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SENATE BILL 322

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Sue F. Wilson

AN ACT

RELATING TO TAXATION; PROVIDING A CREDIT AGAINST GROSS RECEIPTS TAX FOR GROSS RECEIPTS TAX PAID ON CERTAIN SERVICES PURCHASED BY A TAXPAYER; ADJUSTING REVENUE TO LOCAL GOVERNMENTS FROM THE GROSS RECEIPTS TAX TO OFFSET THE REDUCTION IN REVENUE DUE TO THE CREDIT.

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 CREDIT AGAINST GROSS RECEIPTS TAX-- COMPUTATION-- REPORTING. --

A. As used in this section, "eligible service" means a service purchased by a taxpayer that is:

(1) necessary for or a requirement of the taxpayer to provide products or services in the ordinary

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1 course of the taxpayer's business;

2 (2) not consumed by the taxpayer or in the
3 taxpayer's business; and

4 (3) not deductible or exempt pursuant to the
5 provisions of the Gross Receipts and Compensating Tax Act.

6 B. A taxpayer may take a credit against his gross
7 receipts tax payable for a reporting period beginning on or
8 after July 1, 1999. The credit is the percentage specified in
9 Paragraph (1), (2) or (3) of this subsection of an amount
10 equal to the gross receipts tax imposed on the seller of
11 eligible services and passed on and paid by the taxpayer for
12 the purchased eligible services during the indicated reporting
13 periods:

14 (1) twenty-five percent from July 1, 1999
15 through June 30, 2000;

16 (2) fifty percent from July 1, 2000 through
17 June 30, 2001; and

18 (3) one hundred percent after June 30, 2001.

19 C. For the purpose of determining the distribution
20 and transfer of gross receipts tax revenue to local
21 governments and to state funds other than the general fund,
22 the department shall compute the distribution without regard
23 to the credit authorized in this section.

24 D. The credit provided by this section must be
25 claimed within one year from the last day of the reporting

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period in which the tax was passed on and paid by the
claimant. "

3
4 February 15, 1999

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6 Mr. President:

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8 Your WAYS & MEANS COMMITTEE, to whom has been referred

9
10
11 SENATE BILL 322

12
13 has had it under consideration and reports same with

14 recommendation that it DO PASS, amended as follows:

15
16 1. On page 2, line 17, strike "and", strike line 18 and
17 insert in lieu thereof:

18
19 "(3) seventy-five percent from July 1, 2001
20 through June 30, 2002; and

21
22 (4) one hundred percent after July 1, 2002.".,

23
24 and thence referred to the FINANCE COMMITTEE.

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Respectfully submitted,

Carlos R. Cisneros, Chairman

Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Carraro, Nava

Absent: None

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