

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SENATE BILL 357

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

INTRODUCED BY

Bernadette M. Sanchez

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX AND CORPORATE INCOME  
TAX CREDITS FOR EMPLOYMENT OF YOUTH PARTICIPATING IN CERTAIN  
SUMMER SCHOOL-TO-CAREER JOB PROGRAMS.

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

Section 1. A new section of the Income Tax Act, Section  
7-2-18.6 NMSA 1978, is enacted read:

"7-2-18.6. [NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

A. To encourage New Mexico businesses to hire youth  
participating in certified school-to-career programs, a  
taxpayer who files an individual New Mexico income tax return,  
who is not a dependent of another individual and who is the  
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  
[bracketed material] = delete

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

16 C. The department shall allocate annually to the  
17 state school-to-work director certificates that shall be  
18 distributed by the state school-to-work director to  
19 administrators of certified school-to-career programs. The  
20 certificates, when properly executed, shall serve as evidence  
21 of the taxpayer's eligibility for the job mentorship tax  
22 credit. The maximum number of certificates that may be issued  
23 to a single school-to-career program administrator is equal to  
24 the number of qualified school-to-career participants in that  
25 program on May 1 of that calendar year. The certificates shall

. 142943. 1

underscored material = new  
[bracketed material] = delete

1 be issued in the order in which they are requested. To claim  
2 the credit pursuant to this section, the taxpayer must submit  
3 with respect to each employee for whom the 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 business 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 Corporate Income and Franchise Tax Act.

13 D. The credit provided pursuant to this section may  
14 only be deducted from the taxpayer's New Mexico income tax  
15 liability for the taxable year. Any portion of the maximum tax  
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 tax credits  
19 claimed pursuant to this section shall not exceed the maximum  
20 allowable pursuant to Subsection B of this section.

21 E. A husband and wife who file separate returns for  
22 a taxable year in which they could have filed a joint return  
23 may each claim only one-half of the credit that would have been  
24 allowed on a joint return.

25 F. A taxpayer who otherwise qualifies for and

underscored material = new  
[bracketed material] = delete

1 claims a job mentorship tax credit for employment of qualified  
2 students by a partnership, limited partnership, limited  
3 liability company, S corporation or other business association  
4 of which the taxpayer is a member may claim a credit only in  
5 proportion to his interest in the partnership, limited  
6 partnership, limited liability company, S corporation or  
7 association. The total credit claimed by all members of the  
8 business shall not exceed the maximum tax credit allowable  
9 pursuant to Subsection B of this section.

10 G. As used in this section:

11 (1) "certified school-to-career program" means  
12 a summer employment program certified by the state school-to-  
13 work office as a school-to-career program designed for  
14 secondary school students to create academic and career goals  
15 and objectives and find employment in a job meeting those goals  
16 and objectives;

17 (2) "New Mexico business" means a partnership,  
18 limited partnership, limited liability company treated as a  
19 partnership for federal income tax purposes, S corporation or  
20 sole proprietorship that carries on a trade or business in New  
21 Mexico and that employs in New Mexico fewer than three hundred  
22 full-time employees at any one time during the taxable year;  
23 and

24 (3) "qualified student" means an individual  
25 who is at least fourteen years of age but not more than twenty-

underscored material = new  
[bracketed material] = delete

1 one years of age who is attending full time an accredited New  
2 Mexico secondary school and who is a participant in a certified  
3 school-to-career program "

4 Section 2. A new section of the Corporate Income and  
5 Franchise Tax Act, Section 7-2A-17 NMSA 1978, is enacted to  
6 read:

7 "7-2A-17. [NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

8 A. To encourage New Mexico businesses to hire youth  
9 participating in certified school-to-career programs, a  
10 taxpayer that is a New Mexico business and that files a  
11 corporate income tax return may claim a credit in an amount  
12 equal to fifty percent of gross wages paid to qualified  
13 students who are employed by the taxpayer during the taxable  
14 year for which the return is filed. The tax credit may be  
15 known as the "job mentorship tax credit".

16 B. A taxpayer may claim the credit provided in this  
17 section for each taxable year in which the taxpayer employs one  
18 or more qualified students. The maximum aggregate credit  
19 allowable shall not exceed fifty percent of the gross wages  
20 paid to not more than ten qualified students employed by the  
21 taxpayer for up to three hundred twenty hours of employment of  
22 each qualified student in each taxable year for a maximum of  
23 three taxable years for each qualified student. In no event  
24 shall a taxpayer claim a credit in excess of twelve thousand  
25 dollars (\$12,000) in any taxable year. The employer shall

. 142943. 1

underscored material = new  
[bracketed material] = delete

1 certify that hiring the qualified student does not displace or  
2 replace a current employee.

3 C. The department shall allocate annually to the  
4 state school-to-work director certificates that shall be  
5 distributed by the state school-to-work director to  
6 administrators of certified school-to-career programs. The  
7 certificates, when properly executed, shall serve as evidence  
8 of the taxpayer's eligibility for the job mentorship tax  
9 credit. The maximum number of certificates that may be issued  
10 to a single school-to-career program administrator is equal to  
11 the number of qualified school-to-career participants in that  
12 program on May 1 of that year. The certificates shall be  
13 issued in the order in which they are requested. To claim the  
14 credit under this section, the taxpayer must submit with  
15 respect to each employee for whom the credit is claimed:

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

25 D. The credit provided pursuant to this section may

. 142943. 1

underscored material = new  
[bracketed material] = delete

1 only be deducted from the taxpayer's corporate income tax  
2 liability for the taxable year. Any portion of the maximum tax  
3 credit provided by this section that remains unused at the end  
4 of the taxpayer's taxable year may be carried forward for three  
5 consecutive taxable years; provided the total tax credits  
6 claimed pursuant to this section shall not exceed the maximum  
7 allowable under Subsection B of this section.

8 E. As used in this section:

9 (1) "certified school-to-career program" means  
10 a summer employment program certified by the state school-to-  
11 work office as a school-to-career program designed for  
12 secondary school students to create academic and career goals  
13 and objectives and find employment in a job meeting those goals  
14 and objectives;

15 (2) "New Mexico business" means a corporation  
16 that carries on a trade or business in New Mexico and that  
17 employs in New Mexico fewer than three hundred full-time  
18 employees during the taxable year; and

19 (3) "qualified student" means an individual  
20 who is at least fourteen years of age but not more than twenty-  
21 one years of age who is attending full time an accredited New  
22 Mexico secondary school and who is a participant in a certified  
23 school-to-career program "

24 Section 3. APPLICABILITY.--The provisions of this act  
25 apply to taxable years beginning on or after January 1, 2003.