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SENATE BILL 1128

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

INTRODUCED BY

JOHN ARTHUR SMITH

AN ACT

RELATING TO TAXATION; REQUIRING THAT THE INVESTMENT CREDIT BE CLAIMED ONLY FOR EQUIPMENT FOR MANUFACTURING OPERATIONS IN COUNTIES WITH HIGH UNEMPLOYMENT; AMENDING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-9A-3 NMSA 1978 (being Laws 1979, Chapter 347, Section 3, as amended by Laws 1991, Chapter 159, Section 2 and also by Laws 1991, Chapter 162, Section 2) is amended to read:

"7-9A-3. DEFINITIONS. --As used in the Investment Credit Act:

A. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully

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1 delegated to that employee by the secretary;

2 B. "equipment" means an essential machine, mechanism  
3 or tool, or a component or fitting thereof, used directly and  
4 exclusively in a manufacturing operation and subject to  
5 depreciation for purposes of the Internal Revenue Code by the  
6 taxpayer carrying on the manufacturing operation. "Equipment"  
7 does not include any vehicle that leaves the site of the  
8 manufacturing operation for purposes of transporting persons or  
9 property or any property for which the taxpayer claims the  
10 credit pursuant to Section 7-9-79 NMSA 1978;

11 C. "high unemployment county" means a county with an  
12 annualized unemployment rate of ten percent or more as  
13 determined by the labor department;

14 [~~E.~~] D. "manufacturing" means combining or  
15 processing components or materials, including recyclable  
16 materials, to increase their value for sale in the ordinary  
17 course of business, including genetic testing and production,  
18 but not including:

- 19 (1) construction;
- 20 (2) farming;
- 21 (3) power generation; or
- 22 (4) processing natural resources, including  
23 hydrocarbons;

24 [~~D.~~] E. "manufacturing operation" means a plant,  
25 including a genetic testing and production facility, employing

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1 personnel to perform production tasks, in conjunction with  
2 equipment not previously existing at the site, to produce goods;

3 ~~[E.]~~ E. "recyclable materials" means materials that  
4 would otherwise become solid waste if not recycled and that can  
5 be collected, separated or processed and placed in use in the  
6 form of raw materials or products; and

7 ~~[F.]~~ G. "taxpayer" means a person liable for payment  
8 of any tax, a person responsible for withholding and payment  
9 over or for collection and payment over of any tax, or a person  
10 to whom an assessment has been made, if the assessment remains  
11 unabated or the amount thereof has not been paid. "

12 Section 2. Section 7-9A-5 NMSA 1978 (being Laws 1979,  
13 Chapter 347, Section 5, as amended by Laws 1991, Chapter 159,  
14 Section 4 and also by Laws 1991, Chapter 162, Section 4) is  
15 amended to read:

16 "7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT. --The  
17 investment credit provided for in the Investment Credit Act is  
18 an amount equal to the percent of the compensating tax rate  
19 provided for in the Gross Receipts and Compensating Tax Act  
20 applied to the value of the qualified equipment and may be  
21 claimed by the taxpayer carrying on a manufacturing operation in  
22 a high unemployment county in New Mexico. "

23 Section 3. Section 7-9A-6 NMSA 1978 (being Laws 1979,  
24 Chapter 347, Section 6, as amended) is amended to read:

25 "7-9A-6. QUALIFIED EQUIPMENT. --Equipment not previously

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1 used in New Mexico and not previously approved for a credit  
2 under the Investment Credit Act that is owned by the taxpayer or  
3 owned by the United States or an agency or instrumentality  
4 thereof or the state or a political subdivision thereof and  
5 leased or subleased to the taxpayer is qualified equipment if it  
6 is in New Mexico and is incorporated or to be incorporated  
7 within one year into a manufacturing operation in a high  
8 unemployment county in New Mexico."

9 Section 4. TEMPORARY PROVISION. --The provisions of this  
10 act shall not affect claims for an investment credit for  
11 qualified equipment incorporated into a manufacturing operation  
12 prior to the effective date of this act and those claims shall  
13 be subject to the provisions of the Investment Credit Act in  
14 effect on the day prior to the effective date of this act.

15 Section 5. Laws 1990, Chapter 3, Section 10, as amended by  
16 Laws 1992, Chapter 17, Section 1 and also by Laws 1992, Chapter  
17 104, Section 1, is amended to read:

18 "Section 10. EFFECTIVE DATE. --

19 A. The effective date of the provisions of Sections  
20 1, 2, 4, 5, 7 and 9 of this act is January 1, 1991.

21 B. The effective date of the provisions of Sections  
22 6 and 8 of this act is January 1, [1998] 2002."

23 Section 6. EFFECTIVE DATE. --The effective date of the  
24 provisions of this act is July 1, 1997.

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