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HOUSE BILL 325

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

John A. Heaton

AN ACT

RELATING TO TAXATION; EXTENDING THE ELIGIBILITY PERIOD FOR THE RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT.

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

Section 1. Section 7-9H-3 NMSA 1978 (being Laws 2005, Chapter 104, Section 13) is amended to read:

"7-9H-3. RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT--AMOUNT--ELIGIBILITY.--

A. Until June 30, [~~2009~~] 2013, a taxpayer that is a qualified research and development small business is eligible for a credit in a reporting period in an amount equal to the sum of all gross receipts taxes, compensating taxes or withholding taxes due to the state or payable by the taxpayer with respect to that business for that reporting period. The credit provided in this section may be referred to as the

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1 "research and development small business tax credit".

2 B. A taxpayer is not eligible for the credit with
3 respect to a reporting period month:

4 (1) before July 2005;

5 (2) that is more than thirty-five consecutive
6 calendar months after the first month for which a claim for the
7 credit is made by the taxpayer or by a person to whom the
8 taxpayer is a successor, pursuant to Section 7-1-61 NMSA 1978;

9 (3) after which the qualified research and
10 development small business employs more than twenty-five
11 employees on a full-time-equivalent basis;

12 (4) in a fiscal year of the qualified research
13 and development small business after the first fiscal year in
14 which that business has total revenues in excess of five
15 million dollars (\$5,000,000);

16 (5) after the calendar month in which more
17 than fifty percent of the qualified research and development
18 small business' voting securities or other equity interests
19 having the right to designate or elect the board of directors
20 or other governing body of that business are owned directly or
21 indirectly by another business;

22 (6) if the business was not a qualified
23 research and development small business in the twelve-calendar-
24 month period ending with that calendar month;

25 (7) during which the taxpayer is the

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1 beneficiary of an industrial revenue bond issued by a
2 municipality or county; or

3 (8) during which the taxpayer sold any goods
4 of which the taxpayer is not the manufacturer, unless the
5 taxpayer has received an appropriate nontaxable transaction
6 certificate for such sale or sales."