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HOUSE BILL 92

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Ted Hobbs

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND  
TELECOMMUNICATIONS COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX AND CORPORATE  
INCOME TAX CREDITS FOR EMPLOYMENT OF YOUTH PARTICIPATING IN  
CAREER PREPARATION EDUCATION PROGRAMS.

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] JOB MENTORSHIP TAX CREDIT. --

A. To encourage New Mexico businesses to hire  
youth participating in career preparation education programs,  
a taxpayer who files an individual New Mexico income tax  
return, who is not a dependent of another individual and who  
is an 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

underscored material = new  
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1 year for which the return is filed. The tax credit may be  
2 known as the "job mentorship tax credit".

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

16 C. The department shall issue job mentorship tax  
17 credit certificates upon request to any accredited New Mexico  
18 secondary school that has a school-sanctioned career  
19 preparation education program. The maximum number of  
20 certificates that may be issued in a school year to any one  
21 school is equal to the number of qualified students in the  
22 school-sanctioned career preparation education program on  
23 October 15 of that school year, as certified by the school  
24 principal.

25 D. A job mentorship tax credit certificate may be

1 executed by a school principal with respect to a qualified  
2 student, and the executed certificate may be transferred to a  
3 New Mexico business that employs that student. By executing  
4 the certificate with respect to a student, the school  
5 principal certifies that the school has a school-sanctioned  
6 career preparation education program and the student is a  
7 qualified student.

8 E. To claim the credit pursuant to this section,  
9 the taxpayer must submit with respect to each employee for  
10 whom the credit is claimed:

- 11 (1) a properly executed certificate;
- 12 (2) information required by the secretary  
13 with respect to the employee's employment by the business  
14 during the taxable year for which the credit is claimed; and
- 15 (3) information required by the secretary  
16 that the employee was not also employed in the same taxable  
17 year by another New Mexico business qualifying for and  
18 claiming a job mentorship tax credit for that employee  
19 pursuant to this section or the Corporate Income and Franchise  
20 Tax Act.

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

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1 three consecutive taxable years; provided the total credits  
2 claimed under this section shall not exceed the maximum  
3 allowable pursuant to Subsection B of this section.

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

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

18 I. As used in this section:

19 (1) "career preparation education program"  
20 means a work-based learning or school-to-career program  
21 designed for secondary school students to create academic and  
22 career goals and objectives and find employment in a job  
23 meeting 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 career preparation education program  
11 sanctioned by the secondary school. "

12 Section 2. A new section of the Corporate Income and  
13 Franchise Tax Act is enacted to read:

14 "[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

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

23 B. A taxpayer may claim the job mentorship tax  
24 credit provided in this section for each taxable year in which  
25 the taxpayer employs one or more qualified students. The

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1 maximum aggregate credit allowable shall not exceed fifty  
2 percent of the gross wages paid to not more than ten qualified  
3 students employed by the taxpayer for up to three hundred  
4 twenty hours of employment of each qualified student in each  
5 taxable year for a maximum of three taxable years for each  
6 qualified student. In no event shall a taxpayer claim a  
7 credit in excess of twelve thousand dollars (\$12,000) in any  
8 taxable year. The employer shall certify that hiring the  
9 qualified student does not displace or replace a current  
10 employee.

11 C. The department shall issue job mentorship tax  
12 credit certificates upon request to any accredited New Mexico  
13 secondary school that has a school-sanctioned career  
14 preparation education program. The maximum number of  
15 certificates that may be issued in a school year to any one  
16 school is equal to the number of qualified students in the  
17 school-sanctioned career preparation education program on  
18 October 15 of that school year, as certified by the school  
19 principal.

20 D. A job mentorship tax credit certificate may be  
21 executed by a school principal with respect to a qualified  
22 student, and the executed certificate may be transferred to a  
23 New Mexico business that employs that student. By executing  
24 the certificate with respect to a student, the school  
25 principal certifies that the school has a school-sanctioned

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1 career preparation education program and the student is a  
2 qualified student.

3 E. To claim the credit under this section, the  
4 taxpayer must submit with respect to each employee for whom  
5 the credit is claimed:

6 (1) a properly executed certificate;

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

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

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

23 G. As used in this section:

24 (1) "career preparation education program"  
25 means a work-based learning or school-to-career program

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1 designed for secondary school students to create academic and  
2 career goals and objectives and find employment in a job  
3 meeting 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 career preparation education program  
13 sanctioned by the secondary school. "

14 Section 3. APPLICABILITY. -- The provisions of this act  
15 apply to tax years beginning on or after January 1, 2002.