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HOUSE BILL 275

**50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

INTRODUCED BY

Antonio "Moe" Maestas

AN ACT

RELATING TO TAXATION; PROVIDING FOR A DEDUCTION FROM GROSS RECEIPTS FOR SERVICES PROVIDED IN THE FIRST YEAR OF BUSINESS BY A PERSON WHO IS SELF-EMPLOYED.

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

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

"[NEW MATERIAL] DEDUCTION--SELF-EMPLOYED SERVICES--FIRST YEAR.--

A. Receipts from providing a service may be deducted from gross receipts if:

(1) the sale of the service is provided by a person who is self-employed;

(2) the person registered as an individual, sole proprietorship or sole owner;

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1 (3) the service is provided within three  
2 hundred sixty-five days from the date the person registered  
3 with the department; and

4 (4) the person had not previously registered  
5 with the department.

6 B. The purpose of the deduction provided in this  
7 section is to encourage individuals to become small business  
8 entrepreneurs and establish a business to provide a service.

9 C. The economic development department shall keep a  
10 record of sole proprietorships established. The economic  
11 development department and the taxation and revenue department  
12 shall measure the amount of state revenue that is attributable  
13 to each sole proprietorship.

14 D. The economic development department and the  
15 taxation and revenue department shall compile an annual report  
16 with the number of taxpayers who claim the deduction provided  
17 in this section, the number of sole proprietors who were  
18 previously unemployed, the number of jobs created as a result  
19 of that deduction, the amount of that deduction approved, the  
20 net revenue to the state as a result of that deduction and any  
21 other information required by the legislature to aid in  
22 evaluating the effectiveness of that deduction. A taxpayer who  
23 claims the deduction provided in this section shall provide the  
24 economic development department and the taxation and revenue  
25 department with the information required to compile that

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1 report. The economic development department and the taxation  
2 and revenue department shall present that report before the  
3 interim legislative revenue stabilization and tax policy  
4 committee and the legislative finance committee by November of  
5 each year. Notwithstanding any other section of law to the  
6 contrary, the economic development department and the taxation  
7 and revenue department may disclose the number of applicants  
8 for the deduction provided in this section, the amount of that  
9 deduction approved, the total tax liability of the taxpayer and  
10 any other information required by the legislature or the  
11 taxation and revenue department to aid in evaluating the  
12 effectiveness of that deduction.

13 E. An appropriate legislative committee shall  
14 review the effectiveness of the deduction provided in this  
15 section every four years beginning in 2015."

16 SECTION 2. EFFECTIVE DATE.--The effective date of the  
17 provisions of this act is July 1, 2012.