

AN ACT

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RELATING TO TAXATION; PROVIDING ADDITIONAL GROSS RECEIPTS AND  
COMPENSATING TAX EXEMPTIONS RELATED TO SPACE VEHICLES; PROVIDING A  
COMPENSATING TAX DEDUCTION FOR THE USE OF CERTAIN MATERIALS OR  
DEVICES USED IN RESEARCH OR TESTING; AMENDING AND ENACTING SECTIONS  
OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT.

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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,  
Section 7-9-26.1 NMSA 1978, is enacted to read:

"7-9-26.1. EXEMPTION--GROSS RECEIPTS TAX AND COMPENSATING TAX--  
FUEL FOR SPACE VEHICLES.--

A. Exempted from the gross receipts tax are the receipts from selling  
fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles  
or to operate space vehicle launchers.

B. Exempted from the compensating tax is the use of fuel, oxidizer or a  
substance that combines fuel and oxidizer to propel space vehicles or to operate  
space vehicle launchers."

Section 2. Section 7-9-30 NMSA 1978 (being Laws 1969, Chapter 144,  
Section 23, as amended) is amended to read:

"7-9-30. EXEMPTION--COMPENSATING TAX--RAILROAD EQUIPMENT,  
AIRCRAFT AND SPACE VEHICLES.--

A. Exempted from the compensating tax is the use of railroad  
locomotives, trailers, containers, tenders or cars procured or bought for use in railroad

transportation.

B. Exempted from the compensating tax is the use of commercial aircraft bought or leased primarily for use in the transportation of passengers or property for hire in interstate commerce.

C. Exempted from the compensating tax is the use of space vehicles for transportation of persons or property in, to or from space."

Section 3. Section 7-9-54.2 NMSA 1978 (being Laws 1995, Chapter 183, Section 2, as amended) is amended to read:

"7-9-54.2. GROSS RECEIPTS--DEDUCTION--SPACEPORT OPERATION--SPACE OPERATIONS--LAUNCHING, OPERATING AND RECOVERING SPACE VEHICLES OR PAYLOADS--PAYLOAD SERVICES.--

A. Receipts from launching, operating or recovering space vehicles or payloads in New Mexico may be deducted from gross receipts.

B. Receipts from preparing a payload in New Mexico are deductible from gross receipts.

C. Receipts from operating a spaceport in New Mexico are deductible from gross receipts.

D. As used in this section:

(1) "payload" means a system, subsystem or other mechanical structure or material to be conveyed into space that is designed, constructed or intended to perform a function in space;

(2) "space" means any location beyond altitudes of sixty thousand feet above the earth's mean sea level;

(3) "space operations" means the process of commanding and

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controlling payloads in space; and

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(4) "spaceport" means an installation and related facilities used for the launching, landing, operating, recovering, servicing and monitoring of vehicles capable of entering or returning from space.

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E. Receipts from the sale of tangible personal property that will become an ingredient or component part of a construction project or from performing construction services may not be deducted under this section."

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Section 4. A new section of the Gross Receipts and Compensating Tax Act, Section 7-9-54.5 NMSA 1978, is enacted to read:

"7-9-54.5. DEDUCTION--COMPENSATING TAX--SPACE-RELATED TEST ARTICLES.--

A. The value of space-related test articles used in New Mexico exclusively for research or testing, placing on public display after research or testing or storage for future research, testing or public display may be deducted in computing compensating tax due. This subsection does not apply to any other use of a space-related test article.

B. The value of equipment and materials used in New Mexico for research or testing, or for supporting the research or testing of, space-related test articles or for storage of such equipment or materials for research or testing, or supporting the research and testing of, space-related test articles may be deducted in computing compensating tax due. This subsection does not apply to any other use of such equipment and materials.

C. As used in this section, a "space-related test article" is a material or device intended to be used primarily in research or testing to determine properties and

qualities of the material or properties, qualities or functioning of a device or technology when the principal use of the material, device or technology is intended to be in space or as part of, or associated with, a space vehicle."

Section 5. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, ~~2002~~