

FORTY-FOURTH LEGISLATURE
SECOND SESSION, 2000

February 11, 2000

Mr. Speaker:

Your **TAXATION AND REVENUE COMMITTEE**, to whom has been referred

HOUSE BILL 262

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 1, between lines 24 and 25, insert the following new subsection:

"A. "affiliate" means a person who directly or indirectly owns or controls, is owned or controlled by or is under common ownership or control with another person through ownership of voting securities or other ownership interests representing a majority of the total voting power of the entity;"

2. Reletter the succeeding subsections accordingly.

3. On page 2, line 22, after the second occurrence of "expenditure" insert "or an allocated portion of an expenditure".

4. On page 3, line 3, strike ", subcontractors located" and insert in lieu thereof "and contractors performing work".

5. On page 3, line 7, strike "or" and insert in lieu thereof a comma.

6. On page 3, line 9, strike the semicolon and insert in lieu thereof ", property that was owned by the taxpayer or an affiliate before the effective date of the Technology Jobs Tax Credit Act or research and development expenditures reimbursed by a person who is not an affiliate of the taxpayer. If an expenditure is an allocation of an expenditure, the cost accounting methodology used for the allocation of the expenditure shall be the same cost accounting methodology used by the taxpayer in its other business activities;"

FORTY-FOURTH LEGISLATURE
SECOND SESSION, 2000

HTRC/HB 262

Page 2

7. On page 4, line 8, after "means" insert "any of the following persons, other than a federal, state or other governmental unit or subdivision or an agency, department, institution or instrumentality thereof".

8. On page 6, line 2, strike "fifty thousand dollars (\$50,000)" and insert in lieu thereof "seventy-five thousand dollars (\$75,000)".

9. On page 6, lines 7 and 8, strike "fifty thousand dollars (\$50,000)" and insert in lieu thereof "seventy-five thousand dollars (\$75,000)".

10. On page 6, line 14, strike the semicolon and the remainder of the line and strike all of lines 15 through 19 and insert in lieu thereof a period.

11. On page 8, between lines 16 and 17, insert the following new sections:

"Section 11. RECAPTURE.--If the taxpayer or a successor in business of the taxpayer ceases operations for at least one hundred eighty consecutive days within a two-year period after the taxpayer has claimed a basic credit or an additional credit at a facility with respect to which the taxpayer has claimed the basic credit or the additional credit, the department shall grant no further basic credit or additional credit to the taxpayer with respect to that facility. In addition, any amount of approved basic credit not claimed against the taxpayer's gross receipts tax, compensating tax or withholding tax and any amount of approved additional credit not claimed against the taxpayer's income tax or corporate income tax shall be extinguished, and within thirty days after the one hundred eightieth day of the cessation of operations, the taxpayer shall pay the amount of any gross receipts tax, compensating tax or withholding tax for which an approved basic credit was taken and any income tax or corporate income tax against which an approved additional credit was taken. For purposes of this section, a taxpayer shall not be deemed to have ceased operations during reasonable periods for maintenance or retooling or for the repair or replacement of facilities damaged or destroyed or during the continuance of labor disputes.

FORTY-FOURTH LEGISLATURE
SECOND SESSION, 2000

HTRC/HB 262

Page 3

Section 12. DEPARTMENT REPORT.-- In October 2003 and each year thereafter, the department shall report to the legislative finance committee and the revenue stabilization and tax policy committee on the fiscal and economic impacts of the Technology Jobs Tax Credit Act using the most recently available data for the two prior fiscal years. The report shall include the number of taxpayers who have received basic credits or additional credits under the Technology Jobs Tax Credit Act, the amounts of the basic credits and additional credits, the geographic locations of the qualified facilities and the payroll increases of taxpayers related to additional credits, subject to the confidentiality provisions of Section 7-1-8 NMSA 1978."

12. Renumber the succeeding section accordingly.

Respectfully submitted,

Jerry W. Sandel, Chairman

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

Date _____

The roll call vote was 14 For 0 Against
Yes: 14
Excused: Hanosh
Absent: None

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