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SENATE BILL 25

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

Roman M. Maes III

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND
TELECOMMUNICATIONS COMMITTEE

AN ACT

RELATING TO TAXATION; ENACTING THE LABORATORY PARTNERSHIP
WITH SMALL BUSINESS TAX CREDIT ACT FOR CERTAIN TECHNICAL
ASSISTANCE PROVIDED TO NEW MEXICO SMALL BUSINESSES.

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

Section 1. SHORT TITLE.--This act may be cited as the
"Laboratory Partnership with Small Business Tax Credit Act".

Section 2. PURPOSE OF ACT.--It is the purpose of the
Laboratory Partnership with Small Business Tax Credit Act to
bring the technology and expertise of the national
laboratories to small businesses in New Mexico to promote
economic development in the state, with an emphasis on rural
areas.

Section 3. DEFINITIONS.--As used in the Laboratory
Partnership With Small Business Tax Credit Act:

A. "department" means the taxation and revenue

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1 department, the secretary of taxation and revenue or any
2 employee of the department exercising authority lawfully
3 delegated to that employee by the secretary;

4 B. "national laboratory" means a prime contractor
5 designated as a national laboratory by act of congress that
6 is operating a facility in New Mexico;

7 C. "qualified expenditure" means an expenditure by
8 a national laboratory in providing small business assistance,
9 including direct costs, overhead allocation, supplies and
10 other costs directly related to the provision of the
11 assistance;

12 D. "rural area" means any area of the state other
13 than a class A county, a class B county that has a net
14 taxable value for rate-setting purposes for any property tax
15 year of more than three billion dollars (\$3,000,000,000) and
16 the municipality of Rio Rancho and the area within five miles
17 of the exterior boundaries of Rio Rancho;

18 E. "small business" means a business in New Mexico
19 that conforms to the definition of small business found in
20 the federal Small Business Act (Public Law 85-536), as
21 amended; and

22 F. "small business assistance" means assistance
23 rendered by a national laboratory related to the transfer of
24 technology, including software and manufacturing, mining, oil
25 and gas, environmental, agricultural, information and solar
and other alternative energy source technologies. "Small
business assistance" also includes nontechnical assistance

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1 related to expanding the New Mexico base of suppliers,
2 including training and mentoring individual small businesses;
3 assistance in developing business systems to meet audit,
4 reporting and quality assistance requirements; and other
5 supplier development initiatives for individual small
6 businesses.

7 Section 4. ADMINISTRATION OF ACT.--The department shall
8 administer the Laboratory Partnership with Small Business Tax
9 Credit Act pursuant to the Tax Administration Act.

10 Section 5. ELIGIBILITY REQUIREMENTS.--A national
11 laboratory is eligible for a tax credit in an amount equal to
12 qualified expenditures if:

- 13 A. the small business assistance is rendered to a
14 small business located in New Mexico;
- 15 B. the small business assistance is completed; and
- 16 C. the small business certifies to the national
17 laboratory that the small business assistance provided is not
18 otherwise available to the small business at a reasonable
19 cost through private industry.

20 Section 6. ADMINISTRATION BY THE NATIONAL LABORATORY.--
21 To qualify for tax credits pursuant to the Laboratory
22 Partnership with Small Business Tax Credit Act, a national
23 laboratory shall:

- 24 A. establish a small business assistance program;
- 25 B. establish a revolving fund with initial funding
from a source other than tax credits. Money from the
revolving fund shall be used to pay for qualified

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1 expenditures, and the fund shall be replenished with an
2 amount equal to the tax credits taken pursuant to the
3 Laboratory Partnership with Small Business Tax Credit Act;
4 and

5 C. consult with the secretary of economic
6 development to seek advice on improvements in the operation
7 of the small business assistance program.

8 Section 7. TAX CREDITS--AMOUNTS.--Each tax credit
9 provided for pursuant to the Laboratory Partnership with
10 Small Business Tax Credit Act shall be an amount equal to the
11 qualified expenditure incurred by the national laboratory,
12 not to exceed five thousand dollars (\$5,000) for each small
13 business for which small business assistance is rendered in a
14 calendar year or ten thousand dollars (\$10,000) if the small
15 business assistance was provided to a small business located
16 in a rural area.

17 Section 8. CLAIMING THE TAX CREDIT--LIMITATION.--A
18 national laboratory eligible for the tax credit pursuant to
19 the Laboratory Partnership with Small Business Tax Credit Act
20 may claim the amount of each tax credit by crediting that
21 amount against gross receipts taxes otherwise due pursuant to
22 the Gross Receipts and Compensating Tax Act. The tax credit
23 shall be taken on each monthly gross receipts tax return
24 filed by the laboratory against gross receipts taxes due the
25 state and shall not impact any local government tax
distribution. In no event shall the tax credits taken exceed
four million dollars (\$4,000,000) in a given calendar year.

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Section 9. TERMINATION OF THE REVOLVING FUND.--Should the revolving fund established pursuant to Section 6 of the Laboratory Partnership with Small Business Tax Credit Act cease to be used for the purposes stated in that act, any amounts remaining in the revolving fund, excluding initial funding from nontax credit sources, shall be paid over to the department as additional gross receipts taxes due. Such payment of additional gross receipts taxes due shall be made in the second month following the month a determination is made that the revolving fund ceases to be used for the purposes stated in that act.

Section 10. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2000.