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SENATE BILL 30

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Timothy M. Keller and Bill McCamley

FOR THE REVENUE STABILIZATION AND TAX
POLICY COMMITTEE

AN ACT

RELATING TO TAX RETURNS; REQUIRING THE SEPARATE REPORTING OF
TAX EXPENDITURES ON A RETURN; REQUIRING THE SECRETARY OF
TAXATION AND REVENUE TO PROMULGATE RULES TO REQUIRE SEPARATE
REPORTING OF TAX EXPENDITURES.

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

SECTION 1. Section 7-1-10 NMSA 1978 (being Laws 1965,
Chapter 248, Section 15, as amended) is amended to read:

"7-1-10. RECORDS REQUIRED BY STATUTE--TAXPAYER
RECORDS--ACCOUNTING METHODS--REPORTING METHODS--INFORMATION
RETURNS.--

A. Every person required by the provisions of any
statute administered by the department to keep records and
documents and every taxpayer shall maintain books of account or
other records in a manner that will permit the accurate

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1 computation of state taxes or provide information required by
2 the statute under which the person is required to keep records.

3 B. Methods of accounting shall be consistent for
4 the same business. A taxpayer engaged in more than one
5 business may use a different method of accounting for each
6 business.

7 C. Prior to changing the method of accounting in
8 keeping books and records for tax purposes, a taxpayer shall
9 first secure the consent of the secretary or the secretary's
10 delegate. If consent is not secured, the department upon audit
11 may require the taxpayer to compute the amount of tax due on
12 the basis of the accounting method earlier used.

13 D. Prior to changing the method of reporting taxes,
14 other than for changes required by law, a taxpayer shall first
15 secure the consent of the secretary or the secretary's
16 delegate. Consent shall be granted or withheld pursuant to the
17 provisions of Section 7-4-19 NMSA 1978. If consent is not
18 secured, the secretary or the secretary's delegate upon audit
19 may require the taxpayer to compute the amount of tax due on
20 the basis of the reporting method earlier used.

21 E. Upon the written application of a taxpayer and
22 at the sole discretion of the secretary or the secretary's
23 delegate, the secretary or the secretary's delegate may enter
24 into an agreement with a taxpayer allowing the taxpayer to
25 report values, gross receipts, deductions or the value of

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1 property on an estimated basis for gross receipts and
2 compensating tax, oil and gas severance tax, oil and gas
3 conservation tax, oil and gas emergency school tax and oil and
4 gas ad valorem production tax purposes for a limited period of
5 time not to exceed four years. As used in this section,
6 "estimated basis" means a methodology that is reasonably
7 expected to approximate the tax that will be due over the
8 period of the agreement using summary rather than detail data
9 or alternate valuation applications or methods, provided that:

10 (1) nothing in this section shall be construed
11 to require the secretary or the secretary's delegate to enter
12 into such an agreement; and

13 (2) the agreement must:

14 (a) specify the receipts, deductions or
15 values to be reported on an estimated basis and the methodology
16 to be followed by the taxpayer in making the estimates;

17 (b) state the term of the agreement and
18 the procedures for terminating the agreement prior to its
19 expiration;

20 (c) be signed by the taxpayer or the
21 taxpayer's representative and the secretary or the secretary's
22 delegate; and

23 (d) contain a declaration by the
24 taxpayer or the taxpayer's representative that all statements
25 of fact made by the taxpayer or the taxpayer's representative

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1 in the taxpayer's application and the agreement are true and
2 correct as to every material matter.

3 F. The secretary may, by regulation, require any
4 person doing business in the state to submit to the department
5 information reports that are considered reasonable and
6 necessary for the administration of any provision of law to
7 which the Tax Administration Act applies.

8 G. A person who reduces the person's tax liability
9 by using a tax expenditure approved by the department, pursuant
10 to any provision of law to which the Tax Administration Act
11 applies, shall separately state each expenditure on the
12 person's return. The secretary shall promulgate rules to
13 implement the provisions of this subsection."

14 SECTION 2. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is January 1, 2015.