

1 SENATE BILL 31

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE TECHNOLOGY READINESS GROSS  
12 RECEIPTS TAX CREDIT.

13  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. A new section of the Gross Receipts and  
16 Compensating Tax Act is enacted to read:

17 "[NEW MATERIAL] TECHNOLOGY READINESS GROSS RECEIPTS TAX  
18 CREDIT.--

19 A. Prior to July 1, 2027, a taxpayer that is a  
20 national laboratory that provides technology readiness  
21 assistance to a business that is registered to do business in  
22 New Mexico and has licensed a technology from the national  
23 laboratory may apply to the department for a tax credit against  
24 the taxpayer's gross receipts tax liability imposed pursuant to  
25 the Gross Receipts and Compensating Tax Act, excluding any

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1 local option gross receipts tax liability. The tax credit  
2 provided by this section may be referred to as the "technology  
3 readiness gross receipts tax credit".

4 B. The purpose of the technology readiness gross  
5 receipts tax credit is to help promote technology maturation of  
6 technologies developed at New Mexico national laboratories and  
7 licensed to New Mexico companies in order to boost technology  
8 commercialization and increase economic development in the  
9 state.

10 C. A taxpayer may not claim both a technology  
11 readiness gross receipts tax credit and a credit pursuant to  
12 the Laboratory Partnership with Small Business Tax Credit Act  
13 for any assistance provided to the same business in the same  
14 taxable year.

15 D. Subject to the limitation pursuant to Subsection  
16 E of this section, the amount of a technology readiness gross  
17 receipts tax credit shall equal the amount of qualified  
18 expenditures incurred by a national laboratory to provide  
19 technology readiness assistance to a business, not to exceed  
20 two hundred fifty thousand dollars (\$250,000) for each licensed  
21 technology that reaches technology maturation.

22 E. The department shall allow up to a maximum  
23 annual amount of two million five hundred thousand dollars  
24 (\$2,500,000) of technology readiness gross receipts tax credits  
25 per national laboratory.

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1           F. To be eligible for a technology readiness gross  
2 receipts tax credit, a taxpayer shall apply for a certificate  
3 of eligibility from the economic development department on  
4 forms and in the manner required by that department. The  
5 application shall include the following:

6                   (1) certification from the business that  
7 received the technology readiness assistance that:

8                           (a) the assistance resulted in the  
9 technology maturation for the technology for which the business  
10 received the assistance; and

11                           (b) the assistance provided was not  
12 otherwise available to the business at a reasonable cost  
13 through private industry;

14                   (2) evidence that the business that received  
15 the technology readiness assistance is registered to do  
16 business in New Mexico;

17                   (3) evidence that the technology for which the  
18 technology readiness assistance was performed is a licensed  
19 technology from the national laboratory that provided the  
20 assistance;

21                   (4) evidence of technology maturation of the  
22 technology for which the business received technology readiness  
23 assistance; and

24                   (5) a joint operational plan, if required  
25 pursuant to Subsection H of this section.

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1           G. In addition to the requirements in Subsection F  
2 of this section, a national laboratory shall:

3                   (1) create forms for technology readiness  
4 assistance requests and completion of technology maturation in  
5 accordance with this section and other applicable state and  
6 federal laws;

7                   (2) establish a technology readiness  
8 assistance program that will assist businesses in bringing  
9 licensed technology to maturation;

10                   (3) establish a revolving fund with initial  
11 funding from a source other than tax credits, which shall be  
12 used to pay for technology readiness assistance, and shall be  
13 replenished with an amount equal to the technology readiness  
14 gross receipts tax credit taken pursuant to this section;

15                   (4) consult with the secretary of economic  
16 development to seek advice on improvements in the operation of  
17 its technology readiness assistance program; and

18                   (5) establish a methodology to utilize state  
19 educational institutions that have demonstrated the capability  
20 to provide technology readiness assistance.

21           H. If more than one national laboratory provides  
22 technology readiness assistance, the national laboratories  
23 shall not file to claim a technology readiness gross receipts  
24 tax credit until coordination is developed between the national  
25 laboratories providing the assistance that generates a joint

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1 operational plan to ensure that:

2 (1) the assistance provided by each national  
3 laboratory suits the business's needs and challenges; and

4 (2) the combined claims for a technology  
5 readiness gross receipts tax credit will not exceed the  
6 limitations provided in Subsections D and E of this section.

7 I. If the requirements of Subsections F and G of  
8 this section have been met, the economic development department  
9 shall issue a certificate of eligibility to the taxpayer.

10 J. To claim a technology readiness gross receipts  
11 tax credit, a taxpayer shall apply to the department on forms  
12 and in the manner prescribed by the department. The  
13 application shall include the certificate of eligibility issued  
14 pursuant to Subsection I of this section. That portion of a  
15 technology readiness gross receipts tax credit that exceeds a  
16 taxpayer's tax liability in the taxable month in which the  
17 credit is claimed may be carried forward to succeeding months.

18 K. Should the revolving fund required pursuant to  
19 Paragraph (3) of Subsection G of this section cease to be used  
20 for the purposes stated in that subsection, any amounts  
21 remaining in the revolving fund, excluding initial funding from  
22 non-tax credit sources, shall be paid to the department as  
23 gross receipts taxes due. Such payment of gross receipts taxes  
24 due shall be made in the second month following the month that  
25 a determination is made that the revolving fund has ceased to

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1 be used for the purposes stated in this section.

2 L. A national laboratory that claims a technology  
3 readiness gross receipts tax credit shall submit an annual  
4 report in writing to the department, the economic development  
5 department and an appropriate legislative interim committee.

6 If more than one national laboratory claims a technology  
7 readiness gross receipts tax credit, those laboratories shall  
8 jointly submit an annual report. The annual report shall  
9 summarize activities related to and the results of the  
10 technology readiness assistance programs created by the  
11 national laboratories and shall include:

12 (1) a summary of program results;

13 (2) a description of the projects that  
14 received technology readiness assistance;

15 (3) results of surveys of businesses to which  
16 technology readiness assistance is provided;

17 (4) the total amount of the technology  
18 readiness gross receipts tax credits claimed for the year; and

19 (5) an economic impact study.

20 M. At any time after receipt of an annual report  
21 required pursuant to this section, the department or the  
22 economic development department may provide written  
23 instructions to a national laboratory identifying future  
24 improvements in the national laboratory's technology readiness  
25 assistance program for which it receives a technology readiness

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1 gross receipts tax credit.

2 N. As used in this section:

3 (1) "national laboratory" means a prime  
4 contractor designated as a national laboratory by act of  
5 congress that is operating a facility in New Mexico;

6 (2) "qualified expenditure" means an  
7 expenditure by a national laboratory in providing technology  
8 readiness assistance and is limited to the following:

9 (a) employee salaries, wages, benefits  
10 and employer payroll taxes;

11 (b) administrative costs related  
12 directly to the provision of technology readiness assistance;

13 (c) in-state travel expenses, including  
14 per diem and mileage at the internal revenue service standard  
15 rate; and

16 (d) supplies and services of contractors  
17 that are related to the provision of technology readiness  
18 assistance;

19 (3) "state educational institution" means a  
20 state educational institution named in Article 12, Section 11  
21 of the constitution of New Mexico;

22 (4) "technology maturation" means technology  
23 that has been developed to a stage that results in a prototype  
24 or demonstration of the feasibility of real-world application  
25 of the technology; and

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1 (5) "technology readiness assistance" means  
2 assistance provided by a national laboratory to a business that  
3 results in technology maturation."

4 SECTION 2. APPLICABILITY.--The provisions of this act  
5 apply to taxpayers that provide technology readiness assistance  
6 on or after July 1, 2016.