

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

HOUSE BILL 581

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

Antonio "Moe" Maestas

AN ACT

RELATING TO TAXATION; PROVIDING FOR A DEDUCTION FROM GROSS RECEIPTS FOR SERVICES PROVIDED IN THE FIRST YEAR OF BUSINESS BY A PERSON WHO IS SELF-EMPLOYED.

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] DEDUCTION--SELF-EMPLOYED SERVICES--FIRST YEAR.--

A. Receipts from providing a service may be deducted from gross receipts if:

(1) the sale of the service is provided by a person who is self-employed;

(2) the person registered as an individual, sole proprietorship or sole owner;

.185190.1

underscoring material = new
~~[bracketed material] = delete~~

underscored material = new
~~[bracketed material] = delete~~

1 (3) the service is provided within three
2 hundred sixty-five days from the date the person registered
3 with the department; and

4 (4) the person had not previously registered
5 with the department.

6 B. The purpose of the deduction provided in this
7 section is to encourage individuals to become small business
8 entrepreneurs and establish a business to provide a service.

9 C. The economic development department shall keep a
10 record of sole proprietorships established. The economic
11 development department and the taxation and revenue department
12 shall measure the amount of state revenue that is attributable
13 to each sole proprietorship.

14 D. The economic development department and the
15 taxation and revenue department shall compile an annual report
16 with the number of taxpayers who claim the deduction provided
17 in this section, the number of sole proprietors who were
18 previously unemployed, the number of jobs created as a result
19 of that deduction, the amount of that deduction approved, the
20 net revenue to the state as a result of that deduction and any
21 other information required by the legislature to aid in
22 evaluating the effectiveness of that deduction. A taxpayer who
23 claims the deduction provided in this section shall provide the
24 economic development department and the taxation and revenue
25 department with the information required to compile that

.185190.1

underscoring material = new
~~[bracketed material] = delete~~

1 report. The economic development department and the taxation
2 and revenue department shall present that report before the
3 interim legislative revenue stabilization and tax policy
4 committee and the legislative finance committee by November of
5 each year. Notwithstanding any other section of law to the
6 contrary, the economic development department and the taxation
7 and revenue department may disclose the number of applicants
8 for the deduction provided in this section, the amount of that
9 deduction approved, the total tax liability of the taxpayer and
10 any other information required by the legislature or the
11 taxation and revenue department to aid in evaluating the
12 effectiveness of that deduction.

13 E. An appropriate legislative committee shall
14 review the effectiveness of the deduction provided in this
15 section every four years beginning in 2015."

16 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
17 provisions of this act is July 1, 2011.

18 - 3 -
19
20
21
22
23
24
25