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HOUSE BILL 582

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Javier Martínez

AN ACT

RELATING TO TAXATION; AMENDING THE BASIS OF THE AMOUNT OF THE
INVESTMENT CREDIT PURSUANT TO THE INVESTMENT CREDIT ACT;
AMENDING PROVISIONS FOR VALUING QUALIFIED EQUIPMENT; INCREASING
THE DOLLAR AMOUNT THRESHOLD REQUIRING THE TAXPAYER TO EMPLOY
NEW FULL-TIME EMPLOYEES BASED ON THE VALUE OF QUALIFIED
EQUIPMENT CLAIMED BY THE TAXPAYER.

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

SECTION 1. Section 7-9A-5 NMSA 1978 (being Laws 1979,
Chapter 347, Section 5, as amended by Laws 1991, Chapter 159,
Section 4 and also by Laws 1991, Chapter 162, Section 4) is
amended to read:

"7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT.--The
investment credit provided for in the Investment Credit Act is
an amount equal to the [~~percent~~] rate of the compensating tax
.213256.1

underscoring material = new
~~[bracketed material] = delete~~

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1 ~~[rate provided for in the Gross Receipts and Compensating Tax~~
2 ~~Act]~~ applied to the value of the qualified equipment, or the
3 rate of tax applied to the seller's receipts if the sale of the
4 equipment is subject to the gross receipts tax, and may be
5 claimed by the taxpayer carrying on a manufacturing operation
6 in New Mexico."

7 SECTION 2. Section 7-9A-7 NMSA 1978 (being Laws 1979,
8 Chapter 347, Section 7, as amended) is amended to read:

9 "7-9A-7. VALUE OF QUALIFIED EQUIPMENT.--

10 A. Prior to July 1, ~~[2020]~~ 2030, the value of
11 qualified equipment shall be the adjusted basis established for
12 the equipment under the applicable provisions of the Internal
13 Revenue Code of 1986.

14 B. ~~[After June 30, 2020]~~ Beginning July 1, 2030,
15 the value of qualified equipment shall be the purchase price of
16 the equipment unless the equipment is introduced into New
17 Mexico and has been owned for more than one year prior to its
18 introduction into New Mexico by the taxpayer applying for the
19 credit, in which case the value shall be the reasonable value
20 of the equipment at the time of its introduction into New
21 Mexico; provided that no taxpayer shall for any taxable year
22 claim a value of qualified equipment greater than two million
23 dollars (\$2,000,000)."

24 SECTION 3. Section 7-9A-7.1 NMSA 1978 (being Laws 1983,
25 Chapter 206, Section 6, as amended) is amended to read:

.213256.1

1 "7-9A-7.1. EMPLOYMENT REQUIREMENTS.--

2 A. Prior to July 1, [~~2020~~] 2030, to be eligible to
3 claim a credit pursuant to the Investment Credit Act, the
4 taxpayer shall employ the equivalent of one full-time employee
5 who has not been counted to meet this employment requirement
6 for any prior claim in addition to the number of full-time
7 employees employed on the day one year prior to the day on
8 which the taxpayer applies for the credit for every:

9 (1) [~~five hundred thousand dollars (\$500,000)]~~
10 seven hundred fifty thousand dollars (\$750,000), or portion of
11 that amount, in value of qualified equipment claimed by the
12 taxpayer in a taxable year in the same claim, up to a value of
13 thirty million dollars (\$30,000,000); and

14 (2) one million dollars (\$1,000,000), or
15 portion of that amount, in value of qualified equipment over
16 thirty million dollars (\$30,000,000) claimed by the taxpayer in
17 a taxable year in the same claim.

18 B. [~~After June 30, 2020~~] Beginning July 1, 2030,
19 for every one hundred thousand dollars (\$100,000) in value of
20 qualified equipment claimed by a taxpayer in a taxable year,
21 the taxpayer shall employ the equivalent of one full-time
22 employee in addition to the number of full-time employees
23 employed on the day one year prior to the day on which the
24 taxpayer applies for credit.

25 C. The department may require evidence showing

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~~[bracketed material] = delete~~

1 compliance with this section. The department may find that an
2 additional employee meets the requirements of this section,
3 although employed earlier than one year prior to the day on
4 which the taxpayer applies for the credit, if the employee was
5 only being trained prior to that date or the employee's
6 employment was necessitated by the use of the qualified
7 equipment."

8 SECTION 4. EFFECTIVE DATE.--The effective date of the
9 provisions of this act is July 1, 2019.

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