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SENATE BILL 140

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

INTRODUCED BY

Michael S. Sanchez

AN ACT

RELATING TO TAXATION; AMENDING THE INVESTMENT CREDIT ACT TO
ENABLE GREATER PARTICIPATION IN THAT CREDIT; CLARIFYING
PROVISIONS OF THE INVESTMENT CREDIT ACT.

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

SECTION 1. Section 7-9A-2 NMSA 1978 (being Laws 1979,
Chapter 347, Section 2, as amended) is amended to read:

"7-9A-2. PURPOSE OF ACT.--~~[It is the purpose]~~ The
purposes of the Investment Credit Act are:

A. to provide a favorable tax climate for
manufacturing businesses; and

B. to promote increased employment or wages in New
Mexico."

SECTION 2. Section 7-9A-4 NMSA 1978 (being Laws 1979,
Chapter 347, Section 4, as amended by Laws 1991, Chapter 159,

underscoring material = new
[bracketed material] = delete

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1 Section 3 and also by Laws 1991, Chapter 162, Section 3) is
2 amended to read:

3 "7-9A-4. ADMINISTRATION OF THE ACT.--The department is
4 charged with the administration of the Investment Credit Act
5 pursuant to the provisions of the Tax Administration Act."

6 SECTION 3. Section 7-9A-5 NMSA 1978 (being Laws 1979,
7 Chapter 347, Section 5, as amended by Laws 1991, Chapter 159,
8 Section 4 and also by Laws 1991, Chapter 162, Section 4) is
9 amended to read:

10 "7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT.--The
11 investment credit provided for in the Investment Credit Act is
12 an amount equal to the percent of the compensating tax rate
13 provided for in the Gross Receipts and Compensating Tax Act
14 applied to the value of the qualified equipment and may be
15 claimed by the taxpayer [~~carrying on~~] engaged in a
16 manufacturing operation in New Mexico."

17 SECTION 4. Section 7-9A-7.1 NMSA 1978 (being Laws 1983,
18 Chapter 206, Section 6, as amended) is amended to read:

19 "7-9A-7.1. EMPLOYMENT REQUIREMENTS.--

20 A. Prior to July 1, 2020, to be eligible to claim a
21 credit pursuant to the Investment Credit Act, the taxpayer
22 shall:

23 (1) employ the equivalent of one full-time
24 employee who has not been counted to meet this employment
25 requirement for any prior claim in addition to the number of

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1 full-time employees employed on the day one year prior to the
2 day on which the taxpayer applies for the credit for every:

3 [~~(1)~~] (a) five hundred thousand dollars
4 (\$500,000), or portion of that amount, in value of qualified
5 equipment claimed by the taxpayer in a taxable year in the same
6 claim, up to a value of thirty million dollars (\$30,000,000);
7 [~~and~~] or

8 [~~(2)~~] (b) one million dollars
9 (\$1,000,000), or portion of that amount, in value of qualified
10 equipment over thirty million dollars (\$30,000,000) claimed by
11 the taxpayer in a taxable year in the same claim; or

12 (2) increase the aggregate annual wages paid
13 to all full-time employees in the taxable year by an amount
14 equal to the average of the annual wages and benefits paid to
15 all employees by the taxpayer in the year prior to the taxable
16 year for every:

17 (a) five hundred thousand dollars
18 (\$500,000), or a portion of that amount, in value of qualified
19 equipment claimed by the taxpayer in a taxable year in the same
20 claim, up to a value of thirty million dollars (\$30,000,000);
21 or

22 (b) one million dollars (\$1,000,000), or
23 a portion of that amount, in value of qualified equipment over
24 thirty million dollars (\$30,000,000) claimed by the taxpayer in
25 a taxable year in the same claim.

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underscored material = new
[bracketed material] = delete

1 B. After June 30, 2020, for every one hundred
2 thousand dollars (\$100,000) in value of qualified equipment
3 claimed by a taxpayer in a taxable year, the taxpayer shall:

4 (1) employ the equivalent of one full-time
5 employee in addition to the number of full-time employees
6 employed on the day one year prior to the day on which the
7 taxpayer applies for credit; or

8 (2) increase the aggregate annual wages paid
9 to all full-time employees in the taxable year by at least an
10 amount equal to the average of the annual wages and benefits
11 paid to all employees by the taxpayer in the year prior to the
12 taxable year.

13 C. The department may require evidence showing
14 compliance with this section. The department may find that an
15 additional employee meets the requirements of this section,
16 although employed earlier than one year prior to the day on
17 which the taxpayer applies for the credit, if the employee was
18 only being trained prior to that date or the employee's
19 employment was necessitated by the use of the qualified
20 equipment."

21 **SECTION 5. EFFECTIVE DATE.**--The effective date of the
22 provisions of this act is July 1, 2012.