

HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR
HOUSE BILL 24

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO TAXATION; PROVIDING FOR A CREDIT OF GROSS RECEIPTS
TAX DUE EQUAL TO FIFTY PERCENT OF DISTRIBUTIONS MADE TO FUNDING
TECHNOLOGY COMMERCIALIZATION AND SCIENTIFIC RESEARCH.

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

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

"~~[NEW MATERIAL]~~ CREDIT--GROSS RECEIPTS TAX--TECHNOLOGY
TRANSFER AND COMMERCIALIZATION AND SCIENTIFIC RESEARCH
FUNDING.--

A. A taxpayer may claim a credit against gross
receipts tax due in an amount equal to fifty percent of a
distribution made to:

(1) a New Mexico four-year public
post-secondary educational institution or a designated

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underscored material = new
[bracketed material] = delete

1 nonprofit entity of a New Mexico four-year public
2 post-secondary educational institution specifically for
3 technology transfer and commercialization or collaborative
4 scientific research purposes; or

5 (2) an eligible endowment fund or an
6 organization that promotes the commercialization of licensed
7 technology conceived in a:

8 (a) New Mexico four-year public
9 post-secondary educational institution; or

10 (b) federal scientific and engineering
11 laboratory or test facility located in New Mexico.

12 B. A taxpayer eligible for the tax credit pursuant
13 to this section may claim the amount of each tax credit by
14 crediting that amount against gross receipts taxes otherwise
15 due pursuant to the Gross Receipts and Compensating Tax Act.
16 The total amount of the tax credit shall be divided by twelve
17 and taken on each monthly gross receipts tax return filed by
18 the taxpayer against gross receipts taxes due the state for
19 twelve consecutive months after the date of contribution. In
20 no event shall the tax credits taken by an individual taxpayer
21 exceed five hundred thousand dollars (\$500,000) in a given
22 calendar year. The department may allow a maximum annual
23 aggregate of two million dollars (\$2,000,000) in tax credits
24 provided pursuant to this section. Claims for the tax credit
25 shall be considered in the order received by the department. A

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1 taxpayer who submits a claim for a tax credit and who is unable
2 to receive the tax credit because the claims exceed the annual
3 aggregate limitation in this subsection shall be placed for the
4 subsequent year ahead of the other taxpayers submitting claims
5 in the subsequent year in the order of the date on which the
6 department received the claim.

7 C. An entity that receives a distribution from a
8 taxpayer who claims a credit pursuant to this section shall
9 certify to the department the use of money, the amount of
10 distribution to the entity and the taxpayer who made the
11 contribution. The department shall administer the credit
12 provided pursuant to this section.

13 D. The purpose of the tax credit provided by this
14 section is to provide an incentive for the technology transfer
15 and commercialization industry to locate and expand in New
16 Mexico.

17 E. On an annual basis starting in fiscal year 2018,
18 a New Mexico four-year public post-secondary educational
19 institution or an entity that receives a distribution from a
20 taxpayer who claims a credit pursuant to this section shall
21 report to the legislative finance committee, which shall
22 evaluate, and report to the appropriate legislative interim
23 committee on, the uses of and expenditures of the distribution
24 received, including:

25 (1) the number of faculty recruited and

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1 retained;

2 (2) a description of any collaboration among
3 the universities and between the universities funded by the
4 taxpayer distribution and other institutions, agencies,
5 entities or persons;

6 (3) a description of current and projected
7 technology research, development and commercialization and
8 patent applications and their economic impact;

9 (4) an analysis of current and projected job
10 creation and industry incubation and growth; and

11 (5) any other information that the legislative
12 finance committee deems appropriate or as requested by the
13 appropriate legislative interim committee.

14 F. As used in this section:

15 (1) "eligible endowment fund" means an
16 endowment fund of a New Mexico four-year public post-secondary
17 educational institution for which money in the fund is
18 primarily used to:

19 (a) develop and maintain collaboration
20 agreements with universities or federal laboratories or
21 research, development, testing and evaluating facilities to
22 facilitate the transfer and commercialization of technology
23 licensed or conceived in a New Mexico four-year public
24 post-secondary educational institution or federal scientific
25 and engineering laboratory or test facility located in New

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1 Mexico;

2 (b) promote and market federal and state
3 technology transfer and commercialization programs;

4 (c) advise, assist, promote and develop
5 business relating to technology commercialization or
6 technology-based new business; or

7 (d) develop early market demand that
8 will advance the commercialization and widespread application
9 of technology licensed or conceived in a New Mexico four-year
10 public post-secondary educational institution or federal
11 scientific and engineering laboratory or test facility located
12 in New Mexico;

13 (2) "scientific research" means the
14 application of the scientific method to:

15 (a) examine questions posed by theories
16 and hypotheses that enable scientists to carry out a thorough
17 study and create an understanding of the world and nature as it
18 truly is;

19 (b) investigate relationships among
20 natural phenomena; or

21 (c) solve a technical problem as the
22 basis for the research portion of research and development; and

23 (3) "technology transfer and
24 commercialization" means a wide variety of procedures,
25 mechanisms or processes by which technology or knowledge

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1 developed in one place or for one purpose is applied and used
2 in another for commercial use typically resulting in license
3 agreements, spinouts, startups, new products and services or
4 manufacturing improvements and enhanced economic development,
5 jobs creation or economic competitiveness."

6 SECTION 2. APPLICABILITY.--The provisions of this act
7 apply to distributions made on or after July 1, 2013 and apply
8 to gross receipts tax returns filed on or after August 1, 2013.

9 SECTION 3. EFFECTIVE DATE.--The effective date of the
10 provisions of this act is July 1, 2013.