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## HOUSE BILL 27

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

WILLIAM E. PORTER

## AN ACT

RELATING TO TAXATION; EXPANDING THE GROSS RECEIPTS TAX

DEDUCTION FOR SALE OF AEROSPACE SERVICES TO CERTAIN

ORGANIZATIONS.

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

Section 1. Section 7-9-54.1 NMSA 1978 (being Laws 1992, Chapter 40, Section 1, as amended) is amended to read:

"7-9-54. 1. DEDUCTION--GROSS RECEIPTS FROM SALE OF AEROSPACE SERVICES TO CERTAIN ORGANIZATIONS. --

## A. As used in this section:

(1) "aerospace services" means research and development services and operational test and evaluation services sold to or for resale to an organization for resale by the organization to the United States [air force] department of defense; and

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- (2) "organization" means a major range and test facility base designated by an act of congress or an organization described in Subsection A of Section 7-9-29 NMSA 1978 other than a prime contractor operating facilities in New Mexico designated as a national laboratory by act of congress.
- B. Receipts from performing or selling, on or after October 1, 1995, an aerospace service for resale may be deducted from gross receipts if the sale is made to a buyer who delivers a nontaxable transaction certificate. The buyer delivering the nontaxable transaction certificate shall separately state the value of the aerospace service purchased in the buyer's charge for the aerospace service on its subsequent sale to an organization or, if the buyer is an organization, on the organization's subsequent sale to the United States, and the subsequent sale shall be in the ordinary course of business of selling aerospace services to an organization or to the United States.
- C. A percentage of the receipts from selling aerospace services to or for resale to an organization may be deducted from gross receipts in accordance with the following table:

	Deducti bl e
Receipts During the Period	Percentage
October 1, 1995 through September 30, 1996	10%
October 1, 1996 through September 30, 1997	25%

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October 1, 1997 through September 30, 1999	<b>50</b> %
October 1, 1999 and thereafter	100%.
Section 2. EFFECTIVE DATE The effective date of	the
sions of this act is July 1, 1998.	

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