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SENATE BILL 428

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Roman M.. Maes III

AN ACT

RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX CREDIT FOR
QUALIFIED SMALL BUSINESSES OR FARMS; ENACTING SECTIONS OF THE
NMSA 1978.

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] QUALIFIED SMALL BUSINESS OR FARM - INCOME
TAX CREDIT. --

A. A taxpayer who files an individual New Mexico
income tax return, who is not a dependent of another individual
and who is the primary obligor on a federally guaranteed loan
may claim a credit in an amount equal to the guaranty fee paid
by the taxpayer on the federally guaranteed loan, not to exceed
five thousand dollars (\$5,000).

underscored material = new
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1 B. A taxpayer may claim the credit provided in this
2 section for the taxable year in which the guaranty fee on a
3 federally guaranteed loan was paid. The credit may only be
4 deducted from the taxpayer's income tax liability. Any portion
5 of the maximum tax credit provided by this section that remains
6 unused at the end of the taxpayer's taxable year may be carried
7 forward for four consecutive taxable years; provided that the
8 total tax credits claimed under this section shall not exceed
9 the lower of the amount of the guaranty fee paid on the
10 federally guaranteed loan or five thousand dollars (\$5,000).

11 C. A husband and wife who file separate returns for
12 a taxable year in which they could have filed a joint return
13 may each claim only one-half of the credit provided in this
14 section that would have been allowed on a joint return.

15 D. As used in this section:

16 (1) "federally guaranteed loan" means a loan
17 obtained by a small business or farm and guaranteed by the
18 federal small business administration, the United States
19 department of agriculture's farm service agency or rural
20 development program or the federally chartered enchantment land
21 certified development corporation; and

22 (2) "small business or farm" means a
23 corporation, partnership, sole proprietorship, farm business or
24 other business in the state that qualifies for a federally
25 guaranteed loan. "

underscored material = new
[bracketed material] = delete

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

3 "[NEW MATERIAL] QUALIFIED SMALL BUSINESS OR FARM -
4 CORPORATE INCOME TAX CREDIT. --

5 A. A taxpayer that files a New Mexico corporate
6 income tax return may claim a credit in an amount equal to the
7 guaranty fee paid by the taxpayer on a federally guaranteed
8 loan, not to exceed five thousand dollars (\$5,000). The credit
9 may be claimed by:

- 10 (1) the primary obligor on the federally
11 guaranteed loan; or
12 (2) a banking association or credit union that
13 is the lender on the federally guaranteed loan; provided that
14 the lender did not in any way recover the guaranty fee from the
15 borrower.

16 B. The credit provided in this section may be
17 claimed for the taxable year in which the guaranty fee on a
18 federally guaranteed loan was paid. The credit may only be
19 deducted from the taxpayer's corporate income tax liability.
20 Any portion of the maximum tax credit provided by this section
21 that remains unused at the end of the taxpayer's taxable year
22 may be carried forward for four consecutive taxable years;
23 provided that the total tax credits claimed under this section
24 shall not exceed the lower of the amount of the guaranty fee
25 paid on the federally guaranteed loan or five thousand dollars

1 (\$5,000).

2 C. As used in this section:

3 (1) "federally guaranteed loan" means a loan
4 obtained by a small business or farm and guaranteed by the
5 federal small business administration, the United States
6 department of agriculture's farm service agency or rural
7 development program or the federally chartered enchantment land
8 certified development corporation; and

9 (2) "small business or farm" means a
10 corporation, partnership, sole proprietorship, farm business or
11 other business in the state that qualifies for a federally
12 guaranteed loan. "

13 Section 3. APPLICABILITY. --The provisions of this act
14 apply to tax years beginning on or after January 1, 2003.

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