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HOUSE BILL 264

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY
TED HOBBS

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX CREDITS FOR
EMPLOYMENT OF YOUTH PARTICIPATING IN CERTIFIED SCHOOL-TO-WORK
PROGRAMS.

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

Section 1. A new section of the Income Tax Act is enacted
to read:

"NEW MATERIAL JOB MENTORSHIP TAX CREDIT. --

A. To encourage New Mexico businesses to hire youth
participating in certified school-to-work programs, any taxpayer
who is a New Mexico business, who files an individual New Mexico
income tax return and who is not a dependent of another
individual may claim a credit in an amount equal to fifty
percent of gross wages paid to qualified students who are
participants in a certified school-to-work program and who are

Underscored material = new
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1 employed by the taxpayer during the taxable year for which the
2 return is filed. The tax credit may be known as the "job
3 mentorship tax credit".

4 B. A taxpayer may claim the credit provided in this
5 section for each taxable year in which the taxpayer employs one
6 or more qualified students who are participants in a certified
7 school-to-work program. The maximum aggregate credit allowable
8 shall not exceed fifty percent of the gross wages paid to not
9 more than ten qualified students employed by the taxpayer for up
10 to three hundred twenty hours of employment of each qualified
11 student in each taxable year for a maximum of three taxable
12 years for each qualified student.

13 C. The number of qualified students whose employment
14 qualifies for a job mentorship tax credit shall be limited to a
15 pilot program of one thousand qualified students. To claim the
16 credit under this section, the taxpayer must submit with his
17 claim evidence satisfactory to the secretary that the
18 superintendent of public instruction has certified that the
19 employees are qualified students who are participants in the
20 pilot program and that the students were employed by the
21 taxpayer during the taxable year for which the credit is
22 claimed.

23 D. The credit provided under this section may only
24 be deducted from the taxpayer's New Mexico income tax liability
25 for the taxable year. Any portion of the maximum tax credit

1 provided by this section that remains unused at the end of the
2 taxpayer's taxable year may be carried forward for three
3 consecutive taxable years; provided, the total tax credits
4 claimed under this section shall not exceed the maximum
5 allowable under Subsection B of this section.

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

10 F. A taxpayer who otherwise qualifies and claims a
11 job mentorship tax credit for employment of qualified students
12 by a partnership or other business association of which the
13 taxpayer is a member may claim a credit only in proportion to
14 his interest in the partnership or association. The total
15 credit claimed by all members of the partnership or association
16 shall not exceed the maximum tax credit allowable under
17 Subsection B of this section.

18 G. As used in this section:

19 (1) "certified school-to-work program" means a
20 summer employment program certified by the state department of
21 public education as a school-to-work program designed for
22 secondary school students to create academic and career goals
23 and objectives and find employment in a job meeting those goals
24 and objectives;

25 (2) "New Mexico business" means a partnership,

Underscored material = new
[bracketed material] = delete

1 limited partnership, limited liability company or sole
2 proprietorship that carries on a trade or business in New Mexico
3 and that employs in New Mexico less than three hundred full-time
4 employees at any one time during the taxable year; and

5 (3) "qualified student" means an individual who
6 is at least fourteen years of age but not more than twenty-one
7 years of age who is attending full time an accredited New Mexico
8 secondary school and who is a participant in a certified school-
9 to-work program "

10 Section 2. A new section of the Corporation Income and
11 Franchise Tax Act is enacted to read:

12 "[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

13 A. To encourage New Mexico businesses to hire youth
14 participating in certified school-to-work programs, any taxpayer
15 who is a New Mexico business and who files a corporate income
16 tax return may claim a credit in an amount equal to fifty
17 percent of gross wages paid to qualified students who are
18 participants in a certified school-to-work program and who are
19 employed by the taxpayer during the taxable year for which the
20 return is filed. The tax credit may be known as the "job
21 mentorship tax credit".

22 B. A taxpayer may claim the credit provided in this
23 section for each taxable year in which the taxpayer employs one
24 or more qualified students who are participants in a certified
25 school-to-work program. The maximum aggregate credit allowable

1 shall not exceed fifty percent of the gross wages paid to not
2 more than ten qualified students employed by the taxpayer for up
3 to three hundred twenty hours of employment of each qualified
4 student in each taxable year for a maximum of three taxable
5 years for each qualified student.

6 C. The number of qualified students whose employment
7 qualifies for a job mentorship tax credit shall be limited to a
8 pilot program of one thousand qualified students. To claim the
9 credit under this section, the taxpayer must submit with his
10 claim evidence satisfactory to the secretary that the
11 superintendent of public instruction has certified that the
12 employees are qualified students who are participants in the
13 pilot program and that the students were employed by the
14 taxpayer during the taxable year for which the credit is
15 claimed.

16 D. The credit provided under this section may only
17 be deducted from the taxpayer's corporate income tax liability
18 for the taxable year. Any portion of the maximum tax credit
19 provided by this section that remains unused at the end of the
20 taxpayer's taxable year may be carried forward for three
21 consecutive taxable years; provided, the total tax credits
22 claimed under this section shall not exceed the maximum
23 allowable under Subsection B of this section.

24 E. As used in this section:

25 (1) "certified school-to-work program" means a

Underscored material = new
[bracketed material] = delete

1 summer employment program certified by the state department of
2 public education as a school-to-work program designed for
3 secondary school students to create academic and career goals
4 and objectives and find employment in a job meeting those goals
5 and objectives;

6 (2) "New Mexico business" means a corporation,
7 partnership, limited partnership or limited liability company
8 that carries on a trade or business in New Mexico and that
9 employs in New Mexico less than three hundred full-time
10 employees during the taxable year; and

11 (3) "qualified student" means an individual who
12 is at least fourteen years of age but not more than twenty-one
13 years of age who is attending full time an accredited New Mexico
14 secondary school and who is a participant in a certified school-
15 to-work program "

16 Section 3. APPLICABILITY. --The provisions of this act
17 apply to taxable years beginning on or after January 1, 1997.

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State of New Mexico
House of Representatives

FORTY-THIRD LEGISLATURE

FIRST SESSION, 1997

February 28, 1997

Mr. Speaker:

Your EDUCATION COMMITTEE, to whom has been referred

HOUSE BILL 264

**has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:**

1. On page 1, line 21, after "is" insert "the owner of".
2. On page 2, line 4, after "taxpayer" insert "who is the owner
of a New Mexico business".
3. On page 2, line 5, strike "taxpayer" and insert in lieu
thereof "business".

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FIRST SESSION, 1997

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4. On page 2, line 14, after "credit" insert "pursuant to this section or Section 2 of this act".

5. On page 2, line 17, after "claim" strike the remainder of the line, strike all of lines 18 through 22 and insert in lieu thereof:

"certification from the superintendent of public instruction, in a manner and form determined by the secretary, that the employees for whom the credit is being claimed are qualified students who are participants in the pilot program and information required by the secretary with respect to the students' employment by the taxpayer during the taxable year for which the credit is claimed. "

6. On page 3, line 12, after "partnership" insert ", limited partnership, limited liability company, S corporation".

7. On page 3, line 14, after "partnership" insert ", limited partnership, limited liability company, S corporation".

8. On page 3, line 15, strike "partnership or association" and insert in lieu thereof "business".

9. On page 4, line 1, after "company" insert "treated as a partnership for federal income tax purposes, S corporation".

10. On page 5, line 7, after "credit" insert "pursuant to this section or Section 1 of this act".

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11. On page 5, line 10, after "claim", strike the remainder of the line, strike all of lines 11 through 15 and insert in lieu thereof:

"certification from the superintendent of public instruction, in a manner and form determined by the secretary, that the employees for whom the credit is being claimed are qualified students who are participants in the pilot program and information required by the secretary with respect to the students' employment by the taxpayer during the taxable year for which the credit is claimed."

12. On page 6, line 6, strike the comma and strike all of line 7.

13. On page 6, between lines 15 and 16, insert the following new section:

"Section 3. DELAYED REPEAL. -- Sections 1 and 2 of this act are repealed effective January 1, 1999."

14. Renumber the succeeding section accordingly.,

and thence referred to the TAXATION AND REVENUE
COMMITTEE.

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FIRST SESSION, 1997

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Respectfully submitted,

Samuel F. Vigil, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 12 For 0 Against

Yes: 12

Excused: Ni cely

Absent: None

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State of New Mexico House of Representatives

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

March 12, 1997

Mr. Speaker:

**Your TAXATION AND REVENUE COMMITTEE, to whom has been
referred**

HOUSE BILL 264, as amended

**has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:**

- 1. Strike House Education Committee Amendment 13.**
- 2. On page 2, line 12, after the period insert "In no event shall
a taxpayer claim a credit in excess of twelve thousand dollars
(\$12,000) in any taxable year. The employer shall certify that
hiring the qualified student does not displace or replace a
current employee.".**
- 3. On page 2, line 15, after the period insert "The department
shall allocate annually to the superintendent of public
instruction one thousand certificates, which shall be distributed
by the superintendent to administrators of qualifying school-to-**

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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work programs. The certificates when properly executed shall serve as evidence of the taxpayer's eligibility for the job mentorship tax credit. The maximum number of certificates that may be issued to a single school-to-work program administrator is equal to the number of qualified school-to-work participants in that program on May 1 of the current calendar year. The certificates shall be issued in the order in which they are requested. "

4. On page 5, line 5, after the period insert "In no event shall a taxpayer claim a credit in excess of twelve thousand dollars (\$12,000) in any taxable year. The employer shall certify that hiring the qualified student does not displace or replace a current employee. "

5. On page 5, line 8, after the period insert "The department shall allocate annually to the superintendent of public instruction one thousand certificates, which shall be distributed by the superintendent to administrators of qualifying school-to-work programs. The certificates when properly executed shall serve as evidence of the taxpayer's eligibility for the job mentorship tax credit. The maximum number of certificates that may be issued to a single school-to-work program administrator is equal to the number of qualified school-to-work participants in that program on May 1 of the current calendar year. The certificates shall be issued in the order in which they are requested. "

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6. On page 6, between lines 15 and 16, insert the following sections:

"Section 3. TEMPORARY PROVISION--EXHAUSTION OF CREDIT.--If an income tax or corporate income tax taxpayer has been allowed a credit pursuant to Section 1 or 2 of this act and any portion of the credit allowed is unused on the date the sections are repealed, the unused amount may be carried forward regardless of the repeal to any taxable year within the three consecutive taxable years following the first taxable year for which the claim was allowed.

Section 4. DELAYED REPEAL.--Sections 1 and 2 of this act are repealed effective January 1, 1999."

7. Renumber the succeeding section accordingly.,

and thence referred to the APPROPRIATIONS AND FINANCE COMMITTEE.

Respectfully submitted,

Jerry W. Sandel, Chairman

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 10 For 0 Against

Yes: 10

Excused: Gubbels, Lovejoy, Parsons

Absent: None

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State of New Mexico House of Representatives

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

March 14, 1997

Mr. Speaker:

**Your APPROPRIATIONS AND FINANCE COMMITTEE, to whom
has been referred**

HOUSE BILL 264, as amended

**has had it under consideration and reports same with
recommendation that it DO PASS.**

Respectfully submitted,

Max Coll, Chairman

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 13 For 0 Against

Yes: 13

Excused: Abeyta, Bird, Salazar, Watchman

Absent: None

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 19, 1997

Mr. President:

Your WAYS AND MEANS COMMITTEE, to whom has been
referred

HOUSE BILL 264, as amended

has had it under consideration and reports same with
recommendation that it DO PASS, and thence referred to the
FINANCE COMMITTEE.

Respectfully submitted,

Carlos R. Cisneros, Chairman

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Duran, McSorley

Absent: None

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 20, 1997

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

HOUSE BILL 264, as amended

has had it under consideration and reports same with
recommendation that it DO PASS.

Respectfully submitted,

Ben D. Altamirano, Chairman

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Date _____

The roll call vote was 6 For 0 Against

Yes: 6

No: None

Excused: Aragon, Carraro, Eisenstadt, Ingle, McKibben

Absent: None

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