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HOUSE BILL 52

44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 200

INTRODUCED BY

John A. Heaton

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND
TELECOMMUNICATIONS COMMITTEE

AN ACT

RELATING TO TAXATION; ENACTING THE LABORATORY PARTNERSHIP
WITH SMALL BUSINESS TAX CREDIT ACT FOR CERTAIN TECHNICAL
ASSISTANCE PROVIDED TO NEW MEXICO SMALL BUSINESSES.

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

Section 1. SHORT TITLE.--This act may be cited as the
"Laboratory Partnership with Small Business Tax Credit Act".

Section 2. PURPOSE OF ACT.--It is the purpose of the
Laboratory Partnership with Small Business Tax Credit Act to
bring the technology and expertise of the national
laboratories to small businesses in New Mexico to promote
economic development in the state, with an emphasis on rural
areas.

Section 3. DEFINITIONS.--As used in the Laboratory
Partnership With Small Business Tax Credit Act:

A. "department" means the taxation and revenue
department, the secretary of taxation and revenue or any

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1 employee of the department exercising authority lawfully
2 delegated to that employee by the secretary;

3 B. "national laboratory" means a prime contractor
4 designated as a national laboratory by act of congress that
5 is operating a facility in New Mexico;

6 C. "qualified expenditure" means an expenditure by
7 a national laboratory in providing small business assistance,
8 including direct costs, overhead allocation, supplies and
9 other costs directly related to the provision of the
10 assistance;

11 D. "rural area" means any area of the state other
12 than a class A county, a class B county that has a net
13 taxable value for rate-setting purposes for any property tax
14 year of more than three billion dollars (\$3,000,000,000) and
15 the municipality of Rio Rancho and the area within five miles
16 of the exterior boundaries of Rio Rancho;

17 E. "small business" means a business in New Mexico
18 that conforms to the definition of small business found in
19 the federal Small Business Act (Public Law 85-536), as
20 amended; and

21 F. "small business assistance" means assistance
22 rendered by a national laboratory related to the transfer of
23 technology, including software and manufacturing, mining, oil
24 and gas, environmental, agricultural, information and solar
25 and other alternative energy source technologies. "Small
business assistance" also includes nontechnical assistance
related to expanding the New Mexico base of suppliers,

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1 including training and mentoring individual small businesses;
2 assistance in developing business systems to meet audit,
3 reporting and quality assistance requirements; and other
4 supplier development initiatives for individual small
5 businesses.

6 Section 4. ADMINISTRATION OF ACT.--The department shall
7 administer the Laboratory Partnership with Small Business Tax
8 Credit Act pursuant to the Tax Administration Act.

9 Section 5. ELIGIBILITY REQUIREMENTS.--A national
10 laboratory is eligible for a tax credit in an amount equal to
11 qualified expenditures if:

- 12 A. the small business assistance is rendered to a
13 small business located in New Mexico;
- 14 B. the small business assistance is completed; and
- 15 C. the small business certifies to the national
16 laboratory that the small business assistance provided is not
17 otherwise available to the small business at a reasonable
18 cost through private industry.

19 Section 6. ADMINISTRATION BY THE NATIONAL LABORATORY.--
20 To qualify for tax credits pursuant to the Laboratory
21 Partnership with Small Business Tax Credit Act, a national
22 laboratory shall:

- 23 A. establish a small business assistance program;
- 24 B. establish a revolving fund with initial funding
25 from a source other than tax credits. Money from the
revolving fund shall be used to pay for qualified
expenditures, and the fund shall be replenished with an

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1 amount equal to the tax credits taken pursuant to the
2 Laboratory Partnership with Small Business Tax Credit Act;
3 and

4 C. consult with the secretary of economic
5 development to seek advice on improvements in the operation
6 of the small business assistance program.

7 Section 7. TAX CREDITS--AMOUNTS.--Each tax credit
8 provided for pursuant to the Laboratory Partnership with
9 Small Business Tax Credit Act shall be an amount equal to the
10 qualified expenditure incurred by the national laboratory,
11 not to exceed five thousand dollars (\$5,000) for each small
12 business for which small business assistance is rendered in a
13 calendar year or ten thousand dollars (\$10,000) if the small
14 business assistance was provided to a small business located
15 in a rural area.

16 Section 8. CLAIMING THE TAX CREDIT--LIMITATION.--A
17 national laboratory eligible for the tax credit pursuant to
18 the Laboratory Partnership with Small Business Tax Credit Act
19 may claim the amount of each tax credit by crediting that
20 amount against gross receipts taxes otherwise due pursuant to
21 the Gross Receipts and Compensating Tax Act. The tax credit
22 shall be taken on each monthly gross receipts tax return
23 filed by the laboratory against gross receipts taxes due the
24 state and shall not impact any local government tax
25 distribution. In no event shall the tax credits taken exceed
four million dollars (\$4,000,000) in a given calendar year.

Section 9. TERMINATION OF THE REVOLVING FUND.--Should

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1 the revolving fund established pursuant to Section 6 of the
2 Laboratory Partnership with Small Business Tax Credit Act
3 cease to be used for the purposes stated in that act, any
4 amounts remaining in the revolving fund, excluding initial
5 funding from nontax credit sources, shall be paid over to the
6 department as additional gross receipts taxes due. Such
7 payment of additional gross receipts taxes due shall be made
8 in the second month following the month a determination is
9 made that the revolving fund ceases to be used for the
10 purposes stated in that act.

11 Section 10. EFFECTIVE DATE.--The effective date of the
12 provisions of this act is July 1, 2000.