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HOUSE BILL 94

**52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

INTRODUCED BY

Larry A. Larrañaga

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM THE GROSS RECEIPTS TAX FOR CERTAIN RECEIPTS DERIVED FROM THE SALE OF GOODS AND SERVICES TO THE UNITED STATES DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY OR SATELLITES; REQUIRING REPORTS AND REVIEW.

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

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

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS TAX--GOODS AND SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY AND SATELLITES--TEN-YEAR PERIOD--REPORTING.--

A. Receipts in the period July 1, 2015 through June 30, 2025 from the sale by a qualified contractor of qualified research and development services and qualified directed energy

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1 and satellite-related inputs may be deducted from gross  
2 receipts when sold pursuant to a contract with the United  
3 States department of defense.

4 B. The purposes of the deduction allowed in this  
5 section are to promote new and sophisticated technology,  
6 enhance the viability of directed energy and satellite  
7 projects, attract new projects and employers to New Mexico and  
8 increase high-technology employment opportunities in New  
9 Mexico.

10 C. A taxpayer allowed a deduction pursuant to this  
11 section shall report the amount of the deduction separately in  
12 a manner required by the department.

13 D. The department shall compile an annual report on  
14 the deduction provided by this section that shall include the  
15 number of taxpayers that claimed the deduction, the aggregate  
16 amount of deductions claimed and any other information  
17 necessary to evaluate the effectiveness of the deduction.  
18 Beginning in 2022 and each year thereafter that the deduction  
19 is in effect, the department and the economic development  
20 department shall present the annual report to the revenue  
21 stabilization and tax policy committee and the legislative  
22 finance committee with an analysis of the effectiveness and  
23 cost of the deduction and whether the deduction is performing  
24 the purpose for which it was created.

25 E. As used in this section:

.198007.1

1 (1) "directed energy" means a system,  
2 including related services, that enables the use of the  
3 frequency spectrum, including radio waves, light and x-rays;

4 (2) "inputs" means systems, subsystems,  
5 components, prototypes and demonstrators or products and  
6 services involving optics, photonics, electronics, advanced  
7 materials, nanoelectromechanical and microelectromechanical  
8 systems, fabrication materials, test evaluation and computer  
9 control systems related to directed energy or satellites;

10 (3) "qualified contractor" means a person  
11 other than an organization designated as a national laboratory  
12 by act of congress or any operator of national laboratory  
13 facilities in New Mexico; provided that the operator may be a  
14 qualified contractor with respect to the operator's receipts  
15 not connected with operating the national laboratory;

16 (4) "qualified directed energy and  
17 satellite-related inputs" means inputs supplied to the  
18 department of defense pursuant to a contract with that  
19 department entered into on or after July 1, 2015;

20 (5) "qualified research and development  
21 services" means research and development services related to  
22 directed energy or satellites provided to the department of  
23 defense pursuant to a contract with that department entered  
24 into on or after July 1, 2015; and

25 (6) "satellite" means composite systems

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1 assembled and packaged for use in space, including launch  
2 vehicles and related products and services."

3 SECTION 2. EFFECTIVE DATE.--The effective date of the  
4 provisions of this act is July 1, 2015.

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