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SENATE BILL 130

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

INTRODUCED BY

Linda M. Lopez

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
year for which the return is filed. The tax credit may be
known as the "job mentorship tax credit".

B. A taxpayer who is an owner of a New Mexico
business may claim the job mentorship tax credit provided in

underscored material = new
~~[bracketed material] = delete~~

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

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

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

E. To claim the credit pursuant to this section,

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[bracketed material] = delete

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

3 (1) a properly executed certificate;

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

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

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

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

25 H. A taxpayer who otherwise qualifies for and
claims a job mentorship tax credit for employment of qualified
students by a partnership, limited partnership, limited
liability company, S corporation or other business association
of which the taxpayer is a member may claim a credit only in

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1 proportion to his interest in the partnership, limited
2 partnership, limited liability company, S corporation or
3 association. The total credit claimed by all members of the
4 business shall not exceed the maximum credit allowable
5 pursuant to Subsection B of this section.

6 I. As used in this section:

7 (1) "career preparation education program"
8 means a work-based learning or school-to-career program
9 designed for secondary school students to create academic and
10 career goals and objectives and find employment in a job
11 meeting those goals and objectives;

12 (2) "New Mexico business" means a
13 partnership, limited partnership, limited liability company
14 treated as a partnership for federal income tax purposes, S
15 corporation or sole proprietorship that carries on a trade or
16 business in New Mexico and that employs in New Mexico less
17 than three hundred full-time employees at any one time during
18 the taxable year; and

19 (3) "qualified student" means an individual
20 who is at least fourteen years of age but not more than
21 twenty-one years of age who is attending full time an
22 accredited New Mexico secondary school and who is a
23 participant in a career preparation education program
24 sanctioned by the secondary school."

25 Section 2. A new section of the Corporate Income and
Franchise 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,

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1 a taxpayer that is a New Mexico business and that files a
2 corporate income tax return may claim a credit in an amount
3 equal to fifty percent of gross wages paid to qualified
4 students who are employed by the taxpayer during the taxable
5 year for which the return is filed. The tax credit may be
6 known as the "job mentorship tax credit".

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

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

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 under this section, the
9 taxpayer must submit with respect to each employee for whom
10 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 taxpayer
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 Income Tax Act.

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

G. As used in this section:

- (1) "career preparation education program"

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1 means a work-based learning or school-to-career program
2 designed for secondary school students to create academic and
3 career goals and objectives and find employment in a job
4 meeting those goals and objectives;

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

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

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

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