

## Opinion No. 69-68

June 23, 1969

**BY:** OPINION OF JAMES A. MALONEY, Attorney General Vince D'Angelo, Assistant Attorney General

**TO:** William Gallagher, Jr., Industrial Development Representative, Department of Development, Santa Fe, New Mexico 87501

### QUESTIONS

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1. Is a company liable for the New Mexico ad valorem tax on the value of components brought into New Mexico from another state, processed into a finished product here, and then shipped to a customer outside the state?
2. Is a company liable for the New Mexico ad valorem tax on the value of components brought into New Mexico from another state, processed into a finished product here, and then shipped to another division of the same company located outside the state?

#### CONCLUSIONS

1. No.
2. No.

### OPINION

#### {\*103} ANALYSIS

We shall consider both questions together. The applicable statute provides:

"72-2-1.1. Place of listing and assessment. -- **Personal property** which is moving interstate commerce through or over the territory of New Mexico or **which was consigned** to a warehouse or **factory within New Mexico from outside the state, for storage, manufacturing processing, or fabricating in transit to a final destination,** whether specified when transportation begins or afterwards, **which is also outside the state, shall be deemed not to have acquired a situs in New Mexico for purposes of ad valorem taxation.**" (Emphasis supplied.)

It is our opinion that the broad language of this statute exempts components brought into New Mexico from out of state, processed into a finished product and then shipped out of state, from the New Mexico ad valorem tax. The statute provides the exemption

whether the goods are shipped to an out-of-state customer or to another division of the same company located outside New Mexico.