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SENATE BILL 352

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Patrick H. Lyons

AN ACT

RELATING TO TAXATION; ENACTING THE CAPITAL EQUIPMENT TAX CREDIT ACT TO PROVIDE A CAPITAL EQUIPMENT TAX CREDIT FOR CERTAIN NEW OR EXPANDED CALL CENTER FACILITIES.

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

Section 1. SHORT TITLE. -- This act may be cited as the "Capital Equipment Tax Credit Act".

Section 2. FINDINGS AND PURPOSE. -- The legislature finds that New Mexico's tax treatment of the purchase of capital equipment by businesses makes New Mexico less attractive than other states for business expansion and relocation. It is the purpose of the Capital Equipment Tax Credit Act to induce call center operations to make major expansions and relocate facilities in New Mexico by providing tax relief on the purchase of capital equipment for such facilities.

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1 Section 3. DEFINITIONS. --As used in the Capital
2 Equipment Tax Credit Act:

3 A. "call center" means a business that is
4 principally engaged in taking inbound telephone calls
5 initiated by consumers for the purpose of obtaining goods or
6 services;

7 B. "capital equipment" means equipment that is
8 depreciable for federal income tax purposes;

9 C. "department" means the taxation and revenue
10 department, the secretary of taxation and revenue or any
11 employee of the department exercising authority lawfully
12 delegated to that employee by the secretary;

13 D. "rural area" means any area of the state other
14 than Bernalillo county, the municipality of Rio Rancho and the
15 area within five miles of the exterior boundaries of Rio
16 Rancho;

17 E. "tax credit" means the capital equipment tax
18 credit provided in the Capital Equipment Tax Credit Act; and

19 F. "taxpayer" means a person liable for payment of
20 any tax, a person responsible for withholding and payment over
21 or for collection and payment over of any tax, or a person to
22 whom an assessment has been made, if the assessment remains
23 unabated or the amount of the assessment has not been paid.

24 Section 4. CAPITAL EQUIPMENT TAX CREDIT AUTHORIZED. --A
25 capital equipment tax credit may be claimed pursuant to the

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1 Capital Equipment Tax Credit Act in an amount equal to the
2 gross receipts tax rate or the compensating tax rate imposed
3 pursuant to the Gross Receipts and Compensating Tax Act,
4 whichever is applicable, applied to the value of capital
5 equipment purchased by a taxpayer for use in an eligible call
6 center in New Mexico. For the purpose of applying the tax
7 credit, the value of capital equipment purchased is the price
8 or the value of other consideration on which the gross
9 receipts or compensating tax was imposed and paid.

10 Section 5. CAPITAL EQUIPMENT ELIGIBLE FOR TAX CREDIT. --A
11 taxpayer that owns or operates an eligible call center may
12 claim a tax credit for capital equipment that is purchased for
13 use in the call center and on which the gross receipts tax or
14 compensating tax has been paid if the taxpayer applies for the
15 credit and provides evidence satisfactory to the department
16 that:

17 A. the equipment purchased is capital equipment on
18 which the gross receipts tax or compensating tax was paid; and

19 B. the equipment is or will be used in a call
20 center that is eligible pursuant to the provisions of the
21 Capital Equipment Tax Credit Act.

22 Section 6. ELIGIBLE CALL CENTER. --A call center in New
23 Mexico shall be approved by the department as an eligible call
24 center if:

25 A. the business meets either of the following

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1 requirements:

2 (1) the call center first located in New
3 Mexico after July 1, 1999 and is not related by ownership or
4 control to a business performing similar functions at the same
5 or an adjacent location within the state; or

6 (2) the call center is an expansion after
7 July 1, 1999 of an existing call center that certifies to the
8 department that the expansion will result in an increase of
9 not less than twenty percent in the value of the call center
10 facility for property tax purposes over three tax years; and

11 B. the owner or operator certifies to the
12 department that the total value over three years of capital
13 equipment purchased for use in the call center will total at
14 least two hundred fifty thousand dollars (\$250,000) if the
15 call center is located in a rural area and at least one
16 million dollars (\$1,000,000) if the call center is not located
17 in a rural area.

18 Section 7. CLAIMING THE TAX CREDIT. --A taxpayer having
19 applied for and been granted approval for a tax credit by the
20 department pursuant to the Capital Equipment Tax Credit Act
21 may claim an amount of available tax credit against the
22 taxpayer's compensating tax, gross receipts tax or withholding
23 tax due to the state of New Mexico, provided that no taxpayer
24 may claim an amount of available tax credit for any reporting
25 period that exceeds the taxpayer's gross receipts tax,

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1 compensating tax or withholding tax due for that reporting
2 period. Any amount of available tax credit not claimed
3 against the taxpayer's gross receipts tax or compensating tax
4 due for a reporting period may be claimed in subsequent
5 reporting periods.

6 Section 8. REPORTING REQUIREMENTS--WHEN TAXPAYER LIABLE
7 FOR REPAYMENT OF TAX CREDIT.--

8 A. Every eligible call center claiming a tax
9 credit pursuant to the Capital Equipment Tax Credit Act shall
10 report annually to the department the following information
11 for the prior calendar year:

12 (1) the total value of capital equipment
13 purchased during that year;

14 (2) the total amount of tax credit claimed;
15 and

16 (3) the value of the call center facility for
17 property tax purposes for the year.

18 B. If after claiming a tax credit pursuant to the
19 Capital Equipment Tax Credit Act, a call center no longer
20 meets the requirements of the Capital Equipment Tax Credit Act
21 for qualifying as an eligible call center, the taxpayer who
22 owns or operates the business shall be liable for repayment of
23 the amount of all credit claimed pursuant to that act.

24 Section 9. ADMINISTRATION OF ACT.--The department shall
25 administer the Capital Equipment Tax Credit Act in accordance

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with the provisions of the Tax Administration Act.

Section 10. EFFECTIVE DATE. --The effective date of the provisions of this act is July 1, 1999.

1 FORTY- FOURTH LEGISLATURE

2 FIRST SESSION, 1999

3
4
5 February 9, 1999

6
7 Mr. President:

8
9 Your CORPORATIONS & TRANSPORTATION COMMITTEE, to
10 whom has been referred
11

12
13 SENATE BILL 352

14
15 has had it under consideration and reports same with
16 recommendation that it DO PASS, and thence referred to the
17 WAYS & MEANS COMMITTEE.

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19 Respectfully submitted,
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Roman M. Maes, Chairman

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Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Kysar, Macias, Robinson

Absent: None

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1 FORTY-FOURTH LEGISLATURE

2 FIRST SESSION, 1999

3
4
5 February 22, 1999

6
7 Mr. President:

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9 Your WAYS & MEANS COMMITTEE, to whom has been referred

10
11 SENATE BILL 352

12
13 has had it under consideration and reports same with
14 recommendation that it DO PASS, and thence referred to the
15 FINANCE COMMITTEE.
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17
18 Respectfully submitted,

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24 Carlos R. Cisneros, Chairman
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1 Adopted _____ Not

2 Adopted _____

3 (Chief Clerk)

(Chief Clerk)

4

5

6 Date _____

7

8

9 The roll call vote was 5 For 0 Against

10 Yes: 5

11 No: 0

12 Excused: Carraro, Jennings, Maes, Nava

13 Absent: None

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16 S0352WM1

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1 FORTY-FOURTH LEGISLATURE

SB 352/a

2 FIRST SESSION, 1999

6 March 2, 1999

8 Mr. President:

10 Your FINANCE COMMITTEE, to whom has been referred

12 SENATE BILL 352

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

17
18 1. On page 2, line 14, strike "Bernalillo county," and
19 insert thereof "a class A county, a class B county that has a
20 net taxable value for rate-setting purposes for any property tax
21 year of more than three billion dollars (\$3,000,000,000) and".

22
23 2. On page 4, line 10, strike "and" and between lines 10
24 and 11 insert the following new subsection:

25 . 125833. 1

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FORTY- FOURTH LEGISLATURE
FIRST SESSION, 1999

SFC/SB 352

Page 12

"B. the call center is located in a rural area; and".

3. Reletter the succeeding subsection accordingly.

4. On page 4, line 14, strike "if the" and strike all of lines 15 through 17 and insert in lieu thereof a period.

5. On page 6, between lines 1 and 2, insert the following new section:

"Section 10. DELAYED REPEAL. -- Sections 1 through 9 of this act are repealed effective July 1, 2004."

6. Renumber the succeeding section accordingly.

FORTY- FOURTH LEGISLATURE
FIRST SESSION, 1999

SFC/SB 352

Page 13

Respectfully submitted,

Ben D. Altamirano, Chairman

Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 9 For 0 Against

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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

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SFC/SB 352

Page 14

Yes: 9

No: 0

Excused: Carraro, Ingle, McKibben, Tsosie

Absent: None

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1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999
3
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6 March 15, 1999
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8 Mr. Speaker:
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10 Your TAXATION AND REVENUE COMMITTEE, to whom has
11 been referred
12

13 SENATE BILL 352, as amended
14

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

18 Respectfully submitted,
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22 _____
23 Jerry W. Sandel, Chairman
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25

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

HTRC/SB 352a

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

Date _____

The roll call vote was 13 For 0 Against

Yes: 13

Excused: Lujan, Russell

Absent: None

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