

1 SENATE BILL 261

2 **49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

3 INTRODUCED BY

4 Timothy Z. Jennings

5
6
7
8
9
10 AN ACT

11 RELATING TO TAXATION; MODIFYING THE GROSS RECEIPTS TAX
12 EXEMPTION FOR CERTAIN NONPROFIT ENTITIES.

13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 Section 1. Section 7-9-29 NMSA 1978 (being Laws 1970,
16 Chapter 12, Section 3, as amended) is amended to read:

17 "7-9-29. EXEMPTION--GROSS RECEIPTS TAX--CERTAIN
18 ORGANIZATIONS.--

19 A. Exempted from the gross receipts tax are the
20 receipts of organizations that demonstrate to the department
21 that they have been granted exemption from the federal income
22 tax by the United States commissioner of internal revenue as
23 organizations described in Section 501(c)(3) of the United
24 States Internal Revenue Code of [~~1954~~] 1986, as amended or
25 renumbered and that demonstrate to the department that the

.181460.2

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 organization's receipts from commercial activity in the prior
2 twelve months did not exceed ten million dollars (\$10,000,000).
3 An organization with receipts from commercial activities in
4 excess of ten million dollars (\$10,000,000) in the preceding
5 twelve months is liable to the state for the gross receipts tax
6 on all receipts from commercial activity in the preceding
7 twelve-month period.

8 B. Exempted from the gross receipts tax are the
9 receipts from carrying on chamber of commerce, visitor bureau
10 and convention bureau functions of organizations that
11 demonstrate to the department that they have been granted
12 exemption from the federal income tax by the United States
13 commissioner of internal revenue as organizations described in
14 Section 501(c)(6) of the United States Internal Revenue Code of
15 [1954] 1986, as amended or renumbered and that demonstrate to
16 the department that the organization's receipts from commercial
17 activity in the prior twelve months did not exceed ten million
18 dollars (\$10,000,000). An organization with receipts from
19 commercial activities in excess of ten million dollars
20 (\$10,000,000) in the preceding twelve months is liable to the
21 state for the gross receipts tax on all receipts from
22 commercial activity in the subsequent twelve-month period.

23 C. This section does not apply to receipts derived
24 from an unrelated trade or business as defined in Section 513
25 of the United States Internal Revenue Code of [1954] 1986, as
.181460.2

underscoring material = new
[bracketed material] = delete

1 amended or renumbered.

2 D. As used in this section, "commercial activity"
3 means the sale of property or services for consideration but
4 does not include donations, dues or registration fees.

5 E. The department shall promulgate rules to
6 implement the provisions of this section, including rules for
7 related entities for the purpose of determining all entities
8 composing an organization entity."

9 Section 2. EFFECTIVE DATE.--The effective date of the
10 provisions of this act is July 1, 2010.

11 - 3 -

12

13

14

15

16

17

18

19

20

21

22

23

24

25