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AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS AND GOVERNMENTAL GROSS RECEIPTS FOR SALES OR RENTALS OF DURABLE MEDICAL EQUIPMENT AND MEDICAL SUPPLIES.

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

SECTION 1. A new section of Chapter 7, Article 9 NMSA 1978 is enacted to read:

"DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL GROSS RECEIPTS TAX--DURABLE MEDICAL EQUIPMENT--MEDICAL SUPPLIES.--

A. Receipts from transactions occurring prior to July 1, 2020 that are from the sale or rental of durable medical equipment and medical supplies may be deducted from gross receipts and governmental gross receipts.

B. The purpose of the deduction provided in this section is to help protect jobs and retain businesses in New Mexico that sell or rent durable medical equipment and medical supplies.

C. A taxpayer allowed a deduction pursuant to this section shall report the amount of the deduction separately in a manner required by the department.

D. The deduction provided in this section shall be taken only by a taxpayer participating in the New Mexico medicaid program whose gross receipts are no less than ninety percent derived from the sale or rental of durable medical

1 equipment, medical supplies or infusion therapy services,
2 including the medications used in infusion therapy services.

3 E. Acceptance of a deduction provided by this
4 section is authorization by the taxpayer receiving the
5 deduction for the department to reveal information to the
6 revenue stabilization and tax policy committee and the
7 legislative finance committee necessary to analyze the
8 effectiveness and cost of the deduction and whether the
9 deduction is performing the purpose for which it was created.

10 F. The department shall compile an annual report
11 on the deduction provided by this section that shall include
12 the number of taxpayers approved by the department to receive
13 the deduction, the aggregate amount of deductions approved
14 and any other information necessary to evaluate the
15 effectiveness of the deduction. Beginning in 2019 and every
16 five years thereafter, the department shall compile and
17 present the annual reports to the revenue stabilization and
18 tax policy committee and the legislative finance committee
19 with an analysis of the effectiveness and cost of the
20 deduction and whether the deduction is performing the purpose
21 for which it was created.

22 G. As used in this section:

23 (1) "durable medical equipment" means a
24 medical assistive device or other equipment that:

25 (a) can withstand repeated use;

1 (b) is primarily and customarily used
2 to serve a medical purpose and is not useful to an individual
3 in the absence of an illness, injury or other medical
4 necessity, including improved functioning of a body part;

5 (c) is appropriate for use at home
6 exclusively by the eligible recipient for whom the durable
7 medical equipment is prescribed; and

8 (d) is prescribed by a physician or
9 other person licensed by the state to prescribe durable
10 medical equipment;

11 (2) "infusion therapy services" means the
12 administration of prescribed medication through a needle or
13 catheter;

14 (3) "medical supplies" means items for a
15 course of medical treatment, including nutritional products,
16 that are:

17 (a) necessary for an ongoing course of
18 medical treatment;

19 (b) disposable and cannot be reused;
20 and

21 (c) prescribed by a physician or other
22 person licensed by the state to prescribe medical supplies;
23 and

24 (4) "prescribe" means to authorize the use
25 of an item or substance for a course of medical treatment."

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SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2014. _____