

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 119

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

SUE F. WILSON

AN ACT

RELATING TO TAXATION; ENACTING SECTIONS OF THE INCOME TAX ACT
AND THE CORPORATE INCOME AND FRANCHISE TAX ACT TO PROVIDE TAX
CREDITS FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE
RECIPIENTS.

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] WELFARE-TO-WORK TAX CREDIT. --

A. Any taxpayer who files an individual New Mexico
income tax return and is not a dependent of another taxpayer
and is entitled to claim the federal welfare-to-work credit
provided by 26 U. S. C. Section 51A with respect to a state-
qualified employee may take a tax credit equal to fifty
percent of the amount of the welfare-to-work credit claimed

Underscored material = new
[bracketed material] = delete

1 and allowed under 26 U.S.C. Section 51A with respect to that
2 employee.

3 B. For the purposes of this section:

4 (1) "high-unemployment county" means a county
5 in which the unemployment rate as reported by the labor
6 department exceeds ten percent in six or more months of the
7 calendar year preceding the year for which the tax credit
8 provided by this section is claimed; and

9 (2) "state-qualified employee" means a "long-
10 term family assistance recipient", as that term is defined in
11 26 U.S.C. Section 51A(c), who resides in a high-unemployment
12 county during the period of employment for which the welfare-
13 to-work credit provided by 26 U.S.C. Section 51A applies with
14 respect to that employee.

15 C. The labor department shall determine whether
16 the employee is a state-qualified employee and, if the
17 employee is a state-qualified employee, certify that fact to
18 the employer. The taxpayer claiming the tax credit provided
19 by this section shall provide a copy of the certification with
20 respect to each employee for which the tax credit is claimed.

21 D. By July 1, 1998 and by January 31 of each
22 subsequent year, the labor department shall certify to the
23 taxation and revenue department the high-unemployment counties
24 for the preceding calendar year.

25 E. A husband and wife who file separate returns

Underscored material = new
[bracketed material] = delete

1 for a taxable year in which they could have filed a joint
2 return may each claim only one-half of the tax credit provided
3 by this section that would have been allowed on a joint
4 return.

5 F. A taxpayer who otherwise qualifies may claim
6 his pro rata share of the tax credit provided by this section
7 with respect to state-qualified employees employed by a
8 partnership or other business association of which the
9 taxpayer is a member. The total tax credit claimed by all
10 members of the partnership or association shall not exceed the
11 amount of tax credit provided pursuant to Subsection A of this
12 section with respect to each state-qualified employee for
13 which the credit is allowed.

14 G. The tax credit provided by this section may
15 only be deducted from the taxpayer's income tax liability.
16 Any portion of the tax credit provided by this section that
17 remains unused at the end of the taxpayer's taxable year may
18 be carried forward for three consecutive taxable years. "

19 Section 2. A new section of the Corporate Income and
20 Franchise Tax Act is enacted to read:

21 " [NEW MATERIAL] WELFARE- TO- WORK TAX CREDIT. --

22 A. Any taxpayer who files a New Mexico corporate
23 income tax return and who is entitled to claim the federal
24 welfare-to-work credit provided by 26 U.S.C. Section 51A with
25 respect to a state-qualified employee may take against the

Underscored material = new
[bracketed material] = delete

1 taxpayer's corporate income tax liability a tax credit equal
2 to fifty percent of the amount of the welfare-to-work credit
3 claimed and allowed under 26 U.S.C. Section 51A with respect
4 to that employee.

5 B. For the purposes of this section:

6 (1) "high-unemployment county" means a county
7 in which the unemployment rate as reported by the labor
8 department exceeds ten percent in six or more months of the
9 calendar year preceding the year for which the tax credit
10 provided by this section is claimed; and

11 (2) "state-qualified employee" means a "long-
12 term family assistance recipient", as that term is defined in
13 26 U.S.C. Section 51A(c), who resides in a high-unemployment
14 county during the period of employment for which the welfare-
15 to-work credit provided by 26 U.S.C. Section 51A applies with
16 respect to that employee.

17 C. The labor department shall determine whether
18 the employee is a state-qualified employee and, if the
19 employee is a state-qualified employee, certify that fact to
20 the employer. The taxpayer claiming the tax credit provided
21 by this section shall provide a copy of the certification with
22 respect to each employee for which the tax credit is claimed.

23 D. By July 1, 1998 and by January 31 of each
24 subsequent year, the labor department shall certify to the
25 taxation and revenue department the high-unemployment counties

Underscored material = new
[bracketed material] = delete

1 for the preceding calendar year.

2 E. The tax credit provided in this section may
3 only be deducted from the taxpayer's corporate income tax
4 liability. Any portion of the tax credit provided by this
5 section that remains unused at the end of the taxpayer's
6 taxable year may be carried forward for three consecutive
7 taxable years. "

8 Section 3. APPLICABILITY. --The provisions of this act
9 are applicable to taxable years beginning on or after January
10 1, 1998.

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
3
4
5

6 January 28, 1998
7

8 Mr. President:
9

10 Your COMMITTEES' COMMITTEE, to whom has been referred
11

12 SENATE BILL 119
13

14 has had it under consideration and finds same to be GERMANE, in
15 accordance with constitutional provisions, and thence referred to the
16 WAYS & MEANS COMMITTEE.
17

18
19 Respectfully submitted,
20
21
22
23
24

25 _____
Manny M. Aragon, Chairman

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

Adopted _____ Not Adopted _____

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

(Chief Clerk)

(Chief Clerk)

Date _____

S0119CC1

1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

3 SB 119/a

4
5
6 February 13, 1998

7
8 Mr. President:

9
10 Your WAYS AND MEANS COMMITTEE, to whom has been referred

11
12 SENATE BILL 119

13
14 has had it under consideration and reports same with recommendation
15 that it DO PASS, amended as follows:

16
17
18 1. On page 1, between lines 16 and 17, insert the following new
19 section:

20
21 "Section 1. LEGISLATIVE FINDINGS--DECLARATION OF PURPOSE.--The
22 legislature finds that:

23
24 A. the provisions of the New Mexico Works Act that mandate
25 benefit time limits and work requirements pose a significant job

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SWMC/SB 119

Page 9

creation challenge for the state's businesses and communities;

B. in January 1998, the human services department estimated that there were seventeen thousand eight hundred households receiving temporary assistance for needy families;

C. in November 1997, the labor department estimated that there were forty-seven thousand five hundred twenty-three people unemployed and actively looking for work;

D. the failure to create new jobs for temporary assistance for needy families recipients coupled with the high number of people unemployed and looking for work could result in an oversupply of labor, resulting in falling wages and benefits for many New Mexicans;

E. meeting the challenge of creating new jobs for people on welfare plus reaching the goal of full employment for the rest of New Mexico's work force will require the creation of an estimated thirty-two thousand new jobs;

F. the task is not spread evenly; the jobs deficit posed by

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SWMC/SB 119

Page 10

unemployment and people on welfare in certain counties is considerably higher than in the state's metropolitan areas;

G. without significant job growth in rural areas, temporary assistance for needy families recipients will either be forced to replace existing workers in these labor markets by bidding down the terms of work or leave their homes in search of work in metropolitan areas, disrupting family and community life and destroying the close ties of New Mexican communities;

H. it is in the public interest that the state act to protect New Mexican communities, families and workers. To this end, the state must pursue strategies to encourage and create employment that is sufficient to sustain families and ensure the dignity of all workers, maintaining the health, efficiency and general well-being of workers against the unfair competition of wage and hours standards which do not provide adequate standards of living;

I. the purpose of the welfare-to-work tax credit provided by this act is to expand the labor market by encouraging the creation

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SWMC/SB 119

Page 11

of new, long-term positions in small, rural businesses, while ensuring that existing workers are protected from displacement or a loss in wages due to unfair competition or a lowering of the wage floor; and

J. tax credits are but a first step toward the immense goal of creating jobs that will provide New Mexican workers with meaningful opportunities and the capacity to lift their families out of poverty. "

2. Renumber succeeding sections accordingly.

3. On page 1, line 24, after "employee" insert "in a state-qualified job".

4. On page 2, line 2, after "employee" insert "in that job".

5. On page 2, between lines 2 and 3, insert the following new subsection:

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SWMC/SB 119

Page 12

"B. To be eligible for the credit provided by this section, a taxpayer must be in compliance with the following provisions:

6. On page 2, line 8, strike "and".

7. On page 2, line 14, strike the period and insert in lieu thereof "; and".

8. On page 2, between lines 14 and 15, insert the following new paragraph:

"(3) "state-qualified job" means a job established by the taxpayer that:

(a) when first occupied by a state-qualified employee results in the total number of the taxpayer's employees exceeding the greater of the number of the taxpayer's employees on the last day of the taxpayer's preceding tax year or the average number of the taxpayer's employees during the taxpayer's preceding

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SWMC/SB 119

Page 13

tax year; or

(b) was vacant for more than thirty days prior to the hiring of the state-qualified employee in that job."

9. On page 2, line 16, after the second occurrence of "employee" insert "and whether the job is a state-qualified job".

10. On page 2, line 17, after the second occurrence of "employee" insert "and the job is a state-qualified job".

11. On page 3, line 25, after "employee" insert "in a state-qualified job".

12. On page 4, line 4, after "employee" insert "in that job".

13. On page 4, line 10, strike "and".

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SWMC/SB 119

Page 14

14. On page 4, line 16, strike the period and insert in lieu thereof "; and".

15. On page 4, between lines 16 and 17, insert the following new paragraph:

"(3) "state-qualified job" means a job established by the taxpayer that:

(a) when first occupied by a state-qualified employee results in the total number of the taxpayer's employees exceeding the greater of the number of the taxpayer's employees on the last day of the taxpayer's preceding tax year or the average number of the taxpayer's employees during the taxpayer's preceding tax year; or

(b) was vacant for more than thirty days prior to the hiring of the state-qualified employee in that job. "

16. On page 4, line 18, after the second occurrence of

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SWMC/SB 119

Page 15

"employee" insert "and whether the job is a state-qualified job".

17 On page 4, line 19, after the second occurrence of "employee"
insert "and the job is a state-qualified job".,
and thence referred to the FINANCE COMMITTEE.

Respectfully submitted,

Carlos R. Cisneros, Chairman

Adopted _____ Not Adopted _____

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SWMC/SB 119

Page 16

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 6 For 0 Against

Yes: 6

No: 0

Excused: Jennings, Kidd, Nava

Absent: None

S0119WM

. 123318. 1/a

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE

SB 119/a

SECOND SESSION, 1998

February 15, 1998

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

SENATE BILL 119, as amended

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

1. Strike Senate Ways and Means Committee Amendments 5, 8 and
15.

2. On page 2, between lines 2 and 3, insert the following new
subsection:

"B. To be eligible for the credit provided by this section,
a taxpayer must be in compliance with the following provisions:

. 119604. 2

Underscored material = new
[bracketed material] = delete

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SFC/SB 119

Page 18

(1) the hiring of any state-qualified employee shall not result in the displacement of any currently employed worker or position, including partial displacement such as a reduction in the hours of nonovertime work, wages or employment benefits, or in any infringement of the promotional opportunities of any currently employed individual;

(2) the hiring of any state-qualified employee shall not impair existing contracts for services or collective bargaining agreements, and no employment under the terms of this act shall be inconsistent with the terms of a collective bargaining agreement or involve the performance of duties covered under a collective bargaining agreement unless the employer and the labor organization concur in writing;

(3) a state-qualified employee may fill or perform the duties of an employment position only in a manner that is consistent with existing laws, personnel procedures and collective bargaining contracts;

(4) no state-qualified employee shall be employed or

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 19

assigned:

(a) when any other individual is on layoff from
the same or any substantially equivalent job;

(b) if the employer has terminated the employment
of any regular employee or otherwise caused an involuntary reduction
of its work force with the effect of filling the vacancy so created
with a state-qualified employee; or

(c) to any position at a particular work site when
there is an ongoing strike or lockout at that particular work site;

(5) state-qualified employees shall be paid a wage that
is substantially like the wage paid for similar jobs with the
employer with appropriate adjustments for experience and training but
not less than the federal minimum hourly wage; and

(6) employers shall:

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 20

(a) maintain health, safety and working conditions not less than those of comparable jobs offered by the employer; and

(b) maintain standard and customary entry-level wages and benefits and apply historical and normal increases in wages and benefits appropriate for experience and training of the state-qualified employee."

3. Reletter the succeeding subsections accordingly.

4. On page 2, between lines 14 and 15, insert the following new paragraph:

"(3) "state-qualified job" means a job established by the taxpayer that:

(a) when first occupied by a state-qualified employee results in the total number of the taxpayer's employees exceeding the average number of the taxpayer's employees during the taxpayer's preceding tax year; or

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

SFC/SB 119

Page 21

(b) was a position previously filled by a state-qualified employee and was vacant prior to the hiring of the new state-qualified employee in that position."

4. On page 4, between lines 4 and 5, insert the following new subsection:

"B. To be eligible for the credit provided by this section, a taxpayer must be in compliance with the following provisions:

(1) the hiring of any state-qualified employee shall not result in the displacement of any currently employed worker or position, including partial displacement such as a reduction in the hours of nonovertime work, wages or employment benefits, or in any infringement of the promotional opportunities of any currently employed individual;

(2) the hiring of any state-qualified employee shall not impair existing contracts for services or collective bargaining agreements, and no employment under the terms of this act shall be inconsistent with the terms of a collective bargaining agreement or

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 22

involve the performance of duties covered under a collective bargaining agreement unless the employer and the labor organization concur in writing;

(3) a state-qualified employee may fill or perform the duties of an employment position only in a manner that is consistent with existing laws, personnel procedures and collective bargaining contracts;

(4) no state-qualified employee shall be employed or assigned:

(a) when any other individual is on layoff from the same or any substantially equivalent job;

(b) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its work force with the effect of filling the vacancy so created with a state-qualified employee; or

(c) to any position at a particular work site when

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 23

there is an ongoing strike or lockout at that particular work site;

(5) state-qualified employees shall be paid a wage that is substantially like the wage paid for similar jobs with the employer with appropriate adjustments for experience and training but not less than the federal minimum hourly wage; and

(6) employers shall:

(a) maintain health, safety and working conditions not less than those of comparable jobs offered by the employer; and

(b) maintain standard and customary entry-level wages and benefits and apply historical and normal increases in wages and benefits appropriate for experience and training of the state-qualified employee. "

5. Reletter the succeeding subsections accordingly.

6. On page 4, between lines 16 and 17, insert the following new

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 24

paragraph:

"(3) "state-qualified job" means a job established by
the taxpayer that:

(a) when first occupied by a state-qualified
employee results in the total number of the taxpayer's employees
exceeding the average number of the taxpayer's employees during the
taxpayer's preceding tax year; or

(b) was a position previously filled by a state-
qualified employee and was vacant prior to the hiring of the new
state-qualified employee in that position."

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 25

Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: None

Excused: Aragon, Campos, Carraro, McKibben

Absent: None

S0119FC1

. 123453. 1

. 119604. 2

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
SECOND SESSION, 1998

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SFC/SB 119

Page 26

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

. 119604. 2

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998
3
4
5

6 February 18, 1998
7

8 Mr. Speaker:
9

10 Your TAXATION AND REVENUE COMMITTEE, to whom has been
11 referred

12
13 SENATE BILL 119, as amended
14

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

17 Respectfully submitted,
18

19
20
21 _____
22 Jerry W. Sandel, Chairman
23
24
25

1 FORTY-THIRD LEGISLATURE
2 SECOND SESSION, 1998

3 HTRC/SB 119/a

Page 28

4 Adopted _____ Not Adopted _____
5 (Chief Clerk) (Chief Clerk)

6
7 Date _____

8
9 The roll call vote was 10 For 0 Against

10 Yes: 10

11 Excused: Gubbels, Lujan, Stell

12 Absent: None

13
14 G:\BILLTEXT\BILLW_98\S0119

15
16
17
18
19
20
21
22
23
24
25
Underscored material = new
[bracketed material] = delete