

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AN ACT
RELATING TO TAXATION; EXTENDING THE GROSS RECEIPTS TAX
DEDUCTION FOR CERTAIN RECEIPTS DERIVED FROM THE SALE OF GOODS
AND SERVICES TO THE UNITED STATES DEPARTMENT OF DEFENSE
RELATED TO DIRECTED ENERGY OR SATELLITES.

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

SECTION 1. Section 7-9-115 NMSA 1978 (being Laws 2015
(1st S.S.), Chapter 2, Section 9) is amended to read:

"7-9-115. DEDUCTION--GROSS RECEIPTS TAX--GOODS AND
SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED
ENERGY AND SATELLITES.--

A. Prior to January 1, 2031, receipts from the
sale by a qualified contractor of qualified research and
development services and qualified directed energy and
satellite-related inputs may be deducted from gross receipts
when sold pursuant to a contract with the United States
department of defense.

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

C. A taxpayer allowed a deduction pursuant to this SB 425
Page 1

1 section shall report the amount of the deduction separately
2 in a manner required by the department.

3 D. The department shall compile an annual report
4 on the deduction provided by this section that shall include
5 the number of taxpayers that claimed the deduction, the
6 aggregate amount of deductions claimed and any other
7 information necessary to evaluate the effectiveness of the
8 deduction. Beginning in 2017 and each year thereafter that
9 the deduction is in effect, the department and the economic
10 development department shall present the annual report to the
11 revenue stabilization and tax policy committee and the
12 legislative finance committee with an analysis of the
13 effectiveness and cost of the deduction and whether the
14 deduction is performing the purpose for which it was created.

15 E. As used in this section:

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

19 (2) "inputs" means systems, subsystems,
20 components, prototypes and demonstrators or products and
21 services involving optics, photonics, electronics, advanced
22 materials, nanoelectromechanical and microelectromechanical
23 systems, fabrication materials and test evaluation and
24 computer control systems related to directed energy or
25 satellites;

1 (3) "qualified contractor" means a person
2 other than an organization designated as a national
3 laboratory by act of congress or an operator of national
4 laboratory facilities in New Mexico; provided that the
5 operator may be a qualified contractor with respect to the
6 operator's receipts not connected with operating the national
7 laboratory;

8 (4) "qualified directed energy and
9 satellite-related inputs" means inputs supplied to the
10 department of defense pursuant to a contract with that
11 department entered into on or after January 1, 2016;

12 (5) "qualified research and development
13 services" means research and development services related to
14 directed energy or satellites provided to the department of
15 defense pursuant to a contract with that department entered
16 into on or after January 1, 2016; and

17 (6) "satellite" means composite systems
18 assembled and packaged for use in space, including launch
19 vehicles and related products and services."

20 SECTION 2. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is July 1, 2019. _____