



STATE OF NEW MEXICO
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HANNA SKANDERA
SECRETARY OF EDUCATION

SUSANA MARTINEZ
GOVERNOR

September 8, 2015

MEMORANDUM

TO: New Mexico Teachers

FROM: Hipolito J. Aguilar
Deputy Secretary, Finance & Operations

RE: Tax Exempt - New Mexico Teacher's Supply Program Visa® Prepaid Card

The Public Education Department (PED) is implementing the New Mexico Teacher's Supply Program Visa® Prepaid Card program, which will provide \$100 to all classroom teachers in New Mexico. Recently you received one of the Prepaid Visa® Cards for you to purchase school supplies used in your classroom pursuant to the New Mexico Teacher's Supply Program. The cards were made available for purchases beginning September 3, 2015, and will expire on January 31, 2016. School supplies are items normally used by students in a standard classroom for educational purposes, including notebooks, paper, writing instruments, crayons, art supplies, rulers, book bags, backpacks, handheld calculators, maps and globes, but not including watches, radios, compact disc players, headphones, sporting equipment, portable or desktop telephones, copiers, office equipment, furniture or fixtures.

There is a gross receipts tax deduction for the sale of tangible personal property, including school supplies, sold to a government entity (Section 7-9-54 NMSA 1978). After consultation with the NM Taxation and Revenue Department, we have confirmed that your purchases of school supplies on behalf of PED can be tax-free under this deduction. In order for merchants to take advantage of this deduction, they must have proof that the transaction meets the requirements of the deduction. This memo constitutes proof of payment (Regulation 3.2.212.18 NMAC) that the sale is for tangible personal property to a government entity (PED) and that the sale is a deductible sale under Section 7-9-54 NMSA 1978. The use of this letter as proof of payment for this deduction is only valid for qualified purchases through January 31, 2016.

In order for these purchases of school supplies to be tax-free, you will need to provide merchants a copy of this letter and show the merchant your teaching credentials. **Merchants should retain a copy of this letter in their books and records to substantiate the deduction.** Please be aware that a merchant is not obligated to take advantage of the deduction that is available to them and regardless of the documentation provided, the merchant may still pass-on their gross receipts tax obligation to you.

HS/ha

cc: NM Superintendents
NM Charter School Leaders
NM Business Managers