

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILLS 182 & 507

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO TAXATION; DECREASING CERTAIN CORPORATE INCOME TAX
RATES BASED ON STATE REVENUES AND RESERVE LEVELS; INCREASING
THE FILM PRODUCTION TAX CREDIT FOR CERTAIN DIRECT PRODUCTION
EXPENDITURES; ALLOWING A MAXIMUM OF TEN MILLION DOLLARS
(\$10,000,000) OF UNCLAIMED FILM PRODUCTION TAX CREDITS TO BE
CARRIED FORWARD FOR THREE FISCAL YEARS; PROVIDING FOR
ACCELERATED PAYMENTS OF FUTURE SCHEDULED PAYMENTS OF FILM
PRODUCTION TAX CREDITS; PROVIDING FOR ADDITIONAL ELIGIBILITY
REQUIREMENTS; CHANGING THE SCOPE OF DIRECT PRODUCTION
EXPENDITURES FOR WHICH FILM PRODUCTION TAX CREDITS MAY BE
CLAIMED; PHASING IN USE OF A SINGLE SALES FACTOR BY CERTAIN
TAXPAYERS IN APPORTIONING CORPORATE INCOME TO THE STATE OVER
THREE YEARS; EXCLUDING CERTAIN SALES FROM BEING APPORTIONED AS
SALES IN NEW MEXICO; PROVIDING A DEFINITION OF "CONSUMABLE" FOR
PURPOSES OF THE DEDUCTION OF RECEIPTS FROM SALES TO

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1 MANUFACTURERS; CLARIFYING APPLICATION OF THE HIGH-WAGE JOBS TAX
2 CREDIT; DEFINING "BENEFITS" AND "WAGES"; EXTENDING THE CREDIT
3 FOR FIVE YEARS; RECONCILING MULTIPLE AMENDMENTS TO SECTIONS OF
4 LAW IN LAWS 2011; RECONCILING CONFLICTING AMENDMENTS TO THE
5 SAME SECTION OF LAW BY REPEALING LAWS 2011, CHAPTER 165,
6 SECTION 3; DECLARING AN EMERGENCY.

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

9 SECTION 1. Section 7-2A-5 NMSA 1978 (being Laws 1981,
10 Chapter 37, Section 38, as amended) is amended to read:

11 "7-2A-5. CORPORATE INCOME TAX RATES--CORPORATE INCOME TAX
12 SCHEDULES--CERTIFICATION--NOTIFICATION.--

13 A. The corporate income tax imposed on corporations
14 by Section 7-2A-3 NMSA 1978 shall be at the rates specified in
15 the following [~~table~~] schedules:

16 (1) Corporate Income Tax Schedule I. For
17 taxable years beginning on or after January 1, 2013 and prior
18 to January 1, 2014:

19	If the net income is:	The tax shall be:
20	Not over \$500,000	4.8% of net income
21	Over \$500,000 but not	
22	over \$1,000,000	\$24,000 plus
23		6.4% of excess
24		over \$500,000
25	Over \$1,000,000	\$56,000

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1 plus 7.6% of excess
2 over \$1,000,000.

3 (2) Corporate Income Tax Schedule II. For
4 taxable years beginning on or after January 1, 2014 and prior
5 to January 1 of the calendar year in which corporate income tax
6 schedule III, IV, V or VI is in effect:

7	<u>If the net income is:</u>	<u>The tax shall be:</u>
8	<u>Not over \$500,000</u>	<u>4.8% of net income</u>
9	<u>Over \$500,000 but not</u>	
10	<u>over \$1,000,000</u>	<u>\$24,000 plus</u>
11		<u>6.4% of excess over</u>
12		<u>\$500,000</u>
13	<u>Over \$1,000,000</u>	<u>\$56,000 plus</u>
14		<u>7.3% of excess over</u>
15		<u>\$1,000,000.</u>

16 (3) Corporate Income Tax Schedule III. For
17 taxable years beginning on or after January 1 of the calendar
18 years in which corporate income tax schedule III is in effect
19 and prior to January 1 of the calendar year in which corporate
20 income tax schedule IV, V or VI is in effect:

21	<u>If the net income is:</u>	<u>The tax shall be:</u>
22	<u>Not over \$500,000</u>	<u>4.8% of net income</u>
23	<u>Over \$500,000 but not</u>	
24	<u>over \$1,000,000</u>	<u>\$24,000 plus</u>
25		<u>6.4% of excess over</u>

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1		<u>\$500,000</u>
2	<u>Over \$1,000,000</u>	<u>\$56,000 plus</u>
3		<u>6.9% of excess over</u>
4		<u>\$1,000,000.</u>

5 (4) Corporate Income Tax Schedule IV. For
6 taxable years beginning on or after January 1 of the calendar
7 years in which corporate income tax schedule IV is in effect
8 and prior to January 1 of the calendar year in which corporate
9 income tax schedule V or VI is in effect:

10	<u>If the net income is:</u>	<u>The tax shall be:</u>
11	<u>Not over \$500,000</u>	<u>4.8% of net income</u>
12	<u>Over \$500,000 but not</u>	
13	<u>over \$1,000,000</u>	<u>\$24,000 plus</u>
14		<u>6.4% of excess over</u>
15		<u>\$500,000</u>
16	<u>Over \$1,000,000</u>	<u>\$56,000 plus</u>
17		<u>6.6% of excess over</u>
18		<u>\$1,000,000.</u>

19 (5) Corporate Income Tax Schedule V. For
20 taxable years beginning on or after January 1 of the calendar
21 years in which corporate income tax schedule V is in effect and
22 prior to January 1 of the year in which corporate income tax
23 schedule VI is in effect:

24	<u>If the net income is:</u>	<u>The tax shall be:</u>
25	<u>Not over \$500,000</u>	<u>4.8% of net income</u>

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1 Over \$500,000 \$24,000 plus
2 6.2% of excess over
3 \$500,000.

4 (6) Corporate Income Tax Schedule VI. For
5 taxable years beginning on or after January 1 of the calendar
6 years in which corporate income tax schedule VI is in effect:

7 <u>If the net income is:</u>	<u>The tax shall be:</u>
8 <u>Not over \$500,000</u>	<u>4.8% of net income</u>
9 <u>Over \$500,000</u>	<u>\$24,000 plus</u>
10 <u>5.9% of excess over</u>	
11 <u>\$500,000.</u>	

12 B. Each year, the secretary of finance and
13 administration shall certify to the secretary of taxation and
14 revenue the revenue and reserves of the previous fiscal year.
15 The secretary of taxation and revenue shall designate a
16 corporate income tax schedule for that calendar year to be
17 imposed at rates pursuant to Subsection A of this section;
18 provided that the secretary shall not designate a corporate
19 income tax schedule for that calendar year at a numeric
20 schedule level lower than the level designated for the previous
21 calendar year. Notwithstanding the provisions of Paragraphs
22 (1) through (4) of this subsection, if reserves at the end of
23 the previous fiscal year were less than seven percent or if
24 revenue in the previous fiscal year fell below a level required
25 to designate a different corporate income tax schedule, the

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1 secretary shall designate the same corporate income tax
2 schedule for the current calendar year that was in effect for
3 the previous calendar year. If:

4 (1) revenue in the previous fiscal year was at
5 least five billion nine hundred thirty-seven million dollars
6 (\$5,937,000,000) but less than six billion one hundred
7 seventy-seven million dollars (\$6,177,000,000) and reserves at
8 the end of the previous fiscal year were at least seven
9 percent, corporate income tax schedule III shall be designated
10 for the current calendar year;

11 (2) revenue in the previous fiscal year was at
12 least six billion one hundred seventy-seven million dollars
13 (\$6,177,000,000) but less than six billion four hundred
14 twenty-seven million dollars (\$6,427,000,000) and reserves at
15 the end of the previous fiscal year were at least seven
16 percent, corporate income tax schedule IV shall be designated
17 for the current calendar year;

18 (3) revenue in the previous fiscal year was at
19 least six billion four hundred twenty-seven million dollars
20 (\$6,427,000,000) but less than six billion six hundred
21 eighty-seven million dollars (\$6,687,000,000) and reserves at
22 the end of the previous fiscal year were at least seven
23 percent, corporate income tax schedule V shall be designated
24 for the current calendar year; and

25 (4) revenue in the previous fiscal year was at

1 least six billion six hundred eighty-seven million dollars
2 (\$6,687,000,000) and reserves at the end of the previous fiscal
3 year were at least seven percent, corporate income tax schedule
4 VI shall be designated for the current calendar year.

5 C. As used in this section:

6 (1) "revenue" means the sum of the total
7 revenues for a fiscal year in the current school fund, the
8 general appropriation account and the federal mineral leasing
9 funds, as reflected in the audited financial statements of the
10 component appropriation funds of the state of New Mexico for
11 the fiscal year, or such lower amount certified by the
12 secretary of finance and administration to account for
13 significant nonrecurring revenue; and

14 (2) "reserves" means a percentage determined by
15 dividing the sum of the ending fund balances of the
16 state-support reserve fund, the tobacco settlement permanent
17 fund, the appropriation contingency reserve fund, the general
18 fund operating reserve fund and the tax stabilization reserve,
19 as reflected in the audited financial statements of the
20 component appropriation funds of the state of New Mexico for
21 the fiscal year, by the sum of all recurring appropriations
22 from the component appropriation accounts contained in the
23 general appropriation act making general operating
24 appropriations for a fiscal year, as reduced by law and as
25 reflected in the audited financial statements of the component

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1 appropriation funds of the state of New Mexico for the fiscal
2 year."

3 SECTION 2. Section 7-2F-1 NMSA 1978 (being Laws 2002,
4 Chapter 36, Section 1, as amended by Laws 2011, Chapter 165,
5 Section 1 and by Laws 2011, Chapter 177, Section 2) is amended
6 to read:

7 "7-2F-1. FILM PRODUCTION TAX CREDIT.--

8 A. The tax credit created by this section may be
9 referred to as the "film production tax credit". An eligible
10 film production company may apply for, and the taxation and
11 revenue department may allow, subject to the limitation in
12 [~~Subsection D of~~] this section, a tax credit in an amount equal
13 to the percentage specified in Subsection B of this section of:

14 (1) direct production expenditures made in New
15 Mexico that:

16 (a) are directly attributable to the
17 production in New Mexico of a film or commercial audiovisual
18 product;

19 (b) are subject to taxation by the state of
20 New Mexico;

21 (c) exclude direct production expenditures
22 for which another taxpayer claims the film production tax
23 credit; and

24 (d) do not exceed the usual and customary
25 cost of the goods or services acquired when purchased by

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1 unrelated parties. The secretary of taxation and revenue may
2 determine the value of the goods or services for purposes of
3 this section when the buyer and seller are affiliated
4 persons or the sale or purchase is not an arm's length
5 transaction; and

6 (2) postproduction expenditures made in New
7 Mexico that:

8 (a) are directly attributable to the
9 production of a commercial film or audiovisual product;

10 (b) are for services performed in New
11 Mexico;

12 (c) are subject to taxation by the state of
13 New Mexico;

14 (d) exclude postproduction expenditures for
15 which another taxpayer claims the film production tax credit;
16 and

17 (e) do not exceed the usual and customary
18 cost of the goods or services acquired when purchased by
19 unrelated parties. The secretary of taxation and revenue may
20 determine the value of the goods or services for purposes of
21 this section when the buyer and seller are affiliated persons
22 or the sale or purchase is not an arm's length transaction.

23 B. Except as otherwise provided in [~~Subsections C and~~
24 ~~P of~~] this section, the percentage to be applied in calculating
25 the amount of the film production tax credit is twenty-five

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1 percent.

2 C. In addition to the percentage applied pursuant to
3 Subsection B of this section, another five percent shall be
4 applied in calculating the amount of the film production tax
5 credit to direct production expenditures:

6 (1) on series television productions intended
7 for commercial distribution with an order for at least six
8 episodes in a single season; provided that the budget per
9 episode is fifty thousand dollars (\$50,000) or more; or

10 (2) that are directly attributable to the wages
11 and fringe benefits paid to a New Mexico resident directly
12 employed in an industry crew position, excluding a performing
13 artist, on a production with a total budget of:

14 (a) not more than thirty million dollars
15 (\$30,000,000) that shoots at least ten principal photography
16 days at a qualified production facility in New Mexico; or

17 (b) thirty million dollars (\$30,000,000) or
18 more that shoots at least fifteen principal photography days at
19 a qualified production facility in New Mexico.

20 [~~G.~~] D. With respect to expenditures attributable to
21 a production for which the film production company receives a
22 tax credit pursuant to the federal new markets tax credit
23 program, the percentage to be applied in calculating the film
24 production tax credit is twenty percent.

25 [~~D.~~] E. A claim for film production tax credits shall

1 be filed as part of a return filed pursuant to the Income Tax
2 Act or the Corporate Income and Franchise Tax Act or an
3 information return filed by a pass-through entity. The date a
4 credit claim is received by the department shall determine the
5 order that a credit claim is authorized for payment by the
6 department. Except as otherwise provided in this section, the
7 aggregate amount of the film production tax credit claims that
8 may be authorized for payment in any fiscal year is fifty
9 million dollars (\$50,000,000) with respect to the direct
10 production expenditures or postproduction expenditures made on
11 film or commercial audiovisual products. A film production
12 company that submits a claim for a film production tax credit
13 that is unable to receive the tax credit because the claims for
14 the fiscal year exceed the limitation in this subsection shall
15 be placed for the subsequent fiscal year at the front of a
16 queue of film production tax credit claimants submitting claims
17 in the subsequent fiscal year in the order of the date on which
18 the credit was authorized for payment.

19 F. If, in fiscal years 2013 through 2015, the
20 aggregate amount in each fiscal year of the film production tax
21 credit claims authorized for payment is less than fifty million
22 dollars (\$50,000,000), then the difference in that fiscal year
23 or ten million dollars (\$10,000,000), whichever is less, shall
24 be added to the aggregate amount of the film production tax
25 credit claims that may be authorized for payment pursuant to

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1 Subsection E of this section in the immediately following
2 fiscal year.

3 ~~[E.]~~ G. Except as otherwise provided in this section,
4 credit claims authorized for payment pursuant to the Film
5 Production Tax Credit Act shall be paid pursuant to provisions
6 of the Tax Administration Act to the taxpayer as follows:

7 (1) a credit claim amount of less than two
8 million dollars (\$2,000,000) per taxable year shall be paid
9 immediately upon authorization for payment of the credit claim;

10 (2) a credit claim amount of two million dollars
11 (\$2,000,000) or more but less than five million dollars
12 (\$5,000,000) per taxable year shall be divided into two equal
13 payments, with the first payment to be made immediately upon
14 authorization of the payment of the credit claim and the second
15 payment to be made twelve months following the date of the
16 first payment; and

17 (3) a credit claim amount of five million
18 dollars (\$5,000,000) or more per taxable year shall be divided
19 into three equal payments, with the first payment to be made
20 immediately upon authorization of payment of the credit claim,
21 the second payment to be made twelve months following the date
22 of the first payment and the third payment to be made twenty-
23 four months following the date of the first payment.

24 H. For a fiscal year in which the amount of total
25 credit claims authorized for payment is less than the aggregate

1 amount of the film production tax credit claims that may be
 2 authorized for payment pursuant to this section, the next
 3 scheduled payments for credit claims authorized for payment
 4 pursuant to Subsection G of this section shall be accelerated
 5 for payment for that fiscal year and shall be paid to a
 6 taxpayer pursuant to the Tax Administration Act and in the
 7 order in which outstanding payments are scheduled in the queue
 8 established pursuant to Subsections E and G of this section;
 9 provided that the total credit claims authorized for payment
 10 shall not exceed the aggregate amount of the film production
 11 tax credit claims that may be authorized for payment pursuant
 12 to this section. If a partial payment is made pursuant to this
 13 subsection, the difference owed shall retain its original
 14 position in the queue.

15 ~~[F.]~~ I. Any amount of a credit claim that is carried
 16 forward pursuant to Subsection ~~[E]~~ G of this section shall be
 17 subject to the limit on the aggregate amount of credit claims
 18 that may be authorized for payment pursuant to ~~[Subsection D]~~
 19 Subsections E and F of this section in the fiscal year in which
 20 that amount is paid.

21 ~~[G.]~~ J. A credit claim shall only be considered
 22 received by the department if the credit claim is made on a
 23 complete ~~[tax]~~ return filed ~~[timely]~~ after the close of the
 24 taxable year. All direct production expenditures and
 25 postproduction expenditures incurred during the taxable year by

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1 a film production company shall be submitted as part of the
2 same income tax return and paid pursuant to this section. A
3 credit claim shall not be divided and submitted with multiple
4 returns or in multiple years.

5 ~~[H.]~~ K. For purposes of determining the payment of
6 credit claims pursuant to ~~[Subsection E of]~~ this section, the
7 secretary of taxation and revenue may require that credit
8 claims of affiliated persons be combined into one claim if
9 necessary to accurately reflect closely integrated activities
10 of affiliated persons.

11 ~~[I.]~~ L. The film production tax credit shall not be
12 claimed with respect to direct production expenditures or
13 postproduction expenditures for which the film production
14 company has delivered a nontaxable transaction certificate
15 pursuant to Section 7-9-86 NMSA 1978.

16 ~~[J. A long-form narrative film]~~ M. A production for
17 which the film production tax credit is claimed pursuant to
18 Paragraph (1) of Subsection A of this section shall contain an
19 acknowledgment in the end screen credits that the production
20 was filmed in New Mexico, and a state logo provided by the
21 division shall be included in the end screen credits of
22 long-form narrative film productions, unless otherwise agreed
23 upon in writing by the film production company and the
24 division.

25 ~~[K.]~~ N. To be eligible for the film production tax

1 credit, a film production company shall submit to the division
2 information required by the division to demonstrate conformity
3 with the requirements of the Film Production Tax Credit Act,
4 including detailed information on each direct production
5 expenditure and each postproduction expenditure. A film
6 production company shall make reasonable efforts, as determined
7 by the division, to contract with a vendor that provides goods,
8 inventory or services directly related to that vendor's
9 ordinary course of business. A film production company shall
10 provide to the division a projection of the film production tax
11 credit claim the film production company plans to submit in the
12 fiscal year. In addition, the film production company shall
13 agree in writing:

14 (1) to pay all obligations the film production
15 company has incurred in New Mexico;

16 (2) to post a notice at completion of principal
17 photography on the web site of the division that:

18 (a) contains production company information,
19 including the name of the production, the address of the
20 production company and contact information that includes a
21 working phone number, fax number and email address for both the
22 local production office and the permanent production office to
23 notify the public of the need to file creditor claims against
24 the film production company; and

25 (b) remains posted on the web site until all

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1 financial obligations incurred in the state by the film
2 production company have been paid;

3 (3) that outstanding obligations are not waived
4 should a creditor fail to file;

5 (4) to delay filing of a claim for the film
6 production tax credit until the division delivers written
7 notification to the taxation and revenue department that the
8 film production company has fulfilled all requirements for the
9 credit; and

10 (5) to submit a completed application for the
11 film production tax credit and supporting documentation to the
12 division within one year of making the final expenditures in
13 New Mexico that are included in the credit claim.

14 ~~[E.]~~ O. The division shall determine the eligibility
15 of the company and shall report this information to the
16 taxation and revenue department in a manner and at times the
17 economic development department and the taxation and revenue
18 department shall agree upon. The division shall also post on
19 its web site all information provided by the film production
20 company that does not reveal revenue, income or other
21 information that may jeopardize the confidentiality of income
22 tax returns, including that the division shall report monthly
23 the projected amount of credit claims for the fiscal year.

24 ~~[M.]~~ P. To provide guidance to film production
25 companies regarding the amount of credit capacity remaining in

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1 the fiscal year, the taxation and revenue department shall post
2 monthly on that department's web site the aggregate amount of
3 credits claimed and processed for the fiscal year.

4 ~~[N-]~~ Q. To receive a film production tax credit, a
5 film production company shall apply to the taxation and revenue
6 department on forms and in the manner the department may
7 prescribe. The application shall include a certification of
8 the amount of direct production expenditures or postproduction
9 expenditures made in New Mexico with respect to the film
10 production for which the film production company is seeking the
11 film production tax credit; provided that for the film
12 production tax credit, the application shall be submitted
13 within one year of the date of the last direct production
14 expenditure in New Mexico or the last postproduction
15 expenditure in New Mexico. If the amount of the requested tax
16 credit exceeds five million dollars (\$5,000,000), the
17 application shall also include the results of an audit,
18 conducted by a certified public accountant licensed to practice
19 in New Mexico, verifying that the expenditures have been made
20 in compliance with the requirements of this section. If the
21 requirements of this section have been complied with, subject
22 to the provisions of Subsection ~~[D]~~ E of this section, the
23 taxation and revenue department shall approve the film
24 production tax credit and issue a document granting the tax
25 credit.

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1 ~~[R.]~~ R. The film production company may apply all or
2 a portion of the film production tax credit granted against
3 personal income tax liability or corporate income tax
4 liability. If the amount of the film production tax credit
5 claimed exceeds the film production company's tax liability for
6 the taxable year in which the credit is being claimed, the
7 excess shall be refunded.

8 ~~[P.]~~ S. As applied to direct production expenditures
9 for the services of performing artists, the film production tax
10 credit authorized by this section shall not exceed five million
11 dollars (\$5,000,000) for services rendered by all performing
12 artists in a production for which the film production tax
13 credit is claimed."

14 **SECTION 3.** Section 7-2F-2 NMSA 1978 (being Laws 2003,
15 Chapter 127, Section 2, as amended by Laws 2011, Chapter 165,
16 Section 3 and by Laws 2011, Chapter 177, Section 4) is amended
17 to read:

18 "7-2F-2. DEFINITIONS.--As used in the Film Production Tax
19 Credit Act:

20 A. "affiliated person" means a person who directly or
21 indirectly owns or controls, is owned or controlled by or is
22 under common ownership or control with another person through
23 ownership of voting securities or other ownership interests
24 representing a majority of the total voting power of the
25 entity;

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1 B. "commercial audiovisual product" means a film or a
2 videogame intended for commercial exploitation;

3 C. "direct production expenditure":

4 (1) except as provided in Paragraph (2) of
5 this subsection, means a transaction that is subject to
6 taxation in New Mexico, including:

7 (a) payment of wages, fringe benefits or
8 fees for talent, management or labor to a person who is a New
9 Mexico resident;

10 (b) payment for services by a performing
11 artist who is not a New Mexico resident and who is directly
12 employed by the film production company; provided that the film
13 production company deducts and remits, or causes to be deducted
14 and remitted, income tax in New Mexico pursuant to the
15 Withholding Tax Act;

16 [~~(b)~~] (c) payment to a personal services
17 business for the services of a performing artist who is not a
18 New Mexico resident if: 1) the personal services business [~~(1)~~]
19 pays gross receipts tax in New Mexico on the portion of those
20 payments qualifying for the tax credit; and 2) [~~deducts and~~
21 ~~remits withheld income tax pursuant to Subsection I of Section~~
22 ~~7-3A-3 NMSA 1978]~~ the film production company deducts and
23 remits, or causes to be deducted and remitted, income tax at
24 the maximum rate in New Mexico pursuant to Subsection H of
25 Section 7-3A-3 NMSA 1978 on the portion of those payments

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1 qualifying for the tax credit paid to a personal services
2 business where the performing artist is a full or part owner of
3 that business or subcontracts with a personal services business
4 where the performing artist is a full or part owner of that
5 business; and

6 [~~e~~] (d) any of the following provided by a
7 vendor: 1) the story and scenario to be used for a film; 2)
8 set construction and operations, wardrobe, accessories and
9 related services; 3) photography, sound synchronization,
10 lighting and related services; 4) editing and related services;
11 5) rental of facilities and equipment; 6) leasing of vehicles,
12 not including the chartering of aircraft for out-of-state
13 transportation; however, New Mexico-based chartered aircraft
14 for in-state transportation directly attributable to the
15 production shall be considered a direct production expenditure;
16 provided that only the first one hundred dollars (\$100) of the
17 daily expense of leasing a vehicle for passenger transportation
18 on roadways in the state may be claimed as a direct production
19 expenditure; 7) food or lodging; provided that only the first
20 one hundred fifty dollars (\$150) of lodging per individual per
21 day is eligible to be claimed as a direct production
22 expenditure; 8) commercial airfare if purchased through a New
23 Mexico-based travel agency or travel company for travel to and
24 from New Mexico or within New Mexico that is directly
25 attributable to the production; 9) insurance coverage and

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1 bonding if purchased through a New Mexico-based insurance
2 agent, broker or bonding agent; and 10) other direct costs of
3 producing a film in accordance with generally accepted
4 entertainment industry practice; and

5 (2) does not include an expenditure for:

6 (a) a gift with a value greater than twenty-
7 five dollars (\$25.00);

8 (b) artwork or jewelry, except that a work
9 of art or a piece of jewelry may be a direct production
10 expenditure if: 1) it is used in the film production; and 2)
11 the expenditure is less than two thousand five hundred dollars
12 (\$2,500); [~~or~~]

13 (c) entertainment, amusement or recreation;

14 (d) subcontracted goods or services provided
15 by a vendor when subcontractors are not subject to state
16 taxation, such as equipment and locations provided by the
17 military, government and religious organizations; or

18 (e) a service provided by a person who is
19 not a New Mexico resident and employed in an industry crew
20 position, excluding a performing artist, where it is the
21 standard entertainment industry practice for the film
22 production company to employ a person for that industry crew
23 position, except when the person who is not a New Mexico
24 resident is hired or subcontracted by a vendor; and when the
25 film production company, as determined by the division and when

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1 applicable in consultation with industry, provides: 1)
2 reasonable efforts to hire resident crew; and 2) financial or
3 in-kind contributions toward education or work force
4 development efforts in New Mexico, including at least one of
5 the following: a pre-approved workshop; on-set shadowing per
6 each approved position; or ten percent of the portion of the
7 tax credit attributable to the payment for services provided by
8 nonresidents employed by the vendor in the approved positions,
9 which equates to two-and-one-half percent of the respective
10 total direct production expenditure and which is allocated to
11 New Mexico public education institutions that administer at
12 least one industry-recognized film or multimedia program;

13 D. "division" means the New Mexico film division of
14 the economic development department;

15 E. "federal new markets tax credit program" means the
16 tax credit program codified as Section 45D of the United States
17 Internal Revenue Code of 1986, as amended;

18 F. "film" means a single medium or multimedia
19 program, excluding advertising messages other than national or
20 regional advertising messages intended for exhibition, that:

21 (1) is fixed on film, a digital medium,
22 videotape, computer disc, laser disc or other similar delivery
23 medium;

24 (2) can be viewed or reproduced;

25 (3) is not intended to and does not violate a

1 provision of Chapter 30, Article 37 NMSA 1978; and

2 (4) is intended for reasonable commercial
3 exploitation for the delivery medium used;

4 G. "film production company" means a person that
5 produces one or more films or any part of a film;

6 H. "fiscal year" means the state fiscal year
7 beginning on July 1;

8 I. "New Mexico resident" means an individual who is
9 domiciled in this state during any part of the taxable year or
10 an individual who is physically present in this state for one
11 hundred eighty-five days or more during the taxable year; but
12 any individual, other than someone who was physically present
13 in the state for one hundred eighty-five days or more during
14 the taxable year and who, on or before the last day of the
15 taxable year, changed the individual's place of abode to a
16 place without this state with the bona fide intention of
17 continuing actually to abide permanently without this state is
18 not a resident for the purposes of the Film Production Tax
19 Credit Act for periods after that change of abode;

20 J. "personal services business" means a business
21 organization that receives payments for the services of a
22 performing artist;

23 K. "physical presence" means a physical address in
24 New Mexico [~~but does not include a post office box or other~~
25 ~~mail drop enterprise unless the physical presence is for a~~

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1 ~~business and the business is providing mail services to a film~~
2 ~~production company]~~ from which a vendor conducts business,
3 stores inventory or otherwise creates, assembles or offers for
4 sale the product purchased or leased by a film production
5 company;

6 L. "postproduction expenditure" means an expenditure
7 for editing, Foley recording, automatic dialogue replacement,
8 sound editing, special effects, including computer-generated
9 imagery or other effects, scoring and music editing, beginning
10 and end credits, negative cutting, soundtrack production,
11 dubbing, subtitling or addition of sound or visual effects; but
12 not including an expenditure for advertising, marketing,
13 distribution or expense payments; [~~and~~]

14 M. "qualified production facility" means a building
15 or complex of buildings and their improvements and associated
16 back-lot facilities in which films are or are intended to be
17 regularly produced and that contain at least one sound stage
18 with contiguous, clear-span floor space of at least seven
19 thousand square feet and a ceiling height of no less than
20 twenty-one feet; and

21 [~~M.~~] N. "vendor" means a person selling goods or
22 services that has a physical presence in New Mexico and is
23 subject to gross receipts tax pursuant to the Gross Receipts
24 and Compensating Tax Act and income tax pursuant to the Income
25 Tax Act or corporate income tax pursuant to the Corporate

1 Income and Franchise Tax Act but excludes services provided by
2 nonresidents hired or subcontracted if the tasks and
3 responsibilities are associated with:

4 (1) the standard industry job position of:

5 (a) a director;

6 (b) a writer;

7 (c) a producer;

8 (d) an associate producer;

9 (e) a co-producer;

10 (f) an executive producer;

11 (g) a production supervisor;

12 (h) a director of photography;

13 (i) a motion picture driver whose sole
14 responsibility is driving;

15 (j) a production or personal assistant;

16 (k) a designer;

17 (l) a still photographer; or

18 (m) a carpenter and utility technician at an
19 entry level; and

20 (2) nonstandard industry job positions and
21 personal support services."

22 SECTION 4. Section 7-4-10 NMSA 1978 (being Laws 1993,
23 Chapter 153, Section 1, as amended) is amended to read:

24 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--

25 A. Except as provided in Subsection B of this

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1 section, all business income shall be apportioned to this state
2 by multiplying the income by a fraction, the numerator of which
3 is the property factor plus the payroll factor plus the sales
4 factor and the denominator of which is three.

5 ~~[B. For taxable years beginning prior to January 1,~~
6 ~~2020, a taxpayer whose principal business activity is~~
7 ~~manufacturing may elect to have business income apportioned to~~
8 ~~this state by multiplying the income by a fraction, the~~
9 ~~numerator of which is the property factor plus the payroll~~
10 ~~factor plus twice the sales factor and the denominator of which~~
11 ~~is four. To elect the method of apportionment provided by this~~
12 ~~subsection, the taxpayer shall notify the department of the~~
13 ~~election, in writing, no later than the date on which the~~
14 ~~taxpayer files the return for the first taxable year to which~~
15 ~~the election will apply. The election will apply to that~~
16 ~~taxable year and to each taxable year thereafter until the~~
17 ~~taxpayer notifies the department, in writing, that the election~~
18 ~~is terminated, except that the taxpayer shall not terminate the~~
19 ~~election until the method of apportioning business income~~
20 ~~provided by this subsection has been used by the taxpayer for~~
21 ~~at least three consecutive taxable years, including a total of~~
22 ~~at least thirty-six calendar months. Notwithstanding any~~
23 ~~provisions of this subsection to the contrary, the taxpayer~~
24 ~~shall use the method of apportionment provided by Subsection A~~
25 ~~of this section for the taxable year unless:~~

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1 ~~(1) the taxpayer's corporate income tax~~
 2 ~~liability for the taxable year, computed by the same method of~~
 3 ~~apportionment used in the preceding taxable year, exceeds the~~
 4 ~~corporate income tax liability for the taxpayer's immediately~~
 5 ~~preceding taxable year; or~~

6 ~~(2) the sum of the taxpayer's payroll factor and~~
 7 ~~property factor for the taxable year exceeds the sum of the~~
 8 ~~taxpayer's payroll factor and property factor for the~~
 9 ~~taxpayer's base year. For purposes of this paragraph, "base~~
 10 ~~year" means the taxpayer's first taxable year beginning on or~~
 11 ~~after January 1, 1991.]~~

12 B. A taxpayer whose principal business activity is
 13 manufacturing may elect to have business income apportioned to
 14 this state:

15 (1) in the taxable year beginning on or after
 16 January 1, 2014 and prior to January 1, 2015, by multiplying
 17 the income by a fraction, the numerator of which is twice the
 18 sales factor plus the property factor plus the payroll factor
 19 and the denominator of which is four;

20 (2) in the taxable year beginning on or after
 21 January 1, 2015 and prior to January 1, 2016, by multiplying
 22 the income by a fraction, the numerator of which is eight
 23 multiplied by the sales factor plus the property factor plus
 24 the payroll factor and the denominator of which is ten; and

25 (3) in taxable years beginning on or after

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1 January 1, 2016, by multiplying the income by a fraction, the
2 numerator of which is the total sales of the taxpayer in New
3 Mexico during the taxable year and the denominator of which is
4 the total sales of the taxpayer from any location within or
5 outside of the state during the taxable year.

6 C. To elect the method of apportionment provided by
7 Subsection B of this section, the taxpayer shall notify the
8 department of the election, in writing, no later than the date
9 on which the taxpayer files the return for the first taxable
10 year to which the election will apply. The election will apply
11 to that taxable year and to each taxable year thereafter until
12 the taxpayer notifies the department, in writing, that the
13 election is terminated, except that the taxpayer shall not
14 terminate the election until the method of apportioning
15 business income provided by Subsection B of this section has
16 been used by the taxpayer for at least three consecutive
17 taxable years, including a total of at least thirty-six
18 calendar months.

19 ~~[G.]~~ D. For purposes of this section, "manufacturing"
20 means combining or processing components or materials to
21 increase their value for sale in the ordinary course of
22 business, but does not include:

- 23 (1) construction;
- 24 (2) farming;
- 25 (3) power generation, except for electricity

1 generation at a facility other than one for which both location
2 approval and a certificate of convenience and necessity are
3 required prior to commencing construction or operation of the
4 facility, pursuant to the Public Utility Act; or

5 (4) processing natural resources, including
6 hydrocarbons."

7 SECTION 5. Section 7-4-17 NMSA 1978 (being Laws 1965,
8 Chapter 203, Section 17) is amended to read:

9 "7-4-17. DETERMINATION OF SALES IN THIS STATE OF TANGIBLE
10 PERSONAL PROPERTY FOR INCLUSION IN SALES FACTOR.--Sales of
11 tangible personal property are in this state if:

12 A. the property is delivered or shipped to a
13 purchaser other than the United States government within this
14 state regardless of the f. o. b. point or other conditions of
15 the sale; or

16 B. the property is shipped from an office, store,
17 warehouse, factory or other place of storage in this state and:

18 (1) the purchaser is the United States
19 government; or

20 (2) the taxpayer:

21 (a) is not taxable in the state of the
22 purchaser; and

23 (b) did not make an election for
24 apportionment of business income pursuant to Subsection B of
25 Section 7-4-10 NMSA 1978."

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1 SECTION 6. Section 7-9-46 NMSA 1978 (being Laws 1969,
2 Chapter 144, Section 36, as amended) is amended to read:

3 "7-9-46. DEDUCTION--GROSS RECEIPTS TAX--GOVERNMENTAL
4 GROSS RECEIPTS--SALES TO MANUFACTURERS.--

5 A. Receipts from selling tangible personal property
6 may be deducted from gross receipts or from governmental gross
7 receipts if the sale is made to a person engaged in the
8 business of manufacturing who delivers a nontaxable transaction
9 certificate to the seller. The buyer delivering the nontaxable
10 transaction certificate must incorporate the tangible personal
11 property as an ingredient or component part of the product that
12 the buyer is in the business of manufacturing.

13 B. Receipts from selling tangible personal property
14 that is a consumable and used in such a way that it is consumed
15 in the manufacturing process of a product, provided that the
16 tangible personal property is not a tool or equipment used to
17 create the manufactured product, to a person engaged in the
18 business of manufacturing that product and who delivers a
19 nontaxable transaction certificate to the seller may be
20 deducted in the following percentages from gross receipts or
21 from governmental gross receipts:

22 (1) twenty percent of receipts received prior to
23 January 1, 2014;

24 (2) forty percent of receipts received in
25 calendar year 2014;

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1 (3) sixty percent of receipts received in
2 calendar year 2015;

3 (4) eighty percent of receipts received in
4 calendar year 2016; and

5 (5) one hundred percent of receipts received on
6 or after January 1, 2017.

7 C. The purpose of the deductions provided in this
8 section is to encourage manufacturing businesses to locate in
9 New Mexico and to reduce the tax burden, including reducing
10 pyramiding, on the tangible personal property that is consumed
11 in the manufacturing process and that is purchased by
12 manufacturing businesses in New Mexico.

13 D. The department shall annually report to the
14 revenue stabilization and tax policy committee the aggregate
15 amount of deductions taken pursuant to this section, the number
16 of taxpayers claiming each of the deductions and any other
17 information that is necessary to determine that the deductions
18 are performing the purposes for which they are enacted.

19 E. A taxpayer deducting gross receipts pursuant to
20 this section shall report the amount deducted separately for
21 each deduction provided in this section and attribute the
22 amount of the deduction to the appropriate authorization
23 provided in this section in a manner required by the department
24 that facilitates the evaluation by the legislature of the
25 benefit to the state of these deductions.

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1 F. As used in Subsection B of this section,
2 "consumable" means tangible personal property that is
3 incorporated into, destroyed, depleted or transformed in the
4 process of manufacturing a product:

5 (1) including electricity, fuels, water,
6 manufacturing aids and supplies, chemicals, gases, repair
7 parts, spares and other tangibles used to manufacture a
8 product; but

9 (2) excluding tangible personal property used
10 in:

11 (a) the generation of power;

12 (b) the processing of natural resources,
13 including hydrocarbons; and

14 (c) the preparation of meals for immediate
15 consumption on- or off-premises."

16 SECTION 7. Section 7-9G-1 NMSA 1978 (being Laws 2004,
17 Chapter 15, Section 1, as amended) is amended to read:

18 "7-9G-1. HIGH-WAGE JOBS TAX CREDIT--QUALIFYING
19 HIGH-WAGE JOBS.--

20 A. A taxpayer who is an eligible employer may apply
21 for, and the taxation and revenue department may allow, a tax
22 credit for each new high-wage economic-based job. The credit
23 provided in this section may be referred to as the "high-wage
24 jobs tax credit".

25 B. The purpose of the high-wage jobs tax credit is to

1 provide an incentive for urban and rural businesses to create
 2 and fill new high-wage jobs in New Mexico.

3 ~~[B.]~~ C. The high-wage jobs tax credit may be claimed
 4 and allowed in an amount equal to ten percent of the wages and
 5 benefits distributed to an eligible employee in a new high-wage
 6 economic-based job, but shall not exceed twelve thousand
 7 dollars (\$12,000) per job per qualifying period.

8 ~~[G.]~~ D. The high-wage jobs tax credit may be claimed
 9 by an eligible employer for each new high-wage economic-based
 10 job performed for the year in which the new high-wage economic-
 11 based job is created and for the three ~~[following]~~ consecutive
 12 qualifying periods. A taxpayer shall apply for approval of the
 13 credit after the close of a qualifying period, but not later
 14 than twelve months following the end of the calendar year in
 15 which the taxpayer's final qualifying period closes.

16 ~~[D.]~~ E. A new high-wage economic-based job shall not
 17 be eligible for a credit pursuant to this section unless the
 18 eligible employer's total number of employees with ~~[new]~~ high-
 19 wage economic-based jobs on the last day of the qualifying
 20 period at the location at which the job is performed or based
 21 is at least one more than the number on the day prior to the
 22 date the new high-wage economic-based job was created.

23 F. A new high-wage economic-based job shall not be
 24 eligible for a credit pursuant to this section if:

25 (1) the new high-wage economic-based job is

underscored material = new
 [bracketed material] = delete

1 created due to a business merger or acquisition or other change
2 in business organization;

3 (2) the eligible employee was terminated from
4 employment in New Mexico by another employer involved in the
5 business merger or acquisition or other change in business
6 organization with the taxpayer; and

7 (3) the new high-wage economic-based job is
8 performed by:

9 (a) the person who performed the job or its
10 functional equivalent prior to the business merger or
11 acquisition or other change in business organization; or

12 (b) a person replacing the person who
13 performed the job or its functional equivalent prior to a
14 business merger or acquisition or other change in business
15 organization.

16 G. Notwithstanding the provisions of Subsection F of
17 this section, a new high-wage economic-based job that was
18 created by another employer and for which an application for
19 the high-wage jobs tax credit was received and is under review
20 by the taxation and revenue department prior to the time of the
21 business merger or acquisition or other change in business
22 organization shall remain eligible for the high-wage jobs tax
23 credit for the balance of the qualifying periods. The new
24 employer that results from a business merger or acquisition or
25 other change in business organization may only claim the high-

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1 wage jobs tax credit for the balance of the qualifying period
2 for which the qualifying job is otherwise eligible.

3 H. A job shall not be eligible for a credit pursuant
4 to this section if the job is created due to an eligible
5 employer entering into a contract or becoming a subcontractor
6 to a contract with a governmental entity that replaces one or
7 more entities performing functionally equivalent services for
8 the governmental entity unless the job is a new high-wage
9 economic-based job that was not being performed by an employee
10 of the replaced entity.

11 [~~E.~~] I. With respect to each new high-wage economic-
12 based job for which an eligible employer seeks the high-wage
13 jobs tax credit, the employer shall certify:

14 (1) the amount of wages and benefits paid to
15 each eligible employee in a new high-wage economic-based job
16 during each qualifying period;

17 (2) the number of weeks the position was
18 occupied during the qualifying period;

19 (3) whether the new high-wage economic-based job
20 was in a municipality with a population of [~~forty~~] sixty
21 thousand or more or with a population of less than [~~forty~~]
22 sixty thousand according to the most recent federal decennial
23 census and whether the job was in the unincorporated area of a
24 county; and

25 (4) the total number of employees employed by

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1 the employer at the job location on the day prior to the
2 qualifying period and on the last day of the qualifying period.

3 ~~[F.]~~ J. To receive a high-wage jobs tax credit with
4 respect to any qualifying period, an eligible employer shall
5 apply to the taxation and revenue department on forms and in
6 the manner prescribed by the department. The application shall
7 include a certification made pursuant to Subsection ~~[E]~~ I of
8 this section.

9 ~~[G.]~~ K. The credit provided in this section may be
10 deducted from the modified combined tax liability of a
11 taxpayer. If the credit exceeds the modified combined tax
12 liability of the taxpayer, the excess shall be refunded to the
13 taxpayer.

14 ~~[H.]~~ L. The economic development department shall
15 report to the appropriate interim legislative committee before
16 November 1 of each year the cost of this tax credit to the
17 state and its impact on company recruitment and job creation.

18 ~~[I.]~~ M. As used in this section:

19 ~~[(1) "benefits" means any employee benefit plan
20 as defined in Title 1, Section 3 of the federal Employee
21 Retirement Income Security Act of 1974, 29 U.S.C. 1002;]~~

22 (1) "benefits" means all remuneration for work
23 performed that is provided to an employee in whole or in part
24 by the employer, other than wages, including insurance
25 programs, health care, medical, dental and vision plans, life

1 insurance, employer contributions to pensions, such as a
2 401(k), and employer-provided services, such as child care,
3 offered by an employer to the employee. "Benefits" does not
4 include the employer's share of payroll taxes, social security
5 or medicare contributions, federal or state unemployment
6 insurance contributions or workers' compensation;

7 (2) "eligible employee" means an individual who
8 is employed in New Mexico by an eligible employer and who is a
9 resident of New Mexico; "eligible employee" does not include an
10 individual who:

11 (a) bears any of the relationships described
12 in Paragraphs (1) through (8) of 26 U.S.C. Section 152(a) to
13 the employer or, if the employer is a corporation, to an
14 individual who owns, directly or indirectly, more than fifty
15 percent in value of the outstanding stock of the corporation
16 or, if the employer is an entity other than a corporation, to
17 an individual who owns, directly or indirectly, more than fifty
18 percent of the capital and profits interest in the entity;

19 (b) if the employer is an estate or trust,
20 is a grantor, beneficiary or fiduciary of the estate or trust
21 or is an individual who bears any of the relationships
22 described in Paragraphs (1) through (8) of 26 U.S.C. Section
23 152(a) to a grantor, beneficiary or fiduciary of the estate or
24 trust;

25 (c) is a dependent, as that term is

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1 described in 26 U.S.C. Section 152(a)(9), of the employer or,
2 if the taxpayer is a corporation, of an individual who owns,
3 directly or indirectly, more than fifty percent in value of the
4 outstanding stock of the corporation or, if the employer is an
5 entity other than a corporation, of an individual who owns,
6 directly or indirectly, more than fifty percent of the capital
7 and profits interest in the entity or, if the employer is an
8 estate or trust, of a grantor, beneficiary or fiduciary of the
9 estate or trust; or

10 (d) is working or has worked as an employee
11 or as an independent contractor for an entity that directly or
12 indirectly owns stock in a corporation of the eligible employer
13 or other interest of the eligible employer that represents
14 fifty percent or more of the total voting power of that entity
15 or has a value equal to fifty percent or more of the capital
16 and profits interest in the entity;

17 (3) "eligible employer" means an employer that:

18 (a) made more than fifty percent of its
19 sales of goods or services produced in New Mexico to persons
20 outside New Mexico during the [~~most recent twelve months of the~~
21 ~~employer's modified combined tax liability reporting periods~~
22 ~~ending prior to claiming a high-wage jobs tax credit]~~
23 applicable qualifying period; or

24 (b) is certified by the economic development
25 department to be eligible for development training program

1 assistance pursuant to Section 21-19-7 NMSA 1978;

2 (4) "modified combined tax liability" means the
 3 total liability for the reporting period for the gross receipts
 4 tax imposed by Section 7-9-4 NMSA 1978 together with any tax
 5 collected at the same time and in the same manner as the gross
 6 receipts tax, such as the compensating tax, the withholding
 7 tax, the interstate telecommunications gross receipts tax, the
 8 surcharges imposed by Section 63-9D-5 NMSA 1978 and the
 9 surcharge imposed by Section 63-9F-11 NMSA 1978, minus the
 10 amount of any credit other than the high-wage jobs tax credit
 11 applied against any or all of these taxes or surcharges; but
 12 "modified combined tax liability" excludes all amounts
 13 collected with respect to local option gross receipts taxes;

14 (5) "new high-wage economic-based job" means a
 15 new job created in New Mexico by an eligible employer on or
 16 after July 1, 2004 and prior to July 1, [~~2015~~] 2020 that is
 17 occupied for at least forty-eight weeks of a qualifying period
 18 by an eligible employee who is paid wages calculated for the
 19 qualifying period to be at least:

20 (a) for a new high-wage economic-based job
 21 created prior to July 1, 2015: 1) forty thousand dollars
 22 (\$40,000) if the job is performed or based in or within ten
 23 miles of the external boundaries of a municipality with a
 24 population of [~~forty~~] sixty thousand or more according to the
 25 most recent federal decennial census or in a class H county;

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1 and ~~(b)~~ 2) twenty-eight thousand dollars (\$28,000) if the job
2 is performed or based in a municipality with a population of
3 less than ~~[forty]~~ sixty thousand according to the most recent
4 federal decennial census or in the unincorporated area, that is
5 not within ten miles of the external boundaries of a
6 municipality with a population of sixty thousand or more, of a
7 county other than a class H county; and

8 (b) for a new high-wage economic-based
9 job created on or after July 1, 2015: 1) sixty thousand
10 dollars (\$60,000) if the job is performed or based in or within
11 ten miles of the external boundaries of a municipality with a
12 population of sixty thousand or more according to the most
13 recent federal decennial census or in a class H county; and 2)
14 forty thousand dollars (\$40,000) if the job is performed or
15 based in a municipality with a population of less than sixty
16 thousand according to the most recent federal decennial census
17 or in the unincorporated area, that is not within ten miles of
18 the external boundaries of a municipality with a population of
19 sixty thousand or more, of a county other than a class H
20 county;

21 (6) "qualifying period" means the period of
22 twelve months beginning on the day an eligible employee begins
23 working in a new high-wage economic-based job or the period of
24 twelve months beginning on the anniversary of the day an
25 eligible employee began working in a new high-wage economic-

1 based job; and

2 (7) "wages" means [~~wages as defined in~~
3 ~~Paragraphs (1), (2) and (3) of 26 U.S.C. Section 51(e)] all
4 compensation paid by an eligible employer to an eligible
5 employee through the employer's payroll system, including those
6 wages that the employee elects to defer or redirect or the
7 employee's contribution to a 401(k) or cafeteria plan program,
8 but "wages" does not include benefits or the employer's share
9 of payroll taxes."~~

10 SECTION 8. REPEAL.--Laws 2011, Chapter 165, Section 3 is
11 repealed.

12 SECTION 9. APPLICABILITY.--The provisions of:

13 A. Section 1 of this act apply to taxable years
14 beginning on or after January 1, 2013;

15 B. Section 2; Subsections A, B and D through N of
16 Section 3; and Paragraph (1) and Subparagraphs (a) through (d)
17 of Paragraph (2) of Subsection C of Section 3 of this act apply
18 to direct production expenditures and postproduction
19 expenditures made on or after April 15, 2013;

20 C. Subparagraph (e) of Paragraph (2) of Subsection C
21 of Section 3 of this act apply to productions starting
22 principal photography on or after January 1, 2014;

23 D. Sections 4 and 5 of this act apply to taxable
24 years beginning on or after January 1, 2014;

25 E. Section 6 of this act apply to gross receipts

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1 received on or after July 1, 2013; and

2 F. Section 7 of this act apply to credit claims
3 received on or after the effective date of Section 7 of this
4 act and to reporting periods beginning on or after that date.

5 SECTION 10. EFFECTIVE DATE.--The effective date of the
6 provisions of:

7 A. Sections 4 and 5 of this act is January 1, 2014;
8 and

9 B. Section 6 of this act is July 1, 2013.

10 SECTION 11. EMERGENCY.--It is necessary for the public
11 peace, health and safety that this act take effect immediately.