

1 SENATE BILL 103

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

4 Peter Wirth

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10 AN ACT

11 RELATING TO TAXATION; GRANTING SOLE MEMBER LIMITED LIABILITY
12 COMPANIES THE TAX STATUS OF THE SOLE MEMBER FOR CERTAIN
13 PURPOSES OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT.

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

16 SECTION 1. Section 7-9-15 NMSA 1978 (being Laws 1970,
17 Chapter 12, Section 1, as amended) is amended to read:

18 "7-9-15. EXEMPTION--COMPENSATING TAX--CERTAIN
19 ORGANIZATIONS.--Exempted from the compensating tax is the use
20 of property by organizations that demonstrate to the department
21 that they have been granted exemption from the federal income
22 tax by the United States commissioner of internal revenue as
23 organizations described in Section 501(c)(3) of the United
24 States Internal Revenue Code of 1954, as amended or renumbered,
25 in the conduct of functions described in Section 501(c)(3).

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1 The department shall deem a limited liability company whose
2 sole member is an organization described in Section 501(c)(3)
3 to have been granted the same tax exemption status as its sole
4 member. The use of property as an ingredient or component part
5 of a construction project is not a use in the conduct of
6 functions described in Section 501(c)(3). This section does
7 not apply to the use of property in an unrelated trade or
8 business as defined in Section 513 of the United States
9 Internal Revenue Code of 1954, as amended or renumbered."

10 SECTION 2. Section 7-9-29 NMSA 1978 (being Laws 1970,
11 Chapter 12, Section 3, as amended) is amended to read:

12 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
13 ORGANIZATIONS.--

14 A. Exempted from the gross receipts tax are the
15 receipts of organizations that demonstrate to the department
16 that they have been granted exemption from the federal income
17 tax by the United States commissioner of internal revenue as
18 organizations described in Section 501(c)(3) of the United
19 States Internal Revenue Code of 1954, as amended or renumbered.

20 The department shall deem a limited liability company whose
21 sole member is an organization described in Section 501(c)(3)
22 to have been granted the same tax exemption status as its sole
23 member.

24 B. Exempted from the gross receipts tax are the
25 receipts from carrying on chamber of commerce, visitor bureau

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1 and convention bureau functions of organizations that
2 demonstrate to the department that they have been granted
3 exemption from the federal income tax by the United States
4 commissioner of internal revenue as organizations described in
5 Section 501(c)(6) of the United States Internal Revenue Code of
6 1954, as amended or renumbered.

7 C. This section does not apply to receipts derived
8 from an unrelated trade or business as defined in Section 513
9 of the United States Internal Revenue Code of 1954, as amended
10 or renumbered."

11 SECTION 3. EFFECTIVE DATE.--The effective date of the
12 provisions of this act is July 1, 2013.