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HOUSE BILL 699

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

PATSY G. TRUJILLO

AN ACT

RELATING TO TAXATION; INCREASING THE RATE OF THE CIGARETTE TAX;
REDUCING THE RATES OF THE GROSS RECEIPTS TAX AND THE
COMPENSATING TAX; ADJUSTING DISTRIBUTIONS; AMENDING SECTIONS OF
THE NMSA 1978.

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

Section 1. Section 7-1-6.11 NMSA 1978 (being Laws 1983,
Chapter 211, Section 16, as amended) is amended to read:

"7-1-6.11. DISTRIBUTIONS OF CIGARETTE TAXES. --

A. A distribution pursuant to Section 7-1-6.1 NMSA
1978 shall be made to the county and municipality recreational
fund in an amount equal to [~~four and three quarters~~] one and
eighty-five-hundredths percent of the net receipts, exclusive of
penalties and interest, attributable to the cigarette tax.

B. A distribution pursuant to Section 7-1-6.1 NMSA

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1 1978 shall be made to the county and municipal cigarette tax
2 fund in an amount equal to [~~nine and one-half~~] three and seven-
3 tenths percent of the net receipts, exclusive of penalties and
4 interest, attributable to the cigarette tax.

5 C. A distribution pursuant to Section 7-1-6.1 NMSA
6 1978 shall be made to the cancer center at the university of New
7 Mexico school of medicine in an amount equal to [~~four and three-~~
8 ~~quarters~~] one and eighty-five-hundredths percent of the net
9 receipts, exclusive of penalties and interest, attributable to
10 the cigarette tax.

11 D. A distribution pursuant to Section 7-1-6.1 NMSA
12 1978 shall be made to the New Mexico finance authority in an
13 amount equal to [~~seven and one-eighth~~] two and seventy-seven-
14 hundredths percent of the net receipts, exclusive of penalties
15 and interest, attributable to the cigarette tax. "

16 Section 2. Section 7-9-4 NMSA 1978 (being Laws 1966,
17 Chapter 47, Section 4, as amended) is amended to read:

18 "7-9-4. IMPOSITION AND RATE OF TAX--DENOMINATION AS "GROSS
19 RECEIPTS TAX".--

20 A. For the privilege of engaging in business, an
21 excise tax equal to [~~five~~] four and seven-eighths percent of
22 gross receipts is imposed on any person engaging in business in
23 New Mexico.

24 B. The tax imposed by this section shall be referred
25 to as the "gross receipts tax". "

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1 Section 3. Section 7-9-7 NMSA 1978 (being Laws 1966,
2 Chapter 47, Section 7, as amended) is amended to read:

3 "7-9-7. IMPOSITION AND RATE OF TAX--DENOMINATION AS
4 "COMPENSATING TAX".--

5 A. For the privilege of using tangible property in
6 New Mexico, there is imposed on the person using the property an
7 excise tax equal to [~~five~~] four and seven-eighths percent of the
8 value of tangible property that was:

9 (1) manufactured by the person using the
10 property in the state;

11 (2) acquired outside this state as the result
12 of a transaction that would have been subject to the gross
13 receipts tax had it occurred within this state; or

14 (3) acquired as the result of a transaction
15 [~~which~~] that was not initially subject to the compensating tax
16 imposed by Paragraph (2) of this subsection or the gross
17 receipts tax but which transaction, because of the buyer's
18 subsequent use of the property, should have been subject to the
19 compensating tax imposed by Paragraph (2) of this subsection or
20 the gross receipts tax.

21 B. For the purpose of Subsection A of this section,
22 value of tangible property shall be the adjusted basis of the
23 property for federal income tax purposes determined as of the
24 time of acquisition or introduction into this state or of
25 conversion to use, whichever is later. If no adjusted basis for

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1 federal income tax purposes is established for the property, a
2 reasonable value of the property shall be used.

3 C. For the privilege of using services rendered in
4 New Mexico, there is imposed on the person using such services
5 an excise tax equal to five percent of the value of the services
6 at the time they were rendered. The services, to be taxable
7 under this subsection, must have been rendered as the result of
8 a transaction [~~which~~] that was not initially subject to the
9 gross receipts tax but which transaction, because of the buyer's
10 subsequent use of the services, should have been subject to the
11 gross receipts tax.

12 D. The tax imposed by this section shall be referred
13 to as the "compensating tax". "

14 Section 4. Section 7-12-3 NMSA 1978 (being Laws 1971,
15 Chapter 77, Section 3, as amended) is amended to read:

16 "7-12-3. EXCISE TAX ON CIGARETTES--RATES. --

17 A. For the privilege of selling, giving or consuming
18 cigarettes in New Mexico, there is levied an excise tax at the
19 rate of [~~one and five hundredths cents (\$.0105)] three and five-
20 hundredths cents (\$.0305) for each cigarette sold, given or
21 consumed in this state.~~

22 B. The tax imposed by this section shall be referred
23 to as the "cigarette tax". "

24 Section 5. EFFECTIVE DATE. --

25 A. The effective date of the provisions of Section 1

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1 of this act is August 1, 1997.

2 B. The effective date of the provisions of Sections
3 2 through 4 of this act is July 1, 1997.

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