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HOUSE BILL 67

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Ted Hobbs

AN ACT

RELATING TO TAXATION; CHANGING THE JOB MENTORSHIP TAX CREDIT FROM A PILOT PROGRAM TO A PERMANENT TAX CREDIT.

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

Section 1. Section 7-2-18.6 NMSA 1978 (being Laws 1999, Chapter 217, Section 1) is amended to read:

"7-2-18.6. JOB MENTORSHIP TAX CREDIT. - -

A. To encourage New Mexico businesses to hire youth participating in certified school-to-career programs, any taxpayer who files an individual New Mexico income tax return, who is not a dependent of another individual and who is the owner of a New Mexico business may claim a credit in an amount equal to fifty percent of gross wages paid to qualified students who are employed by the business during the taxable year for which the return is filed. The tax credit may be

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1 known as the "job mentorship tax credit".

2 B. A taxpayer who is the owner of a New Mexico
3 business may claim the credit provided in this section for
4 each taxable year in which the business employs one or more
5 qualified students. The maximum aggregate credit allowable
6 shall not exceed fifty percent of the gross wages paid to not
7 more than ten qualified students employed by the business for
8 up to three hundred twenty hours of employment of each
9 qualified student in each taxable year for a maximum of three
10 taxable years for each qualified student. In no event shall a
11 taxpayer claim a credit in excess of twelve thousand dollars
12 (\$12,000) in any taxable year. The taxpayer shall certify
13 that hiring the qualified student does not displace or replace
14 a current employee.

15 C. ~~[The number of qualified students whose~~
16 ~~employment qualifies for a job mentorship tax credit pursuant~~
17 ~~to this section or the Corporate Income and Franchise Tax Act~~
18 ~~shall be limited to a pilot program of one thousand qualified~~
19 ~~students in any calendar year.]~~ The department shall allocate
20 annually to the state school-to-work director [~~one thousand~~
21 ~~pilot program~~] certificates that shall be distributed by the
22 state school-to-work director to administrators of certified
23 school-to-career programs. The [~~pilot program~~] certificates,
24 when properly executed, shall serve as evidence of the
25 taxpayer's eligibility for the job mentorship tax credit. The

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1 maximum number of [~~pilot program~~] certificates that may be
2 issued to a single school-to-career program administrator is
3 equal to the number of qualified school-to-career participants
4 in that program on May 1 of the current calendar year. The
5 [~~pilot program~~] certificates shall be issued in the order in
6 which they are requested. To claim the credit pursuant to
7 this section, the taxpayer must submit with respect to each
8 employee for whom the credit is claimed:

9 (1) a properly executed [~~pilot program~~]
10 certificate;

11 (2) information required by the secretary
12 with respect to the employee's employment by the business
13 during the taxable year for which the credit is claimed; and

14 (3) information required by the secretary
15 that the employee was not also employed in the same taxable
16 year by another New Mexico business qualifying for and
17 claiming a job mentorship tax credit for that employee
18 pursuant to this section or the Corporate Income and Franchise
19 Tax Act.

20 D. The credit provided pursuant to this section
21 may only be deducted from the taxpayer's New Mexico income tax
22 liability for the taxable year. Any portion of the maximum
23 tax credit provided by this section that remains unused at the
24 end of the taxpayer's taxable year may be carried forward for
25 three consecutive taxable years; provided the total tax

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1 credits claimed under this section shall not exceed the
2 maximum allowable pursuant to Subsection B of this section.

3 E. A husband and wife who file separate returns
4 for a taxable year in which they could have filed a joint
5 return may each claim only one-half of the credit that would
6 have been allowed on a joint return.

7 F. A taxpayer who otherwise qualifies for and
8 claims a job mentorship tax credit for employment of qualified
9 students by a partnership, limited partnership, limited
10 liability company, S corporation or other business association
11 of which the taxpayer is a member may claim a credit only in
12 proportion to his interest in the partnership, limited
13 partnership, limited liability company, S corporation or
14 association. The total credit claimed by all members of the
15 business shall not exceed the maximum tax credit allowable
16 pursuant to Subsection B of this section.

17 G. As used in this section:

18 (1) "certified school-to-career program"
19 means a summer employment program certified by the state
20 school-to-work office as a school-to-career program designed
21 for secondary school students to create academic and career
22 goals and objectives and find employment in a job meeting
23 those goals and objectives;

24 (2) "New Mexico business" means a
25 partnership, limited partnership, limited liability company

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1 treated as a partnership for federal income tax purposes, S
2 corporation or sole proprietorship that carries on a trade or
3 business in New Mexico and that employs in New Mexico less
4 than three hundred full-time employees at any one time during
5 the taxable year; and

6 (3) "qualified student" means an individual
7 who is at least fourteen years of age but not more than
8 twenty-one years of age who is attending full time an
9 accredited New Mexico secondary school and who is a
10 participant in a certified school-to-career program."

11 Section 2. Section 7-2A-17 NMSA 1978 (being Laws 1999,
12 Chapter 217, Section 2) is amended to read:

13 "7-2A-17. JOB MENTORSHIP TAX CREDIT.--

14 A. To encourage New Mexico businesses to hire
15 youth participating in certified school-to-career programs,
16 any taxpayer who is a New Mexico business and who files a
17 corporate income tax return may claim a credit in an amount
18 equal to fifty percent of gross wages paid to qualified
19 students who are employed by the taxpayer during the taxable
20 year for which the return is filed. The tax credit may be
21 known as the "job mentorship tax credit".

22 B. A taxpayer may claim the credit provided in
23 this section for each taxable year in which the taxpayer
24 employs one or more qualified students. The maximum aggregate
25 credit allowable shall not exceed fifty percent of the gross

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1 wages paid to not more than ten qualified students employed by
2 the taxpayer for up to three hundred twenty hours of
3 employment of each qualified student in each taxable year for
4 a maximum of three taxable years for each qualified student.

5 In no event shall a taxpayer claim a credit in excess of
6 twelve thousand dollars (\$12,000) in any taxable year. The
7 employer shall certify that hiring the qualified student does
8 not displace or replace a current employee.

9 C. ~~[The number of qualified students whose~~
10 ~~employment qualifies for a job mentorship tax credit pursuant~~
11 ~~to this section or the Income Tax Act shall be limited to a~~
12 ~~pilot program of one thousand qualified students in any~~
13 ~~calendar year.]~~ The department shall allocate annually to the
14 state school-to-work director ~~[one thousand pilot program]~~
15 certificates that shall be distributed by the state school-to-
16 work director to administrators of certified school-to-career
17 programs. The ~~[pilot program]~~ certificates, when properly
18 executed, shall serve as evidence of the taxpayer's
19 eligibility for the job mentorship tax credit. The maximum
20 number of ~~[pilot program]~~ certificates that may be issued to a
21 single school-to-career program administrator is equal to the
22 number of qualified school-to-career participants in that
23 program on May 1 of the current calendar year. The ~~[pilot~~
24 ~~program]~~ certificates shall be issued in the order in which
25 they are requested. To claim the credit under this section,

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1 the taxpayer must submit with respect to each employee for
2 whom the credit is claimed:

3 (1) a properly executed [~~pilot program~~]
4 certificate;

5 (2) information required by the secretary
6 with respect to the employee's employment by the taxpayer
7 during the taxable year for which the credit is claimed; and

8 (3) information required by the secretary
9 that the employee was not also employed in the same taxable
10 year by another New Mexico business qualifying for and
11 claiming a job mentorship tax credit for that employee
12 pursuant to this section or the Income Tax Act.

13 D. The credit provided [~~under~~] pursuant to this
14 section may only be deducted from the taxpayer's corporate
15 income tax liability for the taxable year. Any portion of the
16 maximum tax credit provided by this section that remains
17 unused at the end of the taxpayer's taxable year may be
18 carried forward for three consecutive taxable years; provided
19 the total tax credits claimed [~~under~~] pursuant to this section
20 shall not exceed the maximum allowable under Subsection B of
21 this section.

22 E. As used in this section:

23 (1) "certified school-to-career program"
24 means a summer employment program certified by the state
25 school-to-work office as a school-to-career program designed

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1 for secondary school students to create academic and career
2 goals and objectives and find employment in a job meeting
3 those goals and objectives;

4 (2) "New Mexico business" means a corporation
5 that carries on a trade or business in New Mexico and that
6 employs in New Mexico less than three hundred full-time
7 employees during the taxable year; and

8 (3) "qualified student" means an individual
9 who is at least fourteen years of age but not more than
10 twenty-one years of age who is attending full time an
11 accredited New Mexico secondary school and who is a
12 participant in a certified school-to-career program."

13 Section 3. REPEAL. -- Laws 1999, Chapter 217, Section 4 is
14 repealed.

15 Section 4. APPLICABILITY. -- The provisions of this act
16 apply to taxable years beginning on or after January 1, 2001.