

HOUSE BILL 145

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Javier Martínez

This document incorporates amendments that have been adopted during the current legislative session. The document is a tool to show the amendments in context and is not to be used for the purpose of amendments.

ENDORSED BY THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; CREATING THE MAIN STREET FIRE SUPPRESSION EQUIPMENT TAX CREDIT; CREATING THE MAIN STREET FIRE SUPPRESSION EQUIPMENT TAX CREDIT FUND; MAKING A DISTRIBUTION TO THE MAIN STREET FIRE SUPPRESSION EQUIPMENT TAX CREDIT FUND.

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

SECTION 1. A new section of Chapter 7, Article 9G NMSA 1978 is enacted to read:

"[NEW MATERIAL] MAIN STREET FIRE SUPPRESSION EQUIPMENT TAX CREDIT--MAIN STREET FIRE SUPPRESSION EQUIPMENT TAX CREDIT

.215941.2SAAIC January 29, 2020 (9:49am)

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FUND.--

A. A taxpayer that purchases and installs qualified fire suppression equipment on or after July 1, 2020 for a qualified main street business may apply for, and the taxation and revenue department may allow, a tax credit against the taxpayer's modified combined tax liability; provided that the installation of the qualified fire suppression equipment is certified by the state fire marshal. The tax credit provided by this section may be referred to as the "main street fire suppression equipment tax credit".

B. The "main street fire suppression equipment tax credit fund" is created as a nonreverting fund in the state treasury. Money in the fund consists of distributions, appropriations, gifts, grants, donations and income from investment of the fund. The taxation and revenue department shall administer the fund, and money in the fund shall be used to offset main street fire suppression equipment tax credits; provided that money in the fund is subject to appropriation by the legislature for any purpose. Main street fire suppression equipment tax credits shall not be credited against any other fund. If the taxation and revenue department approves HCEDC→a claim for←HCEDC a main street fire suppression equipment tax credit, the amount of the credit shall be transferred from the fund to the general fund. Disbursements from the main street fire suppression equipment tax credit fund shall be made upon

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warrants drawn by the secretary of finance and administration pursuant to vouchers signed by the secretary of taxation and revenue.

C. Subject to the availability of funds in the main street fire suppression equipment tax credit fund, the amount of a main street fire suppression equipment tax credit shall equal fifty percent of the amount of the cost to purchase and install qualified fire suppression equipment, not to exceed fifty thousand dollars (\$50,000) per qualified main street business.

D. A taxpayer may HCEDC→~~claim a main street fire suppression equipment tax~~←HCEDC HCEDC→apply to the department for approval of a main street fire suppression equipment tax credit. If the credit is approved and the main street fire suppression equipment tax credit fund contains funds, the taxpayer may claim the approved←HCEDC credit for the taxable period in which the installation of qualified fire suppression equipment is HCEDC→~~completed~~←HCEDC HCEDC→certified by the state fire marshal←HCEDC. That portion of a main street fire suppression equipment tax credit that exceeds a taxpayer's modified combined tax liability in the taxable period in which the credit is claimed may be carried forward to succeeding taxable periods for five consecutive years.

E. To receive a main street fire suppression equipment tax credit, a taxpayer shall apply to the taxation

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and revenue department on forms and in the manner required by that department. The application shall include the certification from the economic development department that the business is a qualified main street business, an itemization of the qualified fire suppression equipment and certification from the state fire marshal of the installation of the qualified fire suppression equipment.

F. Prior to applying for a main street fire suppression equipment tax credit, a taxpayer shall apply to the economic development department for certification as a qualified main street business.

G. A taxpayer shall not claim a main street fire suppression equipment tax credit for costs for which the qualified main street business received funds from any governmental source.

H. A taxpayer allowed a tax credit pursuant to this section shall report the amount of the credit to the taxation and revenue department in a manner required by the department.

I. The taxation and revenue department shall compile an annual report on the main street fire suppression equipment tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the cost of the credit. The department shall present the annual report to the revenue stabilization and tax

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policy committee and the legislative finance committee with an analysis of the cost of the tax credit.

J. As used in this section:

(1) "modified combined tax liability" means the total liability for the reporting period for the gross receipts tax imposed by Section 7-9-4 NMSA 1978 together with any tax collected at the same time and in the same manner as the gross receipts tax, such as the compensating tax, the withholding tax, the interstate telecommunications gross receipts tax, the surcharges imposed by Section 63-9D-5 NMSA 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978, minus the amount of any credit other than the main street fire suppression equipment tax credit applied against any or all of these taxes or surcharges; but "modified combined tax liability" excludes all amounts collected with respect to local option gross receipts and compensating taxes;

(2) "qualified fire suppression equipment" means equipment necessary to install a fire suppression system certified by the state fire marshal, as determined by the taxation and revenue department by rule; and

(3) "qualified main street business" means a business located in HCEDC → a metropolitan redevelopment area, as designated pursuant to the Metropolitan Redevelopment Code, of ← HCEDC a class B county and within the designated boundaries of:

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(a) a main street program pursuant to the Main Street Act; or

(b) an arts and cultural district pursuant to the Arts and Cultural District Act."

SECTION 2. TEMPORARY PROVISION--DISTRIBUTION TO MAIN STREET FIRE SUPPRESSION EQUIPMENT TAX CREDIT FUND.--Prior to July 1, 2020, a one-time distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the main street fire suppression equipment tax credit fund in an amount equal to one million dollars (\$1,000,000) of the net receipts attributable to the gross receipts tax.

SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of Section 1 of this act is July 1, 2020.

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