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SENATE BILL 213

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

INTRODUCED BY

Roman M. Maes III

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND
TELECOMMUNICATIONS COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING FOR A JOB MENTORSHIP TAX
CREDIT.

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

Section 1. A new section of Chapter 7, Article 2 NMSA
1978 is enacted to read:

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

15 C. The department shall allocate annually to the
16 state school-to-work director certificates that shall be
17 distributed by the state school-to-work director to
18 administrators of certified school-to-career programs. The
19 certificates, when properly executed, shall serve as evidence
20 of the taxpayer's eligibility for the job mentorship tax
21 credit. The maximum number of certificates that may be issued
22 to a single school-to-career program administrator is equal to
23 the number of qualified school-to-career participants in that
24 program on May 1 of the current calendar year. The
25 certificates shall be issued in the order in which they are

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1 requested. To claim the credit pursuant to this section, the
2 taxpayer must submit with respect to each employee for whom
3 the credit is claimed:

4 (1) a properly executed certificate;

5 (2) information required by the secretary
6 with respect to the employee's employment by the business
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 Corporate Income and Franchise
13 Tax Act.

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

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

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

11 G. As used in this section:

12 (1) "certified school-to-career program"
13 means a summer employment program certified by the state
14 school-to-work office as a school-to-career program designed
15 for secondary school students to create academic and career
16 goals and objectives and find employment in a job meeting
17 those goals and objectives;

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

25 (3) "qualified student" means an individual

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1 who is at least fourteen years of age but not more than
2 twenty-one years of age who is attending full time an
3 accredited New Mexico secondary school and who is a
4 participant in a certified school-to-career program."

5 Section 2. A new section of Chapter 7, Article 2A NMSA
6 1978 is enacted to read:

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

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

16 B. A taxpayer may claim the job mentorship tax
17 credit provided in this section for each taxable year in which
18 the taxpayer employs one or more qualified students. The
19 maximum aggregate credit allowable shall not exceed fifty
20 percent of the gross wages paid to not more than ten qualified
21 students employed by the taxpayer for up to three hundred
22 twenty hours of employment of each qualified student in each
23 taxable year for a maximum of three taxable years for each
24 qualified student. In no event shall a taxpayer claim a
25 credit in excess of twelve thousand dollars (\$12,000) in any

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1 taxable year. The employer shall certify that hiring the
2 qualified student does not displace or replace a current
3 employee.

4 C. The department shall allocate annually to the
5 state school-to-work director certificates that shall be
6 distributed by the state school-to-work director to
7 administrators of certified school-to-career programs. The
8 certificates, when properly executed, shall serve as evidence
9 of the taxpayer's eligibility for the job mentorship tax
10 credit. The maximum number of certificates that may be issued
11 to a single school-to-career program administrator is equal to
12 the number of qualified school-to-career participants in that
13 program on May 1 of the current calendar year. The
14 certificates shall be issued in the order in which they are
15 requested. To claim the credit under this section, the
16 taxpayer must submit with respect to each employee for whom
17 the credit is claimed:

18 (1) a properly executed certificate;
19 (2) information required by the secretary
20 with respect to the employee's employment by the taxpayer
21 during the taxable year for which the credit is claimed; and

22 (3) information required by the secretary
23 that the employee was not also employed in the same taxable
24 year by another New Mexico business qualifying for and
25 claiming a job mentorship tax credit for that employee

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1 pursuant to this section or the Income Tax Act.

2 D. The credit provided pursuant to this section
3 may only be deducted from the taxpayer's corporate income tax
4 liability for the taxable year. Any portion of the maximum
5 credit provided by this section that remains unused at the end
6 of the taxpayer's taxable year may be carried forward for
7 three consecutive taxable years; provided the total credits
8 claimed pursuant to this section shall not exceed the maximum
9 allowable under Subsection B of this section.

10 E. As used in this section:

11 (1) "certified school-to-career program"
12 means a summer employment program certified by the state
13 school-to-work office as a school-to-career program designed
14 for secondary school students to create academic and career
15 goals and objectives and find employment in a job meeting
16 those goals and objectives;

17 (2) "New Mexico business" means a corporation
18 that carries on a trade or business in New Mexico and that
19 employs in New Mexico less than three hundred full-time
20 employees during the taxable year; and

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

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

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