

FIFTY-THIRD LEGISLATURE
FIRST SESSION, 2017

SB 274/a

March 6, 2017

Mr. President:

Your **CORPORATIONS AND TRANSPORTATION COMMITTEE**, to whom has been referred

SENATE BILL 274

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 1, line 14, before the period, insert "; CREATING AN EXCEPTION FOR CERTAIN COMMUNICATION SERVICES".

2. On page 2, line 12, after the comma, insert "except a communication service sold by a qualified group,".

3. On page 2, between lines 17 and 18, insert the following new subsection:

"B. Fifty percent of sales of communication services sold by a qualified group are in this state, if and to the extent the services are delivered to a location in this state, and fifty percent of sales of communication services shall not be assigned to a location in this state. A member of a qualified group that owns an interest in an entity treated as a partnership for federal income tax purposes shall be treated as providing its share of the partnership's communication services, incurring its share of the partnership's qualifying expenditures and making its share of the partnership's sales subject to the gross receipts tax. A partner's share of a partnership shall equal the percentage of income or loss allocated to it for the taxable year."

4. Reletter the succeeding subsections accordingly.

5. On page 2, line 19, after "A", insert "or B".

6. On page 2, line 22, after "A", insert "or B".

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7. On page 2, line 24, strike "B" and insert in lieu thereof "C".

8. On page 3, line 3, strike the closing quotation mark.

9. On page 3, between lines 3 and 4, insert the following new subsection:

"F. As used in this section:

(1) "communication service" means transmission or reception of information or a combination of the transmission and reception of information by the use of electronic, magnetic, digital or optical means or any combination of those communication technologies, and that may be available for use by another person for consideration;

(2) "qualified expenditure" means an expenditure incurred in a transaction with a person who is not a member of a qualified group for:

(a) purchasing tangible personal property placed in service in this state by a member of a qualified group; and

(b) payroll for employees employed by a member of the qualified group at a facility in this state;

(3) "qualified group" means a group of corporations that files a return in this state pursuant to Section 7-2A-8.3 or 7-2A-8.4 NMSA 1978 and:

(a) at least one of the members of the group is a qualified member; and

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(b) the members of the group, during the tax period: 1) incur at least forty-three million dollars (\$43,000,000) in qualified expenditures in this state; or 2) make at least forty-three million dollars (\$43,000,000) in sales that are subject to the gross receipts tax; and

(4) "qualified member" means a person that is principally engaged in the sale of communication services."",

and thence referred to the **FINANCE COMMITTEE**.

Respectfully submitted,

SENATOR CLEMENTE SANCHEZ, CHAIRMAN

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Papen

Absent: None

