

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILLS 10 & 154

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

AN ACT

RELATING TO TAXATION; ENACTING NEW SECTIONS OF THE INCOME TAX
ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT; CREATING
THE VETERAN EMPLOYMENT TAX CREDIT.

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]~~ VETERAN EMPLOYMENT TAX CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who employs a qualified military veteran in New
Mexico is eligible for a credit against the taxpayer's tax
liability imposed pursuant to the Income Tax Act in an amount
up to one thousand dollars (\$1,000) of the gross wages paid to
each qualified military veteran by the taxpayer during the
taxable year for which the return is filed. A taxpayer who

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1 employs a qualified military veteran for less than the full
2 taxable year is eligible for a credit amount equal to one
3 thousand dollars (\$1,000) multiplied by the fraction of a full
4 year for which the qualified military veteran was employed.
5 The tax credit provided by this section may be referred to as
6 the "veteran employment tax credit".

7 B. The purpose of the veteran employment tax credit
8 is to encourage the full-time employment of qualified military
9 veterans within two years of discharge from the armed forces of
10 the United States.

11 C. A taxpayer may claim the veteran employment tax
12 credit provided in this section for each taxable year in which
13 the taxpayer employs one or more qualified military veterans;
14 provided that the taxpayer may not claim the veteran employment
15 tax credit for any individual qualified military veteran for
16 more than one calendar year from the date of hire.

17 D. That portion of a veteran employment tax credit
18 approved by the department that exceeds a taxpayer's income tax
19 liability in the taxable year in which the veteran employment
20 tax credit is claimed shall not be refunded to the taxpayer but
21 may be carried forward for up to three years. The veteran
22 employment tax credit shall not be transferred to another
23 taxpayer.

24 E. A husband and wife filing separate returns for a
25 taxable year for which they could have filed a joint return may

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1 each claim only one-half of the veteran employment tax credit
2 that would have been claimed on a joint return.

3 F. A taxpayer may be allocated the right to claim a
4 veteran employment tax credit in proportion to its ownership
5 interest if the taxpayer owns an interest in a business entity
6 that is taxed for federal income tax purposes as a partnership
7 and that business entity has met all of the requirements to be
8 eligible for the credit. The total credit claimed by all
9 members of the partnership or limited liability company shall
10 not exceed the allowable credit pursuant to Subsection A of
11 this section.

12 G. The taxpayer shall submit to the department with
13 respect to each employee for whom the veteran employment tax
14 credit is claimed information required by the department with
15 respect to the veteran's employment by the taxpayer during the
16 taxable year for which the veteran employment tax credit is
17 claimed, including information establishing that the employee
18 is a qualified military veteran that can be used to determine
19 that the employee was not also employed in the same taxable
20 year by another taxpayer claiming a veteran employment tax
21 credit for that employee pursuant to this section or the
22 Corporate Income and Franchise Tax Act.

23 H. The department shall adopt rules establishing
24 procedures to certify qualified military veterans for purposes
25 of obtaining a veteran employment tax credit. The rules shall

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1 ensure that not more than one veteran employment tax credit per
2 qualified military veteran shall be allowed in a taxable year
3 and that the credits allowed per qualified military veteran are
4 limited to a maximum of one year's employment.

5 I. As used in this section, "qualified military
6 veteran" means an individual who is hired within two years of
7 receipt of an honorable discharge from a branch of the United
8 States military, who works at least forty hours per week during
9 the taxable year for which the veteran employment tax credit is
10 claimed and who was not previously employed by the taxpayer
11 prior to the individual's deployment."

12 SECTION 2. A new section of the Corporate Income and
13 Franchise Tax Act is enacted to read:

14 "[NEW MATERIAL] VETERAN EMPLOYMENT TAX CREDIT.--

15 A. A taxpayer that employs a qualified military
16 veteran in New Mexico is eligible for a credit against the
17 taxpayer's tax liability imposed pursuant to the Corporate
18 Income and Franchise Tax Act in an amount up to one thousand
19 dollars (\$1,000) of the gross wages paid to each qualified
20 military veteran by the taxpayer during the taxable year for
21 which the return is filed. A taxpayer that employs a qualified
22 military veteran for less than the full taxable year is
23 eligible for a credit amount equal to one thousand dollars
24 (\$1,000) multiplied by the fraction of a full year for which
25 the qualified military veteran was employed. The tax credit

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1 provided by this section may be referred to as the "veteran
2 employment tax credit".

3 B. The purpose of the veteran employment tax credit
4 is to encourage the full-time employment of qualified military
5 veterans within two years of discharge from the armed forces of
6 the United States.

7 C. A taxpayer may claim the veteran employment tax
8 credit provided in this section for each taxable year in which
9 the taxpayer employs one or more qualified military veterans;
10 provided that the taxpayer may not claim the veteran employment
11 tax credit for any individual qualified military veteran for
12 more than one calendar year from the date of hire.

13 D. That portion of a veteran employment tax credit
14 approved by the department that exceeds a taxpayer's corporate
15 income tax liability in the taxable year in which the credit is
16 claimed shall not be refunded to the taxpayer but may be
17 carried forward for up to three years. The veteran employment
18 tax credit shall not be transferred to another taxpayer.

19 E. The taxpayer shall submit to the department with
20 respect to each employee for whom the veteran employment tax
21 credit is claimed information required by the department with
22 respect to the veteran's employment by the taxpayer during the
23 taxable year for which the veteran employment tax credit is
24 claimed, including information establishing that the employee
25 is a qualified military veteran that can be used to determine

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1 that the employee was not also employed in the same taxable
2 year by another taxpayer claiming a veteran employment tax
3 credit for that employee pursuant to this section or the Income
4 Tax Act.

5 F. The department shall adopt rules establishing
6 procedures to certify qualified military veterans for purposes
7 of obtaining a veteran employment tax credit. The rules shall
8 ensure that not more than one veteran employment tax credit per
9 qualified military veteran shall be allowed in a taxable year
10 and that the credits allowed per qualified military veteran are
11 limited to a maximum of one year's employment.

12 G. As used in this section, "qualified military
13 veteran" means an individual who is hired within two years of
14 receipt of an honorable discharge from a branch of the United
15 States military, who works at least forty hours per week during
16 the taxable year for which the veteran employment tax credit is
17 claimed and who was not previously employed by the taxpayer
18 prior to the individual's deployment."

19 **SECTION 3. APPLICABILITY.**--The provisions of this act
20 apply to taxable years beginning on or after January 1, 2012
21 and ending on or before January 1, 2017.