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HOUSE BILL 273

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

INTRODUCED BY

Jim R. Trujillo

AN ACT

RELATING TO TAXATION; PROVIDING FOR A NEW ELIGIBILITY PERIOD  
FOR THE RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX CREDIT FROM  
2011 UNTIL 2015.

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

SECTION 1. Section 7-9H-1 NMSA 1978 (being Laws 2005,  
Chapter 104, Section 11) is amended to read:

"7-9H-1. SHORT TITLE.--~~[Sections 11 through 16 of this  
act]~~ Chapter 7, Article 9H NMSA 1978 may be cited as the  
"Research and Development Small Business Tax Credit Act"."

SECTION 2. Section 7-9H-3 NMSA 1978 (being Laws 2005,  
Chapter 104, Section 13) is amended to read:

"7-9H-3. RESEARCH AND DEVELOPMENT SMALL BUSINESS TAX  
CREDIT--AMOUNT--ELIGIBILITY.--

A. Until June 30, ~~[2009]~~ 2015, a taxpayer that is a

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1 qualified research and development small business is eligible  
2 for a credit in a reporting period in an amount equal to the  
3 sum of all gross receipts taxes [~~compensating taxes~~] or  
4 withholding taxes due to the state or payable by the taxpayer  
5 with respect to that business for that reporting period. The  
6 credit provided in this section may be referred to as the  
7 "research and development small business tax credit".

8 B. A taxpayer is not eligible for the credit with  
9 respect to a reporting period month:

10 (1) before July 2005 or between July 1, 2009  
11 and June 30, 2011;

12 (2) that is more than thirty-five consecutive  
13 calendar months after the first month for which a claim for the  
14 credit is made by the taxpayer or by a person to whom the  
15 taxpayer is a successor, pursuant to Section 7-1-61 NMSA 1978.  
16 The time period between July 1, 2009 through June 30, 2011  
17 shall be excluded from a determination of consecutive calendar  
18 months;

19 (3) after which the qualified research and  
20 development small business employs more than twenty-five  
21 employees on a full-time-equivalent basis;

22 (4) in a fiscal year of the qualified research  
23 and development small business after the first fiscal year in  
24 which that business has total revenues in excess of five  
25 million dollars (\$5,000,000);

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1 (5) after the calendar month in which more  
2 than fifty percent of the qualified research and development  
3 small business' voting securities or other equity interests  
4 having the right to designate or elect the board of directors  
5 or other governing body of that business are owned directly or  
6 indirectly by another business;

7 (6) if the business was not a qualified  
8 research and development small business in the twelve-calendar-  
9 month period ending with that calendar month;

10 (7) during which the taxpayer is the  
11 beneficiary of an industrial revenue bond issued by a  
12 municipality or county; or

13 (8) during which the taxpayer sold any goods  
14 of which the taxpayer is not the manufacturer, unless the  
15 taxpayer has received an appropriate nontaxable transaction  
16 certificate for such sale or sales."

17 **SECTION 3. EFFECTIVE DATE.**--The effective date of the  
18 provisions of this act is July 1, 2011.

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