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SENATE BILL 426

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

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. As used in this section:

(1) "federally guaranteed loan" means a loan
obtained by a small business or farm and guaranteed by the
federal small business administration, the United States
department of agriculture's farm service agency or rural

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1 development program or the federally chartered enchantment
2 land certified development corporation; and

3 (2) "small business or farm" means a
4 corporation, partnership, sole proprietorship, farm business
5 or other business in the state that qualifies for a federally
6 guaranteed loan.

7 B. A taxpayer who files an individual New Mexico
8 income tax return, who is not a dependent of another
9 individual and who is the primary obligor on a federally
10 guaranteed loan may claim a credit in an amount equal to the
11 guaranty fee paid on the federally guaranteed loan, not to
12 exceed four thousand dollars (\$4,000).

13 C. A taxpayer may claim the credit provided in
14 this section for the taxable year in which the guaranty fee on
15 a federally guaranteed loan was paid. The credit provided in
16 this section may only be deducted from the taxpayer's income
17 tax liability. Any portion of the maximum tax credit provided
18 by this section that remains unused at the end of the
19 taxpayer's taxable year may be carried forward for four
20 consecutive taxable years; provided that the total tax credits
21 claimed under this section shall not exceed the lower of the
22 amount of the guaranty fee paid on the federally guaranteed
23 loan or four thousand dollars (\$4,000).

24 D. A husband and wife who file separate returns
25 for a taxable year in which they could have filed a joint

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1 return may each claim only one-half of the credit provided in
2 this section that would have been allowed on a joint return."

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

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

7 A. As used in this section:

8 (1) "federally guaranteed loan" means a loan
9 obtained by a small business or farm and guaranteed by the
10 federal small business administration, the United States
11 department of agriculture's farm service agency or rural
12 development program or the federally chartered enchantment
13 land certified development corporation; and

14 (2) "small business or farm" means a
15 corporation, partnership, sole proprietorship, farm business
16 or other business in the state that qualifies for a federally
17 guaranteed loan.

18 B. A taxpayer who files a New Mexico corporate
19 income tax return and who is the primary obligor on a
20 federally guaranteed loan may claim a credit in an amount
21 equal to the guaranty fee paid on the federally guaranteed
22 loan, not to exceed four thousand dollars (\$4,000).

23 C. A taxpayer may claim the credit provided in
24 this section for the taxable year in which the guaranty fee on
25 a federally guaranteed loan was paid. The credit provided in

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

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