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HOUSE BILL 460

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Ted Hobbs

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX AND CORPORATE INCOME
TAX CREDITS FOR EMPLOYMENT OF YOUTH PARTICIPATING IN CAREER
PREPARATION EDUCATION PROGRAMS.

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

Section 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

A. To encourage New Mexico businesses to hire youth
participating in career preparation education programs, a
taxpayer who files an individual New Mexico income tax return,
who is not a dependent of another individual and who is an
owner of a New Mexico business may claim a credit in an amount
equal to fifty percent of gross wages paid to qualified
students who are employed by the business during the taxable

underscored material = new
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1 year for which the return is filed. The tax credit may be
2 known as the "job mentorship tax credit".

3 B. A taxpayer who is an owner of a New Mexico
4 business may claim the job mentorship tax credit provided in
5 this section for each taxable year in which the business
6 employs one or more qualified students. The maximum aggregate
7 credit allowable shall not exceed fifty percent of the gross
8 wages paid to not more than ten qualified students employed by
9 the business for up to three hundred twenty hours of employment
10 of each qualified student in each taxable year for a maximum of
11 three taxable years for each qualified student. In no event
12 shall a taxpayer claim a credit in excess of twelve thousand
13 dollars (\$12,000) in a taxable year. The taxpayer shall
14 certify that hiring the qualified student does not displace or
15 replace a current employee.

16 C. The department shall issue job mentorship tax
17 credit certificates upon request to any accredited New Mexico
18 secondary school that has a school-sanctioned career
19 preparation education program. The maximum number of
20 certificates that may be issued in a school year to any one
21 school is equal to the number of qualified students in the
22 school-sanctioned career preparation education program on
23 October 15 of that school year, as certified by the school
24 principal.

25 D. A job mentorship tax credit certificate may be

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1 executed by a school principal with respect to a qualified
2 student, and the executed certificate may be transferred to a
3 New Mexico business that employs that student. By executing
4 the certificate with respect to a student, the school principal
5 certifies that the school has a school-sanctioned career
6 preparation education program and that the student is a
7 qualified student.

8 E. To claim the credit pursuant to this section,
9 the taxpayer must submit with respect to each employee for whom
10 the credit is claimed:

- 11 (1) a properly executed certificate;
- 12 (2) information required by the secretary with
13 respect to the employee's employment by the business during the
14 taxable year for which the credit is claimed; and
- 15 (3) information required by the secretary that
16 the employee was not also employed in the same taxable year by
17 another New Mexico business qualifying for and claiming a job
18 mentorship tax credit for that employee pursuant to this
19 section or the Corporate Income and Franchise Tax Act.

20 F. The credit provided pursuant to this section may
21 only be deducted from the taxpayer's New Mexico income tax
22 liability for the taxable year. Any portion of the maximum
23 credit provided by this section that remains unused at the end
24 of the taxpayer's taxable year may be carried forward for three
25 consecutive taxable years; provided the total credits claimed

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1 under this section shall not exceed the maximum allowable
2 pursuant to Subsection B of this section.

3 G. A husband and wife who file separate returns for
4 a taxable year in which they could have filed a joint return
5 may each claim only one-half of the credit that would have been
6 allowed on a joint return.

7 H. A taxpayer who otherwise qualifies for and
8 claims a job mentorship tax credit for employment of qualified
9 students by a partnership, limited partnership, limited
10 liability company, S corporation or other business association
11 of which the taxpayer is a member may claim a credit only in
12 proportion to his interest in the partnership, limited
13 partnership, limited liability company, S corporation or
14 association. The total credit claimed by all members of the
15 business shall not exceed the maximum credit allowable pursuant
16 to Subsection B of this section.

17 I. As used in this section:

18 (1) "career preparation education program"
19 means a work-based learning or school-to-career program
20 designed for secondary school students to create academic and
21 career goals and objectives and find employment in a job
22 meeting those goals and objectives;

23 (2) "New Mexico business" means a partnership,
24 limited partnership, limited liability company treated as a
25 partnership for federal income tax purposes, S corporation or

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1 sole proprietorship that carries on a trade or business in New
2 Mexico and that employs in New Mexico less than three hundred
3 full-time employees at any one time during the taxable year;
4 and

5 (3) "qualified student" means an individual
6 who is at least fourteen years of age but not more than twenty-
7 one years of age who is attending full time an accredited New
8 Mexico secondary school and who is a participant in a career
9 preparation education program sanctioned by the secondary
10 school."

11 Section 2. A new section of the Corporate Income and
12 Franchise Tax Act is enacted to read:

13 "[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT.--

14 A. To encourage New Mexico businesses to hire youth
15 participating in career preparation education programs, a
16 taxpayer that is a New Mexico business and that files a
17 corporate income tax return may claim a credit in an amount
18 equal to fifty percent of gross wages paid to qualified
19 students who are employed by the taxpayer during the taxable
20 year for which the return is filed. The tax credit may be
21 known as the "job mentorship tax credit".

22 B. A taxpayer may claim the job mentorship tax
23 credit provided in this section for each taxable year in which
24 the taxpayer employs one or more qualified students. The
25 maximum aggregate credit allowable shall not exceed fifty

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1 percent of the gross wages paid to not more than ten qualified
2 students employed by the taxpayer for up to three hundred
3 twenty hours of employment of each qualified student in each
4 taxable year for a maximum of three taxable years for each
5 qualified student. In no event shall a taxpayer claim a credit
6 in excess of twelve thousand dollars (\$12,000) in any taxable
7 year. The employer shall certify that hiring the qualified
8 student does not displace or replace a current employee.

9 C. The department shall issue job mentorship tax
10 credit certificates upon request to any accredited New Mexico
11 secondary school that has a school-sanctioned career
12 preparation education program. The maximum number of
13 certificates that may be issued in a school year to any one
14 school is equal to the number of qualified students in the
15 school-sanctioned career preparation education program on
16 October 15 of that school year, as certified by the school
17 principal.

18 D. A job mentorship tax credit certificate may be
19 executed by a school principal with respect to a qualified
20 student, and the executed certificate may be transferred to a
21 New Mexico business that employs that student. By executing
22 the certificate with respect to a student, the school principal
23 certifies that the school has a school-sanctioned career
24 preparation education program and that the student is a
25 qualified student.

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1 E. To claim the credit under this section, the
2 taxpayer must submit with respect to each employee for whom the
3 credit is claimed:

4 (1) a properly executed certificate;

5 (2) information required by the secretary with
6 respect to the employee's employment by the taxpayer during the
7 taxable year for which the credit is claimed; and

8 (3) information required by the secretary that
9 the employee was not also employed in the same taxable year by
10 another New Mexico business qualifying for and claiming a job
11 mentorship tax credit for that employee pursuant to this
12 section or the Income Tax Act.

13 F. The credit provided pursuant to this section may
14 only be deducted from the taxpayer's corporate income tax
15 liability for the taxable year. Any portion of the maximum
16 credit provided by this section that remains unused at the end
17 of the taxpayer's taxable year may be carried forward for three
18 consecutive taxable years; provided the total credits claimed
19 pursuant to this section shall not exceed the maximum allowable
20 under Subsection B of this section.

21 G. As used in this section:

22 (1) "career preparation education program"
23 means a work-based learning or school-to-career program
24 designed for secondary school students to create academic and
25 career goals and objectives and find employment in a job

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1 meeting those goals and objectives;

2 (2) "New Mexico business" means a corporation
3 that carries on a trade or business in New Mexico and that
4 employs in New Mexico less than three hundred full-time
5 employees during the taxable year; and

6 (3) "qualified student" means an individual
7 who is at least fourteen years of age but not more than twenty-
8 one years of age who is attending full time an accredited New
9 Mexico secondary school and who is a participant in a career
10 preparation education program sanctioned by the secondary
11 school."

12 Section 3. APPLICABILITY. -- The provisions of this act
13 apply to tax years beginning on or after January 1, 2003.

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