

1 HOUSE BILL 223

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY

4 Thomas A. Garcia

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10 AN ACT

11 RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS  
12 FOR SALES OF MANUFACTURING EQUIPMENT.

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

15 SECTION 1. A new section of the Gross Receipts and  
16 Compensating Tax Act is enacted to read:

17 "~~[NEW MATERIAL]~~ DEDUCTION--GROSS RECEIPTS TAX--SALE OF  
18 MANUFACTURING EQUIPMENT.--

19 A. Receipts from selling manufacturing equipment to  
20 a person engaged in the business of manufacturing may be  
21 deducted from gross receipts if the sale is made to a person  
22 who delivers a nontaxable transaction certificate to the  
23 seller. The buyer delivering the nontaxable transaction  
24 certificate must use the manufacturing equipment in the  
25 ordinary course of its business.

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underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1           B. The purpose of this deduction is to encourage  
2 the growth of manufacturing in New Mexico, improve the  
3 competitive position of New Mexico with other states and  
4 encourage a manufacturing operation to update and improve the  
5 manufacturing operation's equipment to enable greater and more  
6 efficient production of manufactured goods.

7           C. As used in this section, "manufacturing  
8 equipment" means an essential machine, mechanism or tool or a  
9 component of an essential machine, mechanism or tool used  
10 directly and exclusively in a taxpayer's manufacturing  
11 operation and subject to depreciation for purposes of the  
12 Internal Revenue Code of 1986, as amended, by the taxpayer  
13 carrying on the manufacturing operation. "Manufacturing  
14 equipment" does not include any vehicle that leaves the site of  
15 the manufacturing operation for purposes of transporting  
16 persons or property."

17           **SECTION 2. EFFECTIVE DATE.**--The effective date of the  
18 provisions of this act is July 1, 2012.