made to a
14 person who delivers to the seller a nontaxable transaction
15 certificate [~~to the seller~~] or other documentation in a form
16 prescribed by the department. The buyer delivering the
17 nontaxable transaction certificate or other documentation must
18 resell the tangible personal property or license either by
19 itself or in combination with other tangible personal property
20 or licenses in the ordinary course of business."

21 Section 3. EFFECTIVE DATE.--The effective date of the
22 provisions of this act is July 1, 2006.