

FORTY-SEVENTH LEGISLATURE  
SECOND SESSION, 2006

SB 457/a

February 4, 2006

Madam President:

Your **FINANCE COMMITTEE**, to whom has been referred

**SENATE BILL 457**

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 1, line 12, strike the second occurrence of "FOR" and insert in lieu thereof "FROM".

2. On page 1, line 12, strike "OF" and insert in lieu thereof "OR INVESTMENT ADVISORY SERVICES PERFORMED FOR".

3. On page 1, line 13, strike "OR" and insert in lieu thereof a comma.

4. On page 1, line 13, strike "LOCATED IN NEW MEXICO" and insert in lieu thereof "OR REAL ESTATE INVESTMENT TRUSTS AND FEES FOR SERVICES PERFORMED BY INVESTMENT ADVISERS".

5. On page 1, lines 16 through 25, and on page 2, lines 1 through 9, strike Section 1 in its entirety and insert in lieu thereof the following new section:

"Section 1. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--RECEIPTS FROM PERFORMING MANAGEMENT OR INVESTMENT ADVISORY SERVICES FOR MUTUAL FUNDS, HEDGE FUNDS OR REAL ESTATE INVESTMENT TRUSTS--SERVICES PERFORMED BY INVESTMENT ADVISERS.--

A. Receipts from fees received for performing management or investment advisory services for a mutual fund, hedge fund or real estate investment trust may be deducted from gross receipts.

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B. Receipts from fees received for performing services as an investment adviser may be deducted from gross receipts.

C. As used in this section:

(1) "hedge fund" means a private investment fund or pool, the assets of which are managed by a professional management firm, that:

(a) trades or invests, through public market or private transactions, in securities, commodities, currency, derivatives or similar classes of financial assets; or

(b) is not an investment company pursuant to the provisions of 15 U.S.C. 80a-3(c)(1) or 15 U.S.C. 80a-3(c)(7);

(2) "investment adviser" means a person described in 15 U.S.C. 80b-2(11) that is registered with the federal securities and exchange commission;

(3) "mutual fund" means an entity registered pursuant to the federal Investment Company Act of 1940, as amended; and

(4) "real estate investment trust" means an entity described in Section 856(a) of the Internal Revenue Code of 1986, as amended, the investments of which are limited to interests in mortgages on real property and shares of or transferable certificates of beneficial interest in an entity described in Section 856(a) of the Internal Revenue Code of 1986, as amended.

D. The provisions of this section shall not apply to a person with a commercial domicile that is not in New Mexico."".

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Respectfully submitted,

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Joseph A. Fidel, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 7 For 0 Against  
Yes: 7  
No: 0  
Excused: Campos, Leavell, Rodriguez  
Absent: None

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