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HOUSE BILL 204

**51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

INTRODUCED BY

Nate Gentry

AN ACT

RELATING TO TAXATION; AUTHORIZING CERTAIN TAX CREDITS TO BE TRANSFERRED BETWEEN TAXPAYERS; REDUCING THE AMOUNT OF A TAX CREDIT THAT IS TRANSFERRED; REQUIRING TAXPAYERS TO APPLY FOR CERTAIN TAX CREDITS WITHIN THREE YEARS.

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

**SECTION 1.** Section 7-2-18.4 NMSA 1978 (being Laws 1994, Chapter 115, Section 1) is amended to read:

"7-2-18.4. QUALIFIED BUSINESS FACILITY REHABILITATION CREDIT--INCOME TAX CREDIT.--

A. To stimulate the creation of new jobs and revitalize economically depressed areas within New Mexico enterprise zones, any 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 qualified business

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1 facility may claim a credit in an amount equal to one-half of  
2 the cost, not to exceed fifty thousand dollars (\$50,000),  
3 incurred to restore, rehabilitate or renovate a qualified  
4 business facility.

5 B. A taxpayer may claim the credit provided in this  
6 section for each taxable year in which restoration,  
7 rehabilitation or renovation is carried out. The credit is  
8 deemed to originate on the date that the restoration,  
9 rehabilitation or renovation is completed. Except as provided  
10 in Subsection [~~E~~] F of this section, claims for the credit  
11 provided in this section shall be limited to three consecutive  
12 years, and the maximum aggregate credit allowable shall not  
13 exceed fifty thousand dollars (\$50,000) for any single  
14 restoration, rehabilitation or renovation project for any  
15 qualified business facility. Each claim for a qualified  
16 business facility rehabilitation credit shall be accompanied by  
17 documentation and certification as the department may require  
18 by regulation or instruction. A taxpayer shall apply for  
19 approval of the tax credit within three years following the end  
20 of the calendar year in which the restoration, rehabilitation  
21 or renovation was completed.

22 C. No credit may be claimed or allowed pursuant to  
23 the provisions of this section for any costs incurred for a  
24 restoration, rehabilitation or renovation project for which a  
25 credit may be claimed pursuant to the provisions of Section

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1 7-2-18.2 [~~or Section 7-9A-1~~] NMSA 1978 or the Investment Credit  
2 Act.

3 D. If the requirements of this section have been  
4 complied with, the department shall issue to the applicant a  
5 document granting the tax credit allowed pursuant to this  
6 section. The document shall be numbered for identification and  
7 shall declare its date of issuance and the amount of the tax  
8 credit allowed pursuant to this section. The document may be  
9 submitted by the applicant with that taxpayer's income tax  
10 return or may be sold, exchanged or otherwise transferred to  
11 another taxpayer; provided that the approved amount of a credit  
12 that is sold, exchanged or otherwise transferred shall be  
13 reduced by ten percent. The parties to such a transaction  
14 shall notify the department of the sale, exchange or transfer  
15 within ten days of the sale, exchange or transfer.

16 [~~D. A husband and wife~~] E. Married individuals who  
17 file separate returns for a taxable year in which they could  
18 have filed a joint return may each claim only one-half of the  
19 credit that would have been allowed on a joint return.

20 [~~E.~~] F. A taxpayer who otherwise qualifies and  
21 claims a credit on a restoration, rehabilitation or renovation  
22 project on a building owned by a partnership or other business  
23 association of which the taxpayer is a member may claim a  
24 credit only in proportion to [~~his~~] the taxpayer's interest in  
25 the partnership or association. The total credit claimed by

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1 all members of the partnership or association shall not exceed  
2 fifty thousand dollars (\$50,000) in the aggregate for any  
3 single restoration, rehabilitation or renovation project for a  
4 qualified business facility.

5 ~~[F-]~~ G. The credit provided in this section may  
6 only be deducted from the taxpayer's income tax liability. Any  
7 portion of the maximum tax credit provided by this section that  
8 remains unused at the end of the taxpayer's taxable year may be  
9 carried forward for four consecutive taxable years; provided  
10 the total tax credits claimed under this section shall not  
11 exceed fifty thousand dollars (\$50,000) for any single  
12 restoration, rehabilitation or renovation project for a  
13 qualified business facility.

14 ~~[G-]~~ H. As used in this section:

15 (1) "qualified business facility" means a  
16 building located in a New Mexico enterprise zone that is  
17 suitable for use and is put into service by a person in the  
18 manufacturing, distribution or service industry immediately  
19 following the restoration, rehabilitation or renovation  
20 project; provided the building ~~[must]~~ shall have been vacant  
21 for the twenty-four month period immediately preceding the  
22 commencement of the restoration, rehabilitation or renovation  
23 project; and

24 (2) "restoration, rehabilitation or  
25 renovation" includes:

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1 (a) the construction services necessary  
2 to ensure that a building is in compliance with applicable  
3 zoning codes, is safe for occupancy and meets the operating  
4 needs of a person in the manufacturing, distribution or service  
5 industry; and

6 (b) expansion of or an addition to a  
7 building if the expansion or addition does not increase the  
8 usable square footage of the building by more than ten percent  
9 of the usable square footage of the building prior to the  
10 restoration, rehabilitation or renovation project."

11 SECTION 2. Section 7-2-18.11 NMSA 1978 (being Laws 2003,  
12 Chapter 400, Section 1) is amended to read:

13 "7-2-18.11. JOB MENTORSHIP TAX CREDIT.--

14 A. To encourage New Mexico businesses to hire youth  
15 participating in career preparation education programs, a  
16 taxpayer who files an individual New Mexico income tax return,  
17 who is not a dependent of another individual and who is an  
18 owner of a New Mexico business may claim a credit in an amount  
19 equal to fifty percent of gross wages paid to qualified  
20 students who are employed by the business during the taxable  
21 year for which the return is filed. The tax credit provided by  
22 this section may be referred to as the "job mentorship tax  
23 credit".

24 B. A taxpayer who is an owner of a New Mexico  
25 business may claim the job mentorship tax credit for each

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1 taxable year in which the business employs one or more  
2 qualified students. A taxpayer shall apply for approval for  
3 the tax credit within three years following the end of the  
4 calendar year in which the qualified student is employed by the  
5 business. The maximum aggregate credit allowable shall not  
6 exceed fifty percent of the gross wages paid to not more than  
7 ten qualified students employed by the business for up to three  
8 hundred twenty hours of employment of each qualified student in  
9 each taxable year for a maximum of three taxable years for each  
10 qualified student. Each credit is deemed to originate on the  
11 hiring date 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 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 the student is a qualified  
7       student.

8                   E. To claim the job mentorship tax credit, the  
9       taxpayer must submit with respect to each employee for whom the  
10      credit is claimed:

11                   (1) a properly executed job mentorship tax  
12      credit certificate;

13                   (2) information required by the secretary with  
14      respect to the employee's employment by the business during the  
15      taxable year for which the credit is claimed; and

16                   (3) information required by the secretary that  
17      the employee was not also employed in the same taxable year by  
18      another New Mexico business qualifying for and claiming a job  
19      mentorship tax credit for that employee pursuant to this  
20      section or the Corporate Income and Franchise Tax Act.

21                   F. The job mentorship tax credit may only be  
22      deducted from ~~[the]~~ a taxpayer's New Mexico income tax  
23      liability for the taxable year. Any portion of the maximum  
24      credit provided by this section that remains unused at the end  
25      of the taxpayer's taxable year may be carried forward for three

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1 consecutive taxable years; provided the total credits claimed  
2 under this section shall not exceed the maximum allowable  
3 pursuant to Subsection B of this section.

4 G. If the requirements of this section have been  
5 complied with, the department shall issue to the applicant a  
6 document granting the tax credit allowed pursuant to this  
7 section. The document shall be numbered for identification and  
8 shall declare its date of issuance and the amount of the tax  
9 credit allowed pursuant to this section. The document may be  
10 submitted by the applicant with that taxpayer's income tax  
11 return or may be sold, exchanged or otherwise transferred to  
12 another taxpayer; provided that the approved amount of a credit  
13 that is sold, exchanged or otherwise transferred shall be  
14 reduced by ten percent. The parties to such a transaction  
15 shall notify the department of the sale, exchange or transfer  
16 within ten days of the sale, exchange or transfer.

17 [~~G. A husband and wife~~] H. Married individuals who  
18 file separate returns for a taxable year in which they could  
19 have filed a joint return may each claim only one-half of the  
20 credit that would have been allowed on a joint return.

21 [~~H.~~] I. A taxpayer who otherwise qualifies for and  
22 claims a job mentorship tax credit for employment of qualified  
23 students by a partnership, limited partnership, limited  
24 liability company, S corporation or other business association  
25 of which the taxpayer is a member may claim a credit only in

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1 proportion to [~~his~~] the taxpayer's interest in the partnership,  
2 limited partnership, limited liability company, S corporation  
3 or association. The total credit claimed by all members of the  
4 business shall not exceed the maximum credit allowable pursuant  
5 to Subsection B of this section.

6 [~~F.~~] J. As used in this section:

7 (1) "career preparation education program"  
8 means a work-based learning or school-to-career program  
9 designed for secondary school students to create academic and  
10 career goals and objectives and find employment in a job  
11 meeting those goals and objectives;

12 (2) "New Mexico business" means a partnership,  
13 limited partnership, limited liability company treated as a  
14 partnership for federal income tax purposes, S corporation or  
15 sole proprietorship that carries on a trade or business in New  
16 Mexico and that employs in New Mexico fewer than three hundred  
17 full-time employees at any one time during the taxable year;  
18 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 career  
23 preparation education program sanctioned by the secondary  
24 school."

25 SECTION 3. Section 7-2-18.17 NMSA 1978 (being Laws 2007,  
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1 Chapter 172, Section 1, as amended) is amended to read:

2 "7-2-18.17. ANGEL INVESTMENT CREDIT.--

3 A. A taxpayer who files a New Mexico income tax  
4 return, is not a dependent of another taxpayer, is an  
5 accredited investor and makes a qualified investment may claim  
6 a credit in an amount not to exceed twenty-five percent of not  
7 more than one hundred thousand dollars (\$100,000) of the  
8 qualified investment. The tax credit provided in this section  
9 shall be known as the "angel investment credit".

10 B. A taxpayer may claim the angel investment credit  
11 for not more than two qualified investments in a taxable year;  
12 provided that each investment is in a different qualified  
13 business. A taxpayer may claim the angel investment credit for  
14 qualified investments made in the same qualified business or  
15 successor of that business for not more than three taxable  
16 years. The angel investment credit shall not exceed twenty-  
17 five thousand dollars (\$25,000) for each qualified investment  
18 by the taxpayer.

19 C. A taxpayer may claim the angel investment credit  
20 no later than one year following the end of the calendar year  
21 in which the qualified investment was made; provided that a  
22 claim for the credit may not be made or allowed with respect to  
23 any investment made after December 31, 2016.

24 D. A taxpayer shall apply for certification of  
25 eligibility for the angel investment credit from the economic

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1 development department. Applications shall be considered in  
2 the order received. If the economic development department  
3 determines that the taxpayer is an accredited investor and the  
4 investment is a qualified investment, ~~[it]~~ the department shall  
5 issue a certificate of eligibility to the taxpayer, subject to  
6 the limitation in Subsection E of this section. The  
7 certificate shall be dated and shall include a calculation of  
8 the amount of the angel investment credit for which the  
9 taxpayer is eligible. The economic development department may  
10 issue rules governing the procedure for administering the  
11 provisions of this subsection.

12 E. The economic development department may issue a  
13 certificate of eligibility pursuant to Subsection D of this  
14 section only if the total amount of angel investment credits  
15 represented by certificates of eligibility issued by the  
16 economic development department in any calendar year will not  
17 exceed seven hundred fifty thousand dollars (\$750,000). If the  
18 applications for certificates of eligibility for angel  
19 investment credits represent an aggregate amount exceeding  
20 seven hundred fifty thousand dollars (\$750,000) for any  
21 calendar year, certificates shall be issued in the order that  
22 the applications were received. The excess applications that  
23 would have been certified, but for the limit imposed by this  
24 subsection, shall be certified, subject to the same limit, in  
25 subsequent calendar years.

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1           F. The economic development department shall report  
2 annually to the legislative finance committee on the  
3 utilization and effectiveness of the angel investment credit.  
4 The report shall include, at a minimum: the number of  
5 accredited investors to whom certificates of eligibility were  
6 issued by the department in the previous year; the names of  
7 those investors; the amount of angel investment credit for  
8 which each investor was certified eligible; and the number and  
9 names of the businesses that the department has determined are  
10 qualified businesses for purposes of an investment by an  
11 accredited investor. The report shall also include an  
12 evaluation of the success of the angel investment credit as an  
13 incubator of new businesses in New Mexico and of the continued  
14 viability and operation in New Mexico of businesses in which  
15 investments eligible for the angel investment credit have been  
16 made.

17           G. To claim the angel investment credit, the  
18 taxpayer must provide to the taxation and revenue department a  
19 certificate of eligibility issued by the economic development  
20 department pursuant to Subsection D of this section and any  
21 other information the taxation and revenue department may  
22 require to determine the amount of the tax credit due the  
23 taxpayer. If the requirements of this section have been  
24 complied with, the taxation and revenue department shall  
25 approve the claim for the credit and issue a document pursuant

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1 to Subsection K of this section.

2 H. A taxpayer who otherwise qualifies for and  
3 claims a credit pursuant to this section for a qualified  
4 investment made by a partnership or other business association  
5 of which the taxpayer is a member may claim a credit only in  
6 proportion to the taxpayer's interest in the partnership or  
7 business association. The total credit claimed in the  
8 aggregate by all members of the partnership or business  
9 association in a taxable year with respect to a qualified  
10 investment shall not exceed twenty-five thousand dollars  
11 (\$25,000).

12 I. ~~[A husband and wife]~~ Married individuals who  
13 file separate returns for a taxable year in which they could  
14 have filed a joint return may each claim one-half of the credit  
15 that would have been allowed on a joint return.

16 J. The angel investment credit may only be deducted  
17 from ~~[the]~~ a taxpayer's income tax liability. The tax credit  
18 is deemed to originate at the point of the qualified  
19 investment. Any portion of the tax credit provided by this  
20 section that remains unused at the end of the taxpayer's  
21 taxable year may be carried forward for three consecutive  
22 years.

23 K. If the requirements of this section have been  
24 complied with, the department shall issue to the applicant a  
25 document granting the tax credit allowed pursuant to this

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1 section. The document shall be numbered for identification and  
2 shall declare its date of issuance and the amount of the tax  
3 credit allowed pursuant to this section. The document may be  
4 submitted by the applicant with that taxpayer's income tax  
5 return or may be sold, exchanged or otherwise transferred to  
6 another taxpayer; provided that the approved amount of a credit  
7 that is sold, exchanged or otherwise transferred shall be  
8 reduced by ten percent. The parties to such a transaction  
9 shall notify the department of the sale, exchange or transfer  
10 within ten days of the sale, exchange or transfer.

11 [~~K-~~] L. As used in this section:

12 (1) "accredited investor" means a person who  
13 is an accredited investor within the meaning of Rule 501 issued  
14 by the federal securities and exchange commission pursuant to  
15 the federal Securities Act of 1933, as amended;

16 (2) "business" means a corporation, general  
17 partnership, limited partnership, limited liability company or  
18 other similar entity, but excludes an entity that is a  
19 government or a nonprofit organization designated as such by  
20 the federal government or any state;

21 (3) "equity" means common or preferred stock  
22 of a corporation, a partnership interest in a limited  
23 partnership or a membership interest in a limited liability  
24 company, including debt subject to an option in favor of the  
25 creditor to convert the debt into common or preferred stock, a

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1 partnership interest or a membership interest;

2 (4) "high-technology research" means research:

3 (a) that is undertaken for the purpose  
4 of discovering information that is technological in nature and  
5 the application of which is intended to be useful in the  
6 development of a new or improved business component of the  
7 qualified business; and

8 (b) substantially all of the activities  
9 of which constitute elements of a process or experimentation  
10 related to a new or improved function, performance, reliability  
11 or quality, but not related to style, taste or cosmetic or  
12 seasonal design factors;

13 (5) "manufacturing" means combining or  
14 processing components or materials to increase their value for  
15 sale in the ordinary course of business, but does not include:

16 (a) construction;  
17 (b) farming;  
18 (c) processing natural resources,  
19 including hydrocarbons; or  
20 (d) preparing meals for immediate  
21 consumption, on- or off-premises;

22 (6) "qualified business" means a business  
23 that:

24 (a) maintains its principal place of  
25 business in New Mexico;

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1 (b) engages in high-technology research  
2 or manufacturing activities in New Mexico;

3 (c) is not primarily engaged in or is  
4 not primarily organized as any of the following types of  
5 businesses: credit or finance services, including banks,  
6 savings and loan associations, credit unions, small loan  
7 companies or title loan companies; financial brokering or  
8 investment; professional services, including accounting, legal  
9 services, engineering and any other service the practice of  
10 which requires a license; insurance; real estate; construction  
11 or construction contracting; consulting or brokering; mining;  
12 wholesale or retail trade; providing utility service, including  
13 water, sewerage, electricity, natural gas, propane or butane;  
14 publishing, including publishing newspapers or other  
15 periodicals; broadcasting; or providing internet operating  
16 services;

17 (d) has not issued securities registered  
18 pursuant to Section 6 of the federal Securities Act of 1933, as  
19 amended; has not issued securities traded on a national  
20 securities exchange; is not subject to reporting requirements  
21 of the federal Securities Exchange Act of 1934, as amended; and  
22 is not registered pursuant to the federal Investment Company  
23 Act of 1940, as amended, at the time of the investment;

24 (e) has one hundred or fewer employees  
25 calculated on a full-time-equivalent basis at the time of the

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1 investment; and

2 (f) has not had gross revenues in excess  
3 of five million dollars (\$5,000,000) in any fiscal year ending  
4 on or before the date of the investment; and

5 (7) "qualified investment" means a cash  
6 investment in a qualified business for equity, but does not  
7 include an investment by a taxpayer if the taxpayer, a member  
8 of the taxpayer's immediate family or an entity affiliated with  
9 the taxpayer receives compensation from the qualified business  
10 in exchange for services provided to the qualified business  
11 within one year of investment in the qualified business."

12 SECTION 4. Section 7-2A-15 NMSA 1978 (being Laws 1994,  
13 Chapter 115, Section 2) is amended to read:

14 "7-2A-15. QUALIFIED BUSINESS FACILITY REHABILITATION  
15 CREDIT--CORPORATE INCOME TAX CREDIT.--

16 A. To stimulate the creation of new jobs and  
17 revitalize economically distressed areas within New Mexico  
18 enterprise zones, any taxpayer who files a corporate income tax  
19 return and who is the owner of a qualified business facility  
20 may claim a credit in an amount equal to one-half of the cost,  
21 not to exceed fifty thousand dollars (\$50,000), incurred to  
22 restore, rehabilitate or renovate a qualified business  
23 facility.

24 B. A taxpayer may claim the credit provided in this  
25 section for each taxable year in which restoration,

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1 rehabilitation or renovation is carried out. The credit is  
2 deemed to originate on the date that the restoration,  
3 rehabilitation or renovation is completed. Except as provided  
4 in Subsection [D] E of this section, claims for the credit  
5 provided in this section shall be limited to three consecutive  
6 years, and the maximum aggregate credit allowable shall not  
7 exceed fifty thousand dollars (\$50,000) for any single  
8 restoration, rehabilitation or renovation project for any  
9 qualified business facility. Each claim for a qualified  
10 business facility rehabilitation credit shall be accompanied by  
11 documentation and certification as the department may require  
12 by regulation or instruction. A taxpayer shall apply for  
13 approval of the tax credit within three years following the end  
14 of the calendar year in which the restoration, rehabilitation  
15 or renovation was completed.

16 C. No credit may be claimed or allowed pursuant to  
17 the provisions of this section for any costs incurred for a  
18 restoration, rehabilitation or renovation project for which a  
19 credit may be claimed pursuant to the provisions of Section  
20 7-2A-8.6 [~~or Section 7-9A-1~~] NMSA 1978 or the Investment Credit  
21 Act.

22 D. If the requirements of this section have been  
23 complied with, the department shall issue to the applicant a  
24 document granting the tax credit allowed pursuant to this  
25 section. The document shall be numbered for identification and

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1 shall declare its date of issuance and the amount of the tax  
2 credit allowed pursuant to this section. The document may be  
3 submitted by the applicant with that taxpayer's income tax  
4 return or may be sold, exchanged or otherwise transferred to  
5 another taxpayer; provided that the approved amount of a credit  
6 that is sold, exchanged or otherwise transferred shall be  
7 reduced by ten percent. The parties to such a transaction  
8 shall notify the department of the sale, exchange or transfer  
9 within ten days of the sale, exchange or transfer.

10 ~~[D-]~~ E. A taxpayer who otherwise qualifies and  
11 claims a credit on a restoration, rehabilitation or renovation  
12 project on a building owned by a partnership or other business  
13 association of which the taxpayer is a member may claim a  
14 credit only in proportion to ~~[his]~~ the taxpayer's interest in  
15 the partnership or association. The total credit claimed by  
16 all members of the partnership or association shall not exceed  
17 fifty thousand dollars (\$50,000) in the aggregate for any  
18 single restoration, rehabilitation or renovation project for a  
19 qualified business facility.

20 ~~[E-]~~ F. The credit provided in this section may  
21 only be deducted from the taxpayer's corporate income tax  
22 liability. Any portion of the maximum tax credit provided by  
23 this section that remains unused at the end of the taxpayer's  
24 taxable year may be carried forward for four consecutive  
25 taxable years; provided the total tax credits claimed under

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1 this section shall not exceed fifty thousand dollars (\$50,000)  
2 for any single restoration, rehabilitation or renovation  
3 project for a qualified business facility.

4 ~~[F.]~~ G. As used in this section:

5 (1) "qualified business facility" means a  
6 building located in a New Mexico enterprise zone that is  
7 suitable for use and is put into service by a person in the  
8 manufacturing, distribution or service industry immediately  
9 following the restoration, rehabilitation or renovation  
10 project; provided the building ~~[must]~~ shall have been vacant  
11 for the twenty-four month period immediately preceding the  
12 commencement of the restoration, rehabilitation or renovation  
13 project; and

14 (2) "restoration, rehabilitation or  
15 renovation" includes:

16 (a) the construction services necessary  
17 to ensure that a building is in compliance with applicable  
18 zoning codes, is safe for occupancy and meets the operating  
19 needs of a person in the manufacturing, distribution or service  
20 industry; and

21 (b) expansion of or additions to a  
22 building if the expansion or addition does not increase the  
23 usable square footage of the building by more than ten percent  
24 of the usable square footage of the building prior to the  
25 restoration, rehabilitation or renovation."

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1           SECTION 5. Section 7-2A-17.1 NMSA 1978 (being Laws 2003,  
2 Chapter 400, Section 2) is amended to read:

3           "7-2A-17.1. JOB MENTORSHIP TAX CREDIT.--

4           A. To encourage New Mexico businesses to hire youth  
5 participating in career preparation education programs, a  
6 taxpayer that is a New Mexico business and that files a  
7 corporate income tax return may claim a credit in an amount  
8 equal to fifty percent of gross wages paid to qualified  
9 students who are employed by the taxpayer during the taxable  
10 year for which the return is filed. The tax credit provided by  
11 this section may be referred to as the "job mentorship tax  
12 credit".

13           B. A taxpayer may claim the job mentorship tax  
14 credit provided in this section for each taxable year in which  
15 the taxpayer employs one or more qualified students. A  
16 taxpayer shall apply for approval for the tax credit within  
17 three years following the end of the calendar year in which the  
18 qualified student is employed by the business. The maximum  
19 aggregate credit allowable shall not exceed fifty percent of  
20 the gross wages paid to not more than ten qualified students  
21 employed by the taxpayer for up to three hundred twenty hours  
22 of employment of each qualified student in each taxable year  
23 for a maximum of three taxable years for each qualified  
24 student. Each credit is deemed to originate on the hiring date  
25 for each qualified student. In no event shall a taxpayer claim

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1 a credit in excess of twelve thousand dollars (\$12,000) in any  
2 taxable year. The employer shall certify that hiring the  
3 qualified student does not displace or replace a current  
4 employee.

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

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

22 E. To claim the job mentorship tax credit, the  
23 taxpayer must submit with respect to each employee for whom the  
24 credit is claimed:

- 25 (1) a properly executed job mentorship tax

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1 credit certificate;

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

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

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

18 G. If the requirements of this section have been  
19 complied with, the department shall issue to the applicant a  
20 document granting the tax credit allowed pursuant to this  
21 section. The document shall be numbered for identification and  
22 shall declare its date of issuance and the amount of the tax  
23 credit allowed pursuant to this section. The document may be  
24 submitted by the applicant with that taxpayer's corporate  
25 income tax return or may be sold, exchanged or otherwise

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1 transferred to another taxpayer; provided that the approved  
2 amount of a credit that is sold, exchanged or otherwise  
3 transferred shall be reduced by ten percent. The parties to  
4 such a transaction shall notify the department of the sale,  
5 exchange or transfer within ten days of the sale, exchange or  
6 transfer.

7 ~~[G.]~~ H. As used in this section:

8 (1) "career preparation education program"  
9 means a work-based learning or school-to-career program  
10 designed for secondary school students to create academic and  
11 career goals and objectives and find employment in a job  
12 meeting those goals and objectives;

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

17 (3) "qualified student" means an individual  
18 who is at least fourteen years of age but not more than twenty-  
19 one years of age who is attending full time an accredited New  
20 Mexico secondary school and who is a participant in a career  
21 preparation education program sanctioned by the secondary  
22 school."

23 **SECTION 6. APPLICABILITY.**--The provisions of this act  
24 apply to taxable years beginning on or after January 1, 2014.