

1 SENATE BILL 138

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY

4 John M. Sapien

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10 AN ACT

11 RELATING TO TAXATION; CREATING LIMITED TERM DEDUCTIONS FROM
12 GROSS RECEIPTS AND COMPENSATING TAXES FOR CERTAIN AGRICULTURAL
13 CAPITAL EQUIPMENT PURCHASES AND CONSTRUCTION PROJECTS IN NEW
14 MEXICO.

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

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

19 "[NEW MATERIAL] DEDUCTION--COMPENSATING TAX COMPUTATION--
20 CAPITAL INVESTMENTS IN AGRICULTURAL PRODUCTION AND PROCESSING
21 CONSTRUCTION OR EQUIPMENT.--

22 A. Until July 1, 2017, the amount of a capital
23 investment made in construction or equipment directly related
24 to agricultural production or processing of agricultural goods
25 may be deducted by the investor in computing compensating tax

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underscored material = new
~~[bracketed material] = delete~~

1 due. Deductions taken pursuant to this section shall be:

2 (1) reported separately from all other
3 deductions; and

4 (2) identified individually as to the amount
5 and nature of the investment for which the deduction is taken.

6 B. The purposes of this deduction are to encourage
7 the purchase of agricultural equipment in order to enable
8 greater agricultural production and processing and to stimulate
9 construction or renovation of agricultural processing
10 facilities.

11 C. Annually, beginning in 2014, the department
12 shall report to the revenue stabilization and tax policy
13 committee regarding the data compiled from the reports from
14 taxpayers taking the deduction provided in this section and the
15 effectiveness of the deduction in fulfilling its purposes.

16 D. As used in this section:

17 (1) "agricultural production" means growing,
18 extracting or otherwise producing an agricultural product;

19 (2) "capital investment" means an expenditure
20 made on an asset subject to depreciation pursuant to Section
21 167 of the federal Internal Revenue Code of 1986, not including
22 motor vehicles on which the motor vehicle excise tax would have
23 been paid in lieu of gross receipts tax, if the motor vehicle
24 were purchased in New Mexico; and

25 (3) "processing" means refining or changing an

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[bracketed material] = delete

1 agricultural product so that it is marketable or transforming
2 the agricultural product, possibly by combining it with other
3 ingredients, so that value is added before marketing it to
4 consumers."

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

7 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--CAPITAL
8 INVESTMENTS IN AGRICULTURAL PRODUCTION AND PROCESSING
9 CONSTRUCTION OR EQUIPMENT.--

10 A. Until July 1, 2017, the amount of a capital
11 investment made in construction or equipment directly related
12 to agricultural production or processing of agricultural goods
13 may be deducted by the investor from the investor's gross
14 receipts in computing the investor's gross receipts tax
15 liability. Deductions taken pursuant to this section shall be:

16 (1) reported separately from all other
17 deductions; and

18 (2) identified individually as to the amount
19 and nature of the investment for which the deduction is taken.

20 B. The purposes of this deduction are to encourage
21 purchases of agricultural equipment in order to enable greater
22 agricultural production and processing and to stimulate
23 construction or renovation of agricultural processing
24 facilities.

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10 167 of the federal Internal Revenue Code of 1986, not including
11 motor vehicles on which the motor vehicle excise tax is paid in
12 lieu of gross receipts tax; and

13 (3) "processing" means refining or changing an
14 agricultural product so that it is marketable or transforming
15 the agricultural product, possibly by combining it with other
16 ingredients, so that value is added before marketing it to
17 consumers."

18 SECTION 3. EFFECTIVE DATE.--The effective date of the
19 provisions of this act is July 1, 2012.