

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. "contractor" means an entity that has the capability to provide small business assistance, may enter into a contract with a national laboratory to provide small business assistance, and is:

(1) an individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, limited liability company, limited liability partnership, joint venture, syndicate or other entity, including any gas, water or electric utility owned or

operated by a county, municipality or other political subdivision of the state; or

(2) any national, federal, state, Indian or other governmental unit or subdivision, or any agency, department or instrumentality of any of the foregoing;

B. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

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

D. "qualified expenditure" means an expenditure by a national laboratory in providing small business assistance, limited to the following expenditures incurred in providing the assistance:

(1) employee salaries and wages;

(2) fringe benefits, employer payroll taxes and other administrative costs related directly to the provision of small business assistance, the total of which is limited to forty-nine percent of employee salaries and wages;

(3) in-state travel expenses, including per diem and mileage at the internal revenue service standard rates; and

(4) supplies and services of contractors related to the provision of small business assistance;

E. "rural area" means any area of the state other than a class A county that has a net taxable value for rate-setting purposes for any property tax year of more than seven billion dollars (\$7,000,000,000);

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

G. "small business assistance" means assistance rendered by a national laboratory related to the transfer of technology, including software and manufacturing, mining, oil and gas, environmental, agricultural, information and solar and other alternative energy source technologies. "Small business assistance" also includes nontechnical assistance related to expanding the New Mexico base of suppliers, including training and mentoring individual small businesses; assistance in developing business systems to meet audit, reporting and quality assistance requirements; and other supplier development initiatives for individual small

businesses.

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

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

A. the small business assistance is rendered to a small business located in New Mexico;

B. the small business assistance is completed; and

C. the small business certifies to the national laboratory that the small business assistance provided is not otherwise available to the small business at a reasonable cost through private industry.

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

A. establish a small business assistance program;

B. establish a revolving fund with initial funding 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 amount equal to the tax credits taken pursuant to the Laboratory Partnership with Small Business Tax Credit Act;

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

D. establish a methodology to utilize contractors who have demonstrated the capability to provide small business assistance.

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

Section 8. CLAIMING THE TAX CREDIT--LIMITATION.--A national laboratory eligible for the tax credit pursuant to the Laboratory Partnership with Small

Business Tax Credit Act may claim the amount of each tax credit by crediting that amount against gross receipts taxes otherwise due pursuant to the Gross Receipts and Compensating Tax Act. The tax credit shall be taken on each monthly gross receipts tax return filed by the laboratory against gross receipts taxes due the state and shall not impact any local government tax distribution. In no event shall the tax credits taken exceed one million eight hundred thousand dollars (\$1,800,000) in a given calendar year.

Section 9. TERMINATION OF THE REVOLVING FUND.-- Should the revolving fund established pursuant to Section 6 of the Laboratory Partnership with Small Business Tax Credit Act cease to be used for the purposes stated in that act, any amounts remaining in the revolving fund, excluding initial funding from nontax credit sources, shall be paid over to the department as additional gross receipts taxes due. Such payment of additional gross receipts taxes due shall be made in the second month following the month a determination is made that the revolving fund ceases to be used for the purposes stated in that act.           

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