

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 45

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM THE GROSS RECEIPTS TAX FOR CERTAIN RECEIPTS DERIVED FROM THE SALE OF GOODS AND SERVICES TO THE UNITED STATES DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY OR SATELLITES; REQUIRING REPORTS AND REVIEW.

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 TAX--GOODS AND SERVICES FOR THE DEPARTMENT OF DEFENSE RELATED TO DIRECTED ENERGY AND SATELLITES--TEN-YEAR PERIOD--REPORTING.--

A. Receipts in the period July 1, 2014 through June 30, 2024 from the sale by a qualified contractor of qualified research and development services and qualified directed energy

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underscored material = new  
[bracketed material] = delete

1 and satellite-related inputs may be deducted from gross  
2 receipts when sold pursuant to a contract with the United  
3 States department of defense.

4 B. The purpose of the deductions allowed in this  
5 section is to promote new and sophisticated technology, enhance  
6 the viability of directed energy and satellite projects,  
7 attract new projects and employers to New Mexico and increase  
8 high-technology employment opportunities in New Mexico.

9 C. For the purposes of claiming and calculating the  
10 deductions provided by this section, a taxpayer shall report in  
11 a manner acceptable to the secretary the amount of gross  
12 receipts subject to the deductions pursuant to this section,  
13 the charges for services separately stated to the department of  
14 defense and the number of employees for whom charges were made  
15 during the reporting period.

16 D. The department shall compile the information  
17 reported pursuant to Subsection C of this section for each  
18 fiscal year and shall report annually by October 15 to the  
19 interim revenue stabilization and tax policy committee and the  
20 legislative finance committee to facilitate evaluation by those  
21 committees of the benefit to the state of the deductions. In  
22 fiscal year 2021, but no later than December 1, 2021, the  
23 department together with the economic development department  
24 shall review the efficacy of the deduction and recommend to the  
25 interim revenue stabilization and tax policy committee and the

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1 legislative finance committee whether or not the deductions  
2 should continue.

3 E. As used in this section:

4 (1) "directed energy" means a system,  
5 including related services, that enables the use of the  
6 frequency spectrum, including radio waves, light and x-rays;

7 (2) "inputs" means systems, subsystems,  
8 components, prototypes and demonstrators or products and  
9 services involving optics, photonics, electronics, advanced  
10 materials, nanoelectromechanical and microelectromechanical  
11 systems, fabrication materials, test evaluation and computer  
12 control systems related to directed energy or satellites;

13 (3) "qualified contractor" means a person  
14 other than an organization designated as a national laboratory  
15 by act of congress or any operator of national laboratory  
16 facilities in New Mexico; provided that the operator may be a  
17 qualified contractor with respect to the operator's receipts  
18 not connected with operating the national laboratory;

19 (4) "qualified directed energy and  
20 satellite-related inputs" means inputs supplied to the  
21 department of defense pursuant to a contract with that  
22 department entered into on or after July 1, 2014;

23 (5) "qualified research and development  
24 services" means research and development services related to  
25 directed energy or satellites provided to the department of

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1 defense pursuant to a contract with that department entered  
2 into on or after July 1, 2014; and

3 (6) "satellite" means composite systems  
4 assembled and packaged for use in space, including launch  
5 vehicles and related products and services."

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