

1 SENATE BILL 426

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

4 Linda M. Lopez

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9  
10 AN ACT

11 RELATING TO TAXATION; AMENDING THE INVESTMENT CREDIT ACT TO  
12 ENABLE GREATER PARTICIPATION IN THAT CREDIT; CLARIFYING  
13 PROVISIONS OF THE INVESTMENT CREDIT ACT.

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

16 SECTION 1. Section 7-9A-2 NMSA 1978 (being Laws 1979,  
17 Chapter 347, Section 2, as amended) is amended to read:

18 "7-9A-2. PURPOSE OF ACT.--~~[It is the purpose]~~ The  
19 purposes of the Investment Credit Act are:

20 A. to provide a favorable tax climate for  
21 manufacturing businesses; and

22 B. to promote increased employment or wages in New  
23 Mexico."

24 SECTION 2. Section 7-9A-4 NMSA 1978 (being Laws 1979,  
25 Chapter 347, Section 4, as amended by Laws 1991, Chapter 159,

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1 Section 3 and also by Laws 1991, Chapter 162, Section 3) is  
2 amended to read:

3 "7-9A-4. ADMINISTRATION OF THE ACT.--The department is  
4 charged with the administration of the Investment Credit Act  
5 pursuant to the provisions of the Tax Administration Act."

6 SECTION 3. Section 7-9A-5 NMSA 1978 (being Laws 1979,  
7 Chapter 347, Section 5, as amended by Laws 1991, Chapter 159,  
8 Section 4 and also by Laws 1991, Chapter 162, Section 4) is  
9 amended to read:

10 "7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT.--The  
11 investment credit provided for in the Investment Credit Act is  
12 an amount equal to the percent of the compensating tax rate  
13 provided for in the Gross Receipts and Compensating Tax Act  
14 applied to the value of the qualified equipment and may be  
15 claimed by the taxpayer [~~carrying on~~] engaged in a  
16 manufacturing operation in New Mexico."

17 SECTION 4. Section 7-9A-7.1 NMSA 1978 (being Laws 1983,  
18 Chapter 206, Section 6, as amended) is amended to read:

19 "7-9A-7.1. EMPLOYMENT REQUIREMENTS.--

20 A. Prior to July 1, 2020, to be eligible to claim a  
21 credit pursuant to the Investment Credit Act, the taxpayer  
22 shall:

23 (1) employ the equivalent of one full-time  
24 employee who has not been counted to meet this employment  
25 requirement for any prior claim in addition to the number of

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1 full-time employees employed on the day one year prior to the  
2 day on which the taxpayer applies for the credit for every:

3 [~~(1)~~] (a) five hundred thousand dollars  
4 (\$500,000), or portion of that amount, in value of qualified  
5 equipment claimed by the taxpayer in a taxable year in the same  
6 claim, up to a value of thirty million dollars (\$30,000,000);  
7 [~~and~~] or

8 [~~(2)~~] (b) one million dollars  
9 (\$1,000,000), or portion of that amount, in value of qualified  
10 equipment over thirty million dollars (\$30,000,000) claimed by  
11 the taxpayer in a taxable year in the same claim; or

12 (2) increase the aggregate annual wages paid  
13 to all full-time employees in the taxable year by an amount  
14 equal to the average of the annual wages and benefits paid to  
15 all employees by the taxpayer in the year prior to the taxable  
16 year for every:

17 (a) five hundred thousand dollars  
18 (\$500,000), or portion of that amount, in value of qualified  
19 equipment claimed by the taxpayer in a taxable year in the same  
20 claim, up to a value of thirty million dollars (\$30,000,000);  
21 or

22 (b) one million dollars (\$1,000,000), or  
23 portion of that amount, in value of qualified equipment over  
24 thirty million dollars (\$30,000,000) claimed by the taxpayer in  
25 a taxable year in the same claim.

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1                   B. After June 30, 2020, for every one hundred  
2 thousand dollars (\$100,000) in value of qualified equipment  
3 claimed by a taxpayer in a taxable year, the taxpayer shall:

4                   (1) employ the equivalent of one full-time  
5 employee in addition to the number of full-time employees  
6 employed on the day one year prior to the day on which the  
7 taxpayer applies for credit; or

8                   (2) increase the aggregate annual wages paid  
9 to all full-time employees in the taxable year by at least an  
10 amount equal to the average of the annual wages and benefits  
11 paid to all employees by the taxpayer in the year prior to the  
12 taxable year.

13                   C. The department may require evidence showing  
14 compliance with this section. The department may find that an  
15 additional employee meets the requirements of this section,  
16 although employed earlier than one year prior to the day on  
17 which the taxpayer applies for the credit, if the employee was  
18 only being trained prior to that date or the employee's  
19 employment was necessitated by the use of the qualified  
20 equipment."

21                   SECTION 5. EFFECTIVE DATE.--The effective date of the  
22 provisions of this act is July 1, 2013.