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AN ACT  
RELATING TO TAXATION; GRANTING SOLE MEMBER LIMITED LIABILITY  
COMPANIES THE TAX STATUS OF THE SOLE MEMBER FOR CERTAIN  
PURPOSES OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT;  
PROVIDING A DEDUCTION FROM GROSS RECEIPTS FOR CERTAIN SALES  
TO A SOLE MEMBER LIMITED LIABILITY COMPANY THAT HAS BEEN  
GRANTED TAX EXEMPTION STATUS UNDER SECTION 501(C)(3) OF THE  
INTERNAL REVENUE CODE.

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

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

"7-9-15. EXEMPTION--COMPENSATING TAX--CERTAIN  
ORGANIZATIONS.--Exempted from the compensating tax is the use  
of property by organizations that demonstrate to the  
department that they have been granted exemption from the  
federal income tax by the United States commissioner of  
internal revenue as organizations described in Section  
501(c)(3) of the United States Internal Revenue Code of 1954,  
as amended or renumbered, in the conduct of functions  
described in Section 501(c)(3). The department shall deem a  
limited liability company whose sole member is an  
organization described in Section 501(c)(3) to have been  
granted the same tax exemption status as its sole member.

The use of property as an ingredient or component part of a

1 construction project is not a use in the conduct of functions  
2 described in Section 501(c)(3). This section does not apply  
3 to the use of property in an unrelated trade or business as  
4 defined in Section 513 of the United States Internal Revenue  
5 Code of 1954, as amended or renumbered."

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

8 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN  
9 ORGANIZATIONS.--

10 A. Exempted from the gross receipts tax are the  
11 receipts of organizations that demonstrate to the department  
12 that they have been granted exemption from the federal income  
13 tax by the United States commissioner of internal revenue as  
14 organizations described in Section 501(c)(3) of the United  
15 States Internal Revenue Code of 1954, as amended or  
16 renumbered. The department shall deem a limited liability  
17 company whose sole member is an organization described in  
18 Section 501(c)(3) to have been granted the same tax exemption  
19 status as its sole member.

20 B. Exempted from the gross receipts tax are the  
21 receipts from carrying on chamber of commerce, visitor bureau  
22 and convention bureau functions of organizations that  
23 demonstrate to the department that they have been granted  
24 exemption from the federal income tax by the United States  
25 commissioner of internal revenue as organizations described

1 in Section 501(c)(6) of the United States Internal Revenue  
2 Code of 1954, as amended or renumbered.

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

7 SECTION 3. Section 7-9-60 NMSA 1978 (being Laws 1970,  
8 Chapter 12, Section 4, as amended) is amended to read:

9 "7-9-60. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL  
10 GROSS RECEIPTS TAX--SALES TO CERTAIN ORGANIZATIONS.--

11 A. Except as provided otherwise in Subsection B of  
12 this section, receipts from selling tangible personal  
13 property to 501(c)(3) organizations may be deducted from  
14 gross receipts or from governmental gross receipts if the  
15 sale is made to an organization that delivers a nontaxable  
16 transaction certificate to the seller. The buyer delivering  
17 the nontaxable transaction certificate shall employ the  
18 tangible personal property in the conduct of functions  
19 described in Section 501(c)(3) and shall not employ the  
20 tangible personal property in the conduct of an unrelated  
21 trade or business as defined in Section 513 of the United  
22 States Internal Revenue Code of 1986, as amended or  
23 renumbered.

24 B. The deduction provided by this section does not  
25 apply to receipts from selling construction material or from

1 selling metalliferous mineral ore; except that receipts from  
2 selling construction material or from selling metalliferous  
3 mineral ore to a 501(c)(3) organization that is organized for  
4 the purpose of providing homeownership opportunities to  
5 low-income families may be deducted from gross receipts.  
6 Receipts may be deducted under this subsection only if the  
7 buyer delivers a nontaxable transaction certificate to the  
8 seller. The buyer shall use the property in the conduct of  
9 functions described in Section 501(c)(3) of the Internal  
10 Revenue Code of 1986, as amended, and shall not employ the  
11 tangible personal property in the conduct of an unrelated  
12 trade or business as defined in Section 513 of that code.

13 C. For the purposes of this section, "501(c)(3)  
14 organization" means an organization that has been granted  
15 exemption from the federal income tax by the United States  
16 commissioner of internal revenue as an organization described  
17 in Section 501(c)(3) of the United States Internal Revenue  
18 Code of 1986, as amended or renumbered, including a limited  
19 liability company whose sole member is an organization  
20 described in that section and that has been granted that tax  
21 exemption status."

22 SECTION 4. EFFECTIVE DATE.--The effective date of the  
23 provisions of this act is July 1, 2014. \_\_\_\_\_