

HOUSE BILL 326

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO TAXATION; CREATING THE SMALL BUSINESS DISASTER
RELIEF INCOME TAX CREDIT.

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] SMALL BUSINESS DISASTER RELIEF INCOME TAX
CREDIT.--

A. A taxpayer who is not a dependent of another

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individual and who is the owner of a small business located in an area declared as a disaster area by the governor may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act as provided in this section. The credit provided by this section may be referred to as the "small business disaster relief income tax credit".

B. The amount of credit shall be in an amount equal to five thousand dollars (\$5,000).

C. To be eligible for the credit, the taxpayer shall be an owner of a business that:

(1) is located in an area HRDLC→~~declared by the governor as a disaster~~←HRDLC HRDLC→for which a governor's state of emergency proclamation has been issued in response to a disaster or emergency event←HRDLC in the taxable year for which the credit is claimed; HRDLC→provided that the area for which the proclamation is issued shall not encompass all of New Mexico;←HRDLC

(2) has been in operation for at least two consecutive taxable years, including the taxable year for which the credit is claimed;

(3) can demonstrate that HRDLC→, in the taxable year for which the credit is claimed,←HRDLC it has sustained a thirty percent decline in gross revenue due to the disaster HRDLC→as compared to the previous taxable year←HRDLC ; and

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(4) had an annual gross revenue of less than two million dollars (\$2,000,000) in the taxable year for which the credit is claimed.

D. A taxpayer shall apply for certification of eligibility for the tax credit from the economic development department on forms and in the manner prescribed by that department. Except as provided in Subsections F and G of this section, only one tax credit shall be certified per taxpayer per taxable year. If the economic development department determines that the taxpayer meets the requirements of this section, that department shall issue a dated certificate of eligibility to the taxpayer providing the amount of tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed. The economic development department shall provide the department with the certificates of eligibility issued pursuant to this subsection in an electronic format at regularly agreed upon intervals.

E. A taxpayer allowed to claim the credit shall claim the credit in a manner required by the department. The credit shall be claimed within one year of receiving certification from the economic development department. The taxpayer shall claim the amount certified and approved against the taxpayer's income tax liability. Any amount of credit that exceeds the taxpayer's income tax liability shall be refunded to the taxpayer.

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F. Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the credit that would have been claimed on a joint return.

G. A taxpayer may be allocated the right to claim the credit in a proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit pursuant to this section.

H. The credit provided by this section shall be included in the tax expenditure budget pursuant to Section 7-1-84 NMSA 1978, including the annual aggregate cost of the credit."

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2025.