

AN ACT

RELATING TO TAXATION; ENACTING A ONE-TIME JOB CREATION TAX CREDIT FOR COMPLETION OF NEW CRUDE OIL AND NATURAL GAS WELLS; CREATING A FUND; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.

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

Section 1. A new section of the Oil and Gas Emergency School Tax Act is enacted to read:

"ONE-TIME TAX CREDIT FOR NEW WELLS--FUND CREATED.--

A. To stimulate economic development and provide jobs, the operator of a new crude oil or natural gas well may upon completion of the new well apply for and receive a one-time credit against the tax imposed pursuant to the Oil and Gas Emergency School Tax Act of fifteen thousand dollars (\$15,000) subject to the provisions of this section.

B. A new well shall qualify for the tax credit in this section if the oil conservation division of the energy, minerals and natural resources department certifies to the taxation and revenue department that:

(1) the operator applying for the tax credit commenced drilling the new well after January 1, 1999 and prior to July 1, 2000;

(2) the new well was completed; and

(3) the new well is one of the first six

hundred new wells drilled in the period from January 1, 1999 to July 1, 2000.

C. The tax credit may be applied only to the operator's oil and gas emergency school tax liability. If the credit exceeds the taxpayer's liability for a reporting period, the credit may be applied to the operator's tax liability in succeeding reporting periods prior to July 1, 2001.

D. The "oil and gas tax credit fund" is created in the state treasury. The fund shall be administered by the department. Money in the fund shall be used to pay for the tax credit provided in this section. The department shall transfer monthly from the oil and gas tax credit fund to the general fund an amount equal to the amount of tax credit claimed and applied to the oil and gas emergency school tax in that month.

E. As used in this section, "new well" means a crude oil or natural gas producing well for which drilling commenced after January 1, 1999 and before July 1, 2000 or a horizontal crude oil or natural gas well that was recompleted from a vertical well by drilling operations that commenced after January 1, 1999 and before July 1, 2000 and that has been approved and certified as such by the oil conservation division of the energy, minerals and natural resources department."

Section 2. APPROPRIATION--OIL AND GAS TAX CREDIT  
FUND.--Nine million dollars (\$9,000,000) is appropriated from  
the general fund to the oil and gas tax credit fund for  
expenditure in fiscal years 1999 through 2001 to carry out  
the provisions of this act. Any unexpended or unencumbered  
balance remaining at the end of fiscal year 2001 shall revert  
to the general fund.

Section 3. REPEAL.--Section 1 of this act is repealed  
effective July 1, 2001.

Section 4. EMERGENCY.--It is necessary for the public  
peace, health and safety that this act take effect  
immediately. \_\_\_\_\_