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SENATE BILL 721

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

John Arthur Smith

AN ACT

RELATING TO TAXATION; PROVIDING A PARTIAL CREDIT AGAINST INCOME TAXES AND AGAINST CORPORATE INCOME TAXES FOR THE COST OF EQUIPMENT AND IMPROVEMENTS NECESSARY TO COMPLY WITH CERTAIN STATUTES REGULATING THE OPERATION OF CONVENIENCE STORES.

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]~~ CREDIT-- COST OF EQUIPMENT AND IMPROVEMENTS REQUIRED OF CERTAIN CONVENIENCE STORES. --

A. A taxpayer who files an individual New Mexico income tax return, who is not a dependent of another individual and who, in calendar year 2005, purchases equipment or makes improvements that are necessary to comply with state statutes or rules or local government ordinances or rules that regulate

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1 the operation of convenience stores may claim a tax credit
2 equal to fifty percent of the cost of the equipment and
3 improvements.

4 B. The credit provided for in this section may only
5 be claimed for the cost of equipment purchased or improvements
6 made for a convenience store that was operating as a
7 convenience store on January 1, 2005.

8 C. The credit provided in this section may only be
9 deducted from the taxpayer's New Mexico income tax liability
10 for the taxable year in which the costs are incurred, provided
11 that any portion of the tax credit that remains unused at the
12 end of the taxable year may be carried forward for succeeding
13 taxable years.

14 D. A husband and wife who file separate returns for
15 a taxable year in which they could have filed a joint return
16 may each claim only one-half of the credit provided in this
17 section that would have been allowed on a joint return.

18 E. A taxpayer who otherwise qualifies and claims a
19 credit pursuant to this section for equipment purchased or
20 improvements made by a partnership or other business
21 association of which the taxpayer is a member may claim a
22 credit only in proportion to his interest in the partnership or
23 association. The total credit claimed by all members of the
24 partnership or association shall not exceed in the aggregate
25 fifty percent of the cost of the equipment and improvements. "

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

3 "[NEW MATERIAL] CREDIT--COST OF EQUIPMENT AND IMPROVEMENTS
4 REQUIRED OF CERTAIN CONVENIENCE STORES.--

5 A. A taxpayer that files a New Mexico corporate
6 income tax return and, in calendar year 2005, purchases
7 equipment or makes improvements that are necessary to comply
8 with state statutes or rules or local government ordinances or
9 rules that regulate the operation of convenience stores may
10 claim a tax credit equal to fifty percent of the cost of the
11 equipment and improvements.

12 B. The credit provided for in this section may only
13 be claimed for the cost of equipment purchased or improvements
14 made for a convenience store that was operating as a
15 convenience store on January 1, 2005.

16 C. The credit provided in this section may only be
17 deducted from the taxpayer's New Mexico corporate income tax
18 liability for the taxable year in which the costs are incurred,
19 provided that any portion of the tax credit that remains unused
20 at the end of the taxable year may be carried forward for
21 succeeding taxable years.

22 D. A taxpayer that otherwise qualifies and claims a
23 credit pursuant to this section for equipment purchased or
24 improvements made by a partnership or other business
25 association of which the taxpayer is a member may claim a

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1 credit only in proportion to its interest in the partnership or
2 association. The total credit claimed by all members of the
3 partnership or association shall not exceed in the aggregate
4 fifty percent of the cost of the equipment and improvements."

5 Section 3. APPLICABILITY. --The provisions of this act
6 apply to taxable years beginning on or after January 1, 2005.

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