

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

SENATE BILL 325

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

Roman M. Maes III

AN ACT

RELATING TO TAXATION; INCREASING THE AMOUNT OF THE RURAL JOB
TAX CREDIT; CHANGING CERTAIN ELIGIBILITY REQUIREMENTS;
LIMITING TRANSFERS OF THE RURAL JOB TAX CREDIT.

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

Section 1. Section 7-2E-1 NMSA 1978 (being Laws 1999,
Chapter 183, Section 1) is amended to read:

"7-2E-1. TAX CREDIT--RURAL JOB TAX CREDIT.--

A. The tax credit created by this section may be
referred to as the "rural job tax credit". Until June 30,
2006, every eligible employer may apply for, and the taxation
and revenue department may allow, a tax credit for each
qualifying job the employer creates in the period beginning
July 1, 2000 and ending June 30, 2005. The maximum tax
credit amount with respect to each qualifying job is equal
to:

.130482.2

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

1 (1) twenty-five percent of the first
2 ~~[sixteen thousand dollars (\$16,000)]~~ thirty-two thousand
3 dollars (\$32,000) in wages paid for the qualifying job if the
4 job is performed or based at a location in a tier one area;
5 or

6 (2) twelve and one-half percent of the first
7 ~~[sixteen thousand dollars (\$16,000)]~~ thirty-two thousand
8 dollars (\$32,000) in wages paid if the qualifying job is
9 performed or based at a location in a tier two area.

10 B. As used in this section:

11 (1) "eligible employee" means any individual
12 ~~[other than]~~ who has resided in New Mexico for at least one
13 year and who is an employee for purposes of the federal Fair
14 Labor Standards Act, but does not include an individual who:

15 (a) bears any of the relationships
16 described in Paragraphs (1) through (8) of 26 U.S.C. Section
17 152(a) to the employer or, if the employer is a corporation,
18 to an individual who owns, directly or indirectly, more than
19 fifty percent in value of the outstanding stock of the
20 corporation or, if the employer is an entity other than a
21 corporation, to any individual who owns, directly or
22 indirectly, more than fifty percent of the capital and
23 profits interests in the entity;

24 (b) if the employer is an estate or
25 trust, is a grantor, beneficiary or fiduciary of the estate
or trust or is an individual who bears any of the
relationships described in Paragraphs (1) through (8) of 26

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

1 U.S.C. Section 152(a) to a grantor, beneficiary or fiduciary
2 of the estate or trust; or

3 (c) is a dependent, as that term is
4 described in 26 U.S.C. Section 152(a)(9), of the employer or,
5 if the taxpayer is a corporation, of an individual who owns,
6 directly or indirectly, more than fifty percent in value of
7 the outstanding stock of the corporation or, if the employer
8 is an entity other than a corporation, of any individual who
9 owns, directly or indirectly, more than fifty percent of the
10 capital and profits interests in the entity or, if the
11 employer is an estate or trust, of a grantor, beneficiary or
12 fiduciary of the estate or trust;

13 (2) "eligible employer" means an employer
14 who ~~[has been approved for in-plant training assistance~~
15 ~~pursuant to Section 21-19-7 NMSA 1978]~~ manufactures or
16 produces a product in New Mexico or exports a nonretail
17 service outside New Mexico;

18 (3) "metropolitan statistical area" means a
19 metropolitan statistical area in New Mexico as determined by
20 the United States bureau of the census;

21 (4) "modified combined tax liability" means
22 the total liability for the reporting period for the gross
23 receipts tax imposed by Section 7-9-4 NMSA 1978 together with
24 any tax collected at the same time and in the same manner as
25 that gross receipts tax, such as the compensating tax, the
withholding tax, the interstate telecommunications gross
receipts tax, the surcharges imposed by Section 63-9D-5 NMSA

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

1 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978,
2 minus the amount of any credit other than the rural job tax
3 credit applied against any or all of these taxes or
4 surcharges; but "modified combined tax liability" excludes
5 all amounts collected with respect to local option gross
6 receipts taxes;

7 (5) "qualifying job" means a full-time job
8 established by ~~[the]~~ an eligible employer that:

9 (a) ~~[qualifies for in-plant training~~
10 ~~assistance]~~ is created as a result of the employer's work
11 force expansion or relocation into a rural area; and

12 (b) is occupied by an eligible employee
13 for at least forty-eight weeks of a qualifying period;

14 (6) "qualifying period" means the period of
15 twelve months beginning on the day an eligible employee
16 begins working in a qualifying job or the period of twelve
17 months beginning on the anniversary of the day an eligible
18 employee began working in a qualifying job;

19 (7) "rural area" means any part of the state
20 other than:

21 (a) an H class county;

22 (b) the state fairgrounds;

23 (c) an incorporated municipality within
24 a metropolitan statistical area if the municipality's
25 population is thirty thousand or more according to the most
recent federal decennial census; and

(d) any area within ten miles of the

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

1 exterior boundaries of a municipality described in
2 Subparagraph (c) of this paragraph;

3 (8) "tier one area" means:

4 (a) any municipality within the rural
5 area if the municipality's population according to the most
6 recent federal decennial census is fifteen thousand or less;
7 or

8 (b) any part of the rural area that is
9 not within the exterior boundaries of a municipality;

10 (9) "tier two area" means any municipality
11 within the rural area if the municipality's population
12 according to the most recent federal decennial census is more
13 than fifteen thousand; and

14 (10) "wages" means wages as defined by
15 Paragraphs (1), (2) and (3) of 26 U.S.C. Section 51(c).

16 C. The amount of the rural job tax credit shall be
17 six and one-fourth percent of the first ~~[sixteen thousand~~
18 ~~dollars (\$16,000)]~~ thirty-two thousand dollars (\$32,000) in
19 wages paid for the qualifying job in a qualifying period.
20 The rural job tax credit may be claimed for each qualifying
21 job for a maximum of:

22 (1) four qualifying periods for each
23 qualifying job performed or based at a location in a tier one
24 area; and

25 (2) two qualifying periods for each
qualifying job performed or based at a location in a tier two
area.

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

D. With respect to each qualifying job for which an eligible employer seeks the rural job tax credit, the employer shall request the economic development department to certify the amount of wages paid to each eligible employee during each qualifying period, the number of weeks during the qualifying period the position was occupied and whether the qualifying job was in a tier one or tier two area. The economic development department may require the employer to submit such information as is necessary for the economic development department to make the certification requested. When the economic development department obtains sufficient information, either from its own records or from the employer, the economic development department shall make the certification requested.

E. The economic development department shall determine which employers are eligible employers and shall report the listing of eligible businesses to the taxation and revenue department in a manner and at times the departments shall agree upon.

F. To receive a rural job tax credit with respect to any qualifying period, an eligible employer must apply to the taxation and revenue department on forms and in the manner the department may prescribe. The application shall include a copy of the certification from the economic development department made pursuant to Subsection D of this section. If all the requirements of this section have been complied with, the taxation and revenue department may issue

.130482.2

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

1 to the applicant a document granting a tax credit for the
2 respective qualifying period. The tax credit document shall
3 be numbered for identification and declare its date of
4 issuance and the amount of rural job tax credit allowed for
5 the respective jobs created. [~~Such tax credit documents may~~
6 ~~be sold, exchanged or otherwise transferred and~~] The rural
7 job tax credit granted by the document can be carried forward
8 for a period of three years from the date of issuance of the
9 document. An eligible employer may sell, exchange or
10 otherwise transfer a tax credit document, but only one such
11 transaction is allowed for each tax credit document. The
12 parties to such a transaction shall notify the department of
13 the sale, exchange or transfer within ten days of the sale,
14 exchange or transfer.

15 G. The holder of the tax credit document may apply
16 all or a portion of the rural job tax credit granted by the
17 document against the holder's modified combined tax
18 liability, personal income tax liability or corporate income
19 tax liability. Any balance of rural job tax credit granted
20 by the document may be carried forward for up to three years
21 from the date of issuance of the tax credit document. No
22 amount of rural job tax credit may be applied against a gross
23 receipts tax imposed by a municipality or county.

24 H. Notwithstanding the provisions of Section 7-1-8
25 NMSA 1978, the taxation and revenue department may disclose
to any person the balance of rural job tax credit remaining
on any tax credit document and the balance of credit

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

1 remaining on that document for any period.

2 I. The secretary of economic development, the
3 secretary of taxation and revenue and the secretary of labor
4 or their designees shall annually evaluate the effectiveness
5 of the rural job tax credit in stimulating economic
6 development in the rural areas of New Mexico and make a joint
7 report of their findings to each session of the legislature
8 so long as the rural job tax credit is in effect."

9 Section 2. EFFECTIVE DATE.--The effective date of the
10 provisions of this act is July 1, 2000.