

HOUSE BUSINESS AND EMPLOYMENT COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 128

**52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

AN ACT

RELATING TO TAXATION; CREATING GROSS RECEIPTS AND COMPENSATING  
TAX DEDUCTIONS FOR COMPONENTS AND CONSTRUCTION SERVICES FOR  
BROADBAND TELECOMMUNICATIONS NETWORK FACILITIES.

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--GROSS RECEIPTS AND COMPENSATING  
TAX--COMPONENTS AND CONSTRUCTION SERVICES FOR BROADBAND  
TELECOMMUNICATIONS NETWORK FACILITIES.--

A. Prior to July 1, 2026, the value of components  
for broadband telecommunications network facilities and for  
construction services to construct broadband telecommunications  
network facilities may be deducted in computing compensating  
tax due.

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1           B. Prior to July 1, 2026, receipts from the sale or  
2 lease of components for broadband telecommunications network  
3 facilities and from the sale of construction services to  
4 construct broadband telecommunications network facilities may  
5 be deducted from gross receipts.

6           C. The purpose of the deductions provided by this  
7 section is to promote the deployment of broadband  
8 telecommunications services in New Mexico.

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

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

22           F. As used in this section, "broadband  
23 telecommunications network facilities" means the switching  
24 equipment, transmission facilities, fiber-optic and copper  
25 cables and any other item directly related to a system capable

1 of transmission of internet protocol or other formatted data at  
2 transmission speeds of a minimum of ten megabits per second of  
3 download speed and one megabit per second of upload speed, all  
4 of which will be owned and used by a provider of internet  
5 access services."

6 SECTION 2. EFFECTIVE DATE.--The effective date of the  
7 provisions of this act is July 1, 2016.

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