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HOUSE BILL 116

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

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; CREATING CERTAIN DEDUCTIONS IN THE GROSS RECEIPTS AND COMPENSATING TAX ACT FOR CONVERTING ELECTRICITY AND OPERATING AN ELECTRICITY EXCHANGE; PROVIDING FOR AN EXPANDED EXEMPTION FOR FACILITIES FOR TRANSMITTING ELECTRICITY USING VOLTAGE SOURCE CONVERSION TECHNOLOGY.

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

SECTION 1. Section 7-9-38 NMSA 1978 (being Laws 1969, Chapter 144, Section 31) is amended to read:

"7-9-38. EXEMPTION--COMPENSATING TAX--USE OF ELECTRICITY IN THE PRODUCTION, CONVERSION AND TRANSMISSION OF ELECTRICITY.--Exempted from the compensating tax is electricity used in the production and transmission of electricity, including transmission using voltage source conversion technology."

.188555.1

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1 SECTION 2. A new section of the Gross Receipts and
2 Compensating Tax Act is enacted to read:

3 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--CONVERTING
4 ELECTRICITY.--

5 A. Receipts from the transmission of electricity
6 where voltage source conversion technology is employed to
7 provide such services and from ancillary services may be
8 deducted from gross receipts.

9 B. The purpose of this deduction is to encourage
10 development of electrical transmission capacity in New Mexico.

11 C. The department shall report annually to the
12 interim revenue stabilization and tax policy committee on the
13 expansion of voltage source conversion technology use in the
14 transmission of electricity in New Mexico and the use of the
15 deduction provided in this section."

16 SECTION 3. A new section of the Gross Receipts and
17 Compensating Tax Act is enacted to read:

18 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--ELECTRICITY
19 EXCHANGE.--

20 A. Receipts from operating a market or exchange for
21 the sale or trading of electricity, rights to electricity and
22 derivative products and from providing ancillary services may
23 be deducted from gross receipts.

24 B. The purpose of this deduction is to provide an
25 incentive for an electricity exchange to be located in New

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Mexico and to encourage the ancillary services and related businesses that are necessary to support that exchange.

C. The department shall report annually to the interim revenue stabilization and tax policy committee on use of the deduction provided in this section."

SECTION 4. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2012.