

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR  
2 SENATE BILL 184

3 **54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020**

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10 AN ACT

11 RELATING TO TAXATION; EXTENDING THE DATE OF A TAX CREDIT  
12 PROVIDED IN THE INVESTMENT CREDIT ACT; PROVIDING A TERMINATION  
13 DATE FOR THE CREDIT; INCLUDING A CALCULATION FOR THE CREDIT IF  
14 THE SALE OF QUALIFIED EQUIPMENT FOR WHICH THE CREDIT IS ALLOWED  
15 IS SUBJECT TO THE GROSS RECEIPTS TAX; INCLUDING A CALCULATION  
16 FOR THE CREDIT IF THE QUALIFIED EQUIPMENT IS NOT SUBJECT TO THE  
17 GROSS RECEIPTS TAX OR THE COMPENSATING TAX.

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

20 SECTION 1. Section 7-9A-5 NMSA 1978 (being Laws 1979,  
21 Chapter 347, Section 5, as amended by Laws 1991, Chapter 159,  
22 Section 4 and also by Laws 1991, Chapter 162, Section 4) is  
23 amended to read:

24 "7-9A-5. INVESTMENT CREDIT--AMOUNT--CLAIMANT.--

25 A. The investment credit provided for in the

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underscored material = new  
[bracketed material] = delete

1 Investment Credit Act ~~[is an]~~ may be claimed by a taxpayer  
2 carrying on a manufacturing operation in New Mexico in an  
3 amount equal to ~~[the percent of]~~:

4 (1) the product of the sum of the compensating  
5 tax rate ~~[provided for in the Gross Receipts and Compensating~~  
6 ~~Tax Act applied to]~~ and, beginning July 1, 2021, any municipal  
7 or county compensating tax rate multiplied by the value of the  
8 qualified equipment ~~[and may be claimed by the taxpayer~~  
9 ~~carrying on a manufacturing operation in New Mexico]~~; or

10 (2) if the sale is subject to the gross  
11 receipts tax, the product of the sum of the gross receipts tax  
12 rate and, beginning July 1, 2021, any municipal or county local  
13 option gross receipts tax rates multiplied by the seller's  
14 gross receipts from the sale of the qualified equipment.

15 B. If the purchase or the introduction into New  
16 Mexico of the qualified equipment is not subject to the gross  
17 receipts tax or compensating tax, the rate to determine the  
18 amount of the credit shall be equal to a rate of five and one-  
19 eighth percent."

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

22 "7-9A-7. VALUE OF QUALIFIED EQUIPMENT.--~~[A.]~~ Prior to  
23 July 1, ~~[2020]~~ 2030, the value of qualified equipment shall be  
24 the adjusted basis established for the equipment under the  
25 applicable provisions of the Internal Revenue Code of 1986.

1           ~~[B. After June 30, 2020, the value of qualified~~  
 2 ~~equipment shall be the purchase price of the equipment unless~~  
 3 ~~the equipment is introduced into New Mexico and has been owned~~  
 4 ~~for more than one year prior to its introduction into New~~  
 5 ~~Mexico by the taxpayer applying for the credit, in which case~~  
 6 ~~the value shall be the reasonable value of the equipment at the~~  
 7 ~~time of its introduction into New Mexico; provided that no~~  
 8 ~~taxpayer shall for any taxable year claim a value of qualified~~  
 9 ~~equipment greater than two million dollars (\$2,000,000).]~~"

10           SECTION 3. Section 7-9A-7.1 NMSA 1978 (being Laws 1983,  
 11 Chapter 206, Section 6, as amended) is amended to read:

12           "7-9A-7.1. EMPLOYMENT REQUIREMENTS.--

13           A. Prior to July 1, ~~[2020]~~ 2030, to be eligible to  
 14 claim a credit pursuant to the Investment Credit Act, the  
 15 taxpayer shall employ the equivalent of one full-time employee  
 16 who has not been counted to meet this employment requirement  
 17 for any prior claim in addition to the number of full-time  
 18 employees employed on the day one year prior to the day on  
 19 which the taxpayer applies for the credit for every:

20                       (1) ~~[five hundred thousand dollars (\$500,000)]~~  
 21 seven hundred fifty thousand dollars (\$750,000), or portion of  
 22 that amount, in value of qualified equipment claimed by the  
 23 taxpayer in a taxable year in the same claim, up to a value of  
 24 thirty million dollars (\$30,000,000); and

25                       (2) one million dollars (\$1,000,000), or

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1 portion of that amount, in value of qualified equipment over  
2 thirty million dollars (\$30,000,000) claimed by the taxpayer in  
3 a taxable year in the same claim.

4 ~~[B. After June 30, 2020, for every one hundred~~  
5 ~~thousand dollars (\$100,000) in value of qualified equipment~~  
6 ~~claimed by a taxpayer in a taxable year, the taxpayer shall~~  
7 ~~employ the equivalent of one full-time employee in addition to~~  
8 ~~the number of full-time employees employed on the day one year~~  
9 ~~prior to the day on which the taxpayer applies for credit.~~

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

18 **SECTION 4. APPLICABILITY.**--The provisions of Section 3 of  
19 this act apply to qualified equipment purchased or introduced  
20 to the state on and after July 1, 2020.

21 **SECTION 5. EFFECTIVE DATE.**--The effective date of the  
22 provisions of this act is July 1, 2020.