



**NEW MEXICO
BUSINESS COALITION**

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RE: Support HB 278 Manufacturing Services Gross Receipts

Dear Representative:

The New Mexico Business Coalition (NMBC) represents hundreds of businesses and thousands of New Mexicans. Our focus is to make New Mexico a better place to do business so that New Mexicans can have jobs and provide for their families.

NMBC supports HB 278 Manufacturing Services Gross Receipts. This bill corrects a horrible problem that New Mexico has had for many years. It provides a 100 percent gross receipts tax deduction for the sale of certain interbusiness services, including: legal services, accounting services, financial management services, human resources services, information technology services and temporary services. This deduction requires a new non-taxable transaction certificate to be issued by the purchaser to the seller of the services.

The issue of taxing services has been a serious detriment to businesses expanding or coming to our state. That tax has never made sense and it is long past due in being corrected. Additionally, the six categories of services, plus manufacturing services that would become deductible under this bill are highly correlated with undesirable pyramiding under the current gross receipts tax laws.

HB 278 also expands the manufacturing GRT deduction of Section 7-9-46 NMSA 1978 to include manufacturing services. The manufacturing service provider must perform those services on tangible property owned by a manufacturer. We believe anything that we can do to support manufacturing in New Mexico, is a good investment for our state.

We urge you to support HB 278 Manufacturing Services Gross Receipts.

Thank you,

A handwritten signature in blue ink, appearing to read "Carla J. Sonntag".

Carla J. Sonntag
President