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HOUSE BILL 11

**44TH LEGISLATURE - STATE OF NEW MEXICO - 2ND SPECIAL SESSION, 2000**

INTRODUCED BY

John A. Heaton

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

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1 into a contract with a national laboratory to provide small  
2 business assistance, and is:

3 (1) an individual, estate, trust, receiver,  
4 cooperative association, club, corporation, company, firm,  
5 partnership, limited liability company, limited liability  
6 partnership, joint venture, syndicate or other entity,  
7 including any gas, water or electric utility owned or  
8 operated by a county, municipality or other political  
9 subdivision of the state; or

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

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

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

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

24 (1) employee salaries and wages;

25 (2) fringe benefits, employer payroll taxes  
and other administrative costs related directly to the  
provision of small business assistance, the total of which is

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1 limited to forty-nine percent of employee salaries and wages;

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

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

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

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

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

Section 4. ADMINISTRATION OF ACT.--The department shall

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1 administer the Laboratory Partnership with Small Business Tax  
2 Credit Act pursuant to the Tax Administration Act.

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

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

8 B. the small business assistance is completed; and

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

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

17 A. establish a small business assistance program;

18 B. establish a revolving fund with initial funding  
19 from a source other than tax credits. Money from the  
20 revolving fund shall be used to pay for qualified  
21 expenditures, and the fund shall be replenished with an  
22 amount equal to the tax credits taken pursuant to the  
23 Laboratory Partnership with Small Business Tax Credit Act;

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

D. establish a methodology to utilize contractors

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1 who have demonstrated the capability to provide small  
2 business assistance.

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

12 Section 8. CLAIMING THE TAX CREDIT--LIMITATION.--A  
13 national laboratory eligible for the tax credit pursuant to  
14 the Laboratory Partnership with Small Business Tax Credit Act  
15 may claim the amount of each tax credit by crediting that  
16 amount against gross receipts taxes otherwise due pursuant to  
17 the Gross Receipts and Compensating Tax Act. The tax credit  
18 shall be taken on each monthly gross receipts tax return  
19 filed by the laboratory against gross receipts taxes due the  
20 state and shall not impact any local government tax  
21 distribution. In no event shall the tax credits taken exceed  
22 one million eight hundred thousand dollars (\$1,800,000) in a  
23 given calendar year.

24 Section 9. TERMINATION OF THE REVOLVING FUND.--Should  
25 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

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1 amounts remaining in the revolving fund, excluding initial  
2 funding from nontax credit sources, shall be paid over to the  
3 department as additional gross receipts taxes due. Such  
4 payment of additional gross receipts taxes due shall be made  
5 in the second month following the month a determination is  
6 made that the revolving fund ceases to be used for the  
7 purposes stated in that act.

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