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SENATE BILL 46

44TH LEGISLATURE - STATE OF NEW MEXICO - 2ND SPECIAL SESSION, 2000

INTRODUCED BY

Roman M. Maes III

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. "contractor" means an entity that has the
capability to provide small business assistance, may enter

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1 into a contract with a national laboratory to provide small
2 business assistance, and is:

3 (1) an individual, estate, trust, receiver,
4 cooperative association, club, corporation, company, firm,
5 partnership, limited liability company, limited liability
6 partnership, joint venture, syndicate or other entity,
7 including any gas, water or electric utility owned or
8 operated by a county, municipality or other political
9 subdivision of the state; or

10 (2) any national, federal, state, Indian or
11 other governmental unit or subdivision, or any agency,
12 department or instrumentality of any of the foregoing;

13 B. "department" means the taxation and revenue
14 department, the secretary of taxation and revenue or any
15 employee of the department exercising authority lawfully
16 delegated to that employee by the secretary;

17 C. "national laboratory" means a prime contractor
18 designated as a national laboratory by act of congress that
19 is operating a facility in New Mexico;

20 D. "qualified expenditure" means an expenditure by
21 a national laboratory in providing small business assistance,
22 limited to the following expenditures incurred in providing
23 the assistance:

- 24 (1) employee salaries and wages;
25 (2) fringe benefits, employer payroll taxes
and other administrative costs related directly to the
provision of small business assistance, the total of which is
limited to forty-nine percent of employee salaries and wages;

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1 (3) in-state travel expenses, including per
2 diem and mileage at the internal revenue service standard
3 rates; and

4 (4) supplies and services of contractors
5 related to the provision of small business assistance;

6 E. "rural area" means any area of the state other
7 than a class A county that has a net taxable value for
8 rate-setting purposes for any property tax year of more than
9 seven billion dollars (\$7,000,000,000);

10 F. "small business" means a business in New Mexico
11 that conforms to the definition of small business found in
12 the federal Small Business Act (Public Law 85-536), as
13 amended; and

14 G. "small business assistance" means assistance
15 rendered by a national laboratory related to the transfer of
16 technology, including software and manufacturing, mining, oil
17 and gas, environmental, agricultural, information and solar
18 and other alternative energy source technologies. "Small
19 business assistance" also includes nontechnical assistance
20 related to expanding the New Mexico base of suppliers,
21 including training and mentoring individual small businesses;
22 assistance in developing business systems to meet audit,
23 reporting and quality assistance requirements; and other
24 supplier development initiatives for individual small
25 businesses.

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

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

4 A. the small business assistance is rendered to a
5 small business located in New Mexico;

6 B. the small business assistance is completed; and

7 C. the small business certifies to the national
8 laboratory that the small business assistance provided is not
9 otherwise available to the small business at a reasonable
10 cost through private industry.

11 Section 6. ADMINISTRATION BY THE NATIONAL LABORATORY.--
12 To qualify for tax credits pursuant to the Laboratory
13 Partnership with Small Business Tax Credit Act, a national
14 laboratory shall:

15 A. establish a small business assistance program;

16 B. establish a revolving fund with initial funding
17 from a source other than tax credits. Money from the
18 revolving fund shall be used to pay for qualified
19 expenditures, and the fund shall be replenished with an
20 amount equal to the tax credits taken pursuant to the
21 Laboratory Partnership with Small Business Tax Credit Act;

22 C. consult with the secretary of economic
23 development to seek advice on improvements in the operation
24 of the small business assistance program; and

25 D. establish a methodology to utilize contractors
who have demonstrated the capability to provide small
business assistance.

 Section 7. TAX CREDITS--AMOUNTS.--Each tax credit

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1 provided for pursuant to the Laboratory Partnership with
2 Small Business Tax Credit Act shall be an amount equal to the
3 qualified expenditure incurred by the national laboratory,
4 not to exceed five thousand dollars (\$5,000) for each small
5 business for which small business assistance is rendered in a
6 calendar year or ten thousand dollars (\$10,000) if the small
7 business assistance was provided to a small business located
8 in a rural area.

9 Section 8. CLAIMING THE TAX CREDIT--LIMITATION.--A
10 national laboratory eligible for the tax credit pursuant to
11 the Laboratory Partnership with Small Business Tax Credit Act
12 may claim the amount of each tax credit by crediting that
13 amount against gross receipts taxes otherwise due pursuant to
14 the Gross Receipts and Compensating Tax Act. The tax credit
15 shall be taken on each monthly gross receipts tax return
16 filed by the laboratory against gross receipts taxes due the
17 state and shall not impact any local government tax
18 distribution. In no event shall the tax credits taken exceed
19 one million eight hundred thousand dollars (\$1,800,000) in a
20 given calendar year.

21 Section 9. TERMINATION OF THE REVOLVING FUND.--Should
22 the revolving fund established pursuant to Section 6 of the
23 Laboratory Partnership with Small Business Tax Credit Act
24 cease to be used for the purposes stated in that act, any
25 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

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1 in the second month following the month a determination is
2 made that the revolving fund ceases to be used for the
3 purposes stated in that act.

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