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HOUSE BILL 440

**47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006**

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; PROVIDING FOR INCREASED TAX CREDITS  
PURSUANT TO THE LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX  
CREDIT ACT; INCREASING ADMINISTRATIVE COSTS THAT MAY BE CLAIMED  
AS QUALIFIED EXPENDITURES FOR THE PURPOSE OF CLAIMING THE TAX  
CREDITS; PROVIDING FOR COORDINATION OF EFFORTS BETWEEN NATIONAL  
LABORATORIES PROVIDING SMALL BUSINESS ASSISTANCE PURSUANT TO  
THE LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT ACT;  
PROVIDING REPORTING REQUIREMENTS FOR THOSE NATIONAL  
LABORATORIES; MAKING TECHNICAL CORRECTIONS.

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

Section 1. Section 7-9E-1 NMSA 1978 (being Laws 2000 (2nd  
S.S.), Chapter 20, Section 1) is amended to read:

"7-9E-1. SHORT TITLE.--~~[This act]~~ Chapter 7, Article 9E  
NMSA 1978 may be cited as the "Laboratory Partnership with  
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1 Small Business Tax Credit Act".

2 Section 2. Section 7-9E-3 NMSA 1978 (being Laws 2000 (2nd  
3 S.S.), Chapter 20, Section 3) is amended to read:

4 "7-9E-3. DEFINITIONS.--As used in the Laboratory  
5 Partnership with Small Business Tax Credit Act:

6 A. "contractor" means an entity that has the  
7 capability to provide small business assistance, may enter into  
8 a contract with a national laboratory to provide small business  
9 assistance, and is:

10 (1) an individual, estate, trust, receiver,  
11 cooperative association, club, corporation, company, firm,  
12 partnership, limited liability company, limited liability  
13 partnership, joint venture, syndicate or other entity,  
14 including any gas, water or electric utility owned or operated  
15 by a county, municipality or other political subdivision of the  
16 state; or

17 (2) [~~any~~] a national, federal, state, Indian  
18 or other governmental unit or subdivision, or [~~any~~] an agency,  
19 department or instrumentality of any of the foregoing;

20 B. "department" means the taxation and revenue  
21 department, the secretary of taxation and revenue or [~~any~~] an  
22 employee of the department exercising authority lawfully  
23 delegated to that employee by the secretary;

24 C. "national laboratory" means a prime contractor  
25 designated as a national laboratory by act of congress that is

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1 operating a facility in New Mexico;

2 D. "qualified expenditure" means an expenditure by  
3 a national laboratory in providing small business assistance,  
4 limited to the following expenditures incurred in providing the  
5 assistance:

6 (1) employee salaries [~~and~~], wages, fringe  
7 benefits and employer payroll taxes;

8 (2) [~~fringe benefits, employer payroll taxes~~  
9 ~~and other~~] administrative costs related directly to the  
10 provision of small business assistance, the total of which is  
11 limited to forty-nine percent of employee salaries [~~and~~],  
12 wages, fringe benefits and employer payroll taxes;

13 (3) in-state travel expenses, including per  
14 diem and mileage at the internal revenue service standard  
15 rates; and

16 (4) supplies and services of contractors  
17 related to the provision of small business assistance;

18 E. "rural area" means [~~any~~] an area of the state  
19 other than a class A county that has a net taxable value for  
20 rate-setting purposes for any property tax year of more than  
21 seven billion dollars (\$7,000,000,000);

22 F. "small business" means a business in New Mexico  
23 that conforms to the definition of small business found in the  
24 federal Small Business Act (Public Law 85-536), as amended; and

25 G. "small business assistance" means assistance

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1 rendered by a national laboratory related to the transfer of  
2 technology, including software and manufacturing, mining, oil  
3 and gas, environmental, agricultural, information and solar and  
4 other alternative energy source technologies. "Small business  
5 assistance" [~~also~~] includes nontechnical assistance related to  
6 expanding the New Mexico base of suppliers, including training  
7 and mentoring individual small businesses; assistance in  
8 developing business systems to meet audit, reporting and  
9 quality [~~assistance~~] assurance requirements; and other supplier  
10 development initiatives for individual small businesses."

11 Section 3. Section 7-9E-7 NMSA 1978 (being Laws 2000 (2nd  
12 S.S.), Chapter 20, Section 7) is amended to read:

13 "7-9E-7. TAX CREDITS--AMOUNTS.--Each tax credit provided  
14 [~~for~~] pursuant to the Laboratory Partnership with Small  
15 Business Tax Credit Act shall be an amount equal to the  
16 qualified expenditure incurred by the national laboratory for a  
17 given small business, not to exceed [~~five thousand dollars~~  
18 ~~(\$5,000)~~] ten thousand dollars (\$10,000) for each small  
19 business, located outside of a rural area, for which small  
20 business assistance is rendered in a calendar year or [~~ten~~  
21 ~~thousand dollars (\$10,000)~~] twenty thousand dollars (\$20,000)  
22 if the small business assistance was provided to a small  
23 business located in a rural area."

24 Section 4. Section 7-9E-8 NMSA 1978 (being Laws 2000 (2nd  
25 S.S.), Chapter 20, Section 8) is amended to read:

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1 "7-9E-8. CLAIMING THE TAX CREDIT--LIMITATION.--

2 A. A national laboratory eligible for the tax  
3 credit pursuant to the Laboratory Partnership with Small  
4 Business Tax Credit Act may claim the amount of each tax credit  
5 by crediting that amount against gross receipts taxes otherwise  
6 due pursuant to the Gross Receipts and Compensating Tax Act.  
7 The tax credit shall be taken on each monthly gross receipts  
8 tax return filed by the laboratory against gross receipts taxes  
9 due the state and shall not impact any local government tax  
10 distribution. In no event shall the tax credits taken by an  
11 individual national laboratory exceed [~~one million eight~~  
12 ~~hundred thousand dollars (\$1,800,000)] two million four hundred  
13 thousand dollars (\$2,400,000) in a given calendar year.~~

14 B. Tax credits claimed pursuant to the Laboratory  
15 Partnership with Small Business Tax Credit Act by all national  
16 laboratories in the aggregate for qualified expenditures for  
17 any given small business not located in a rural area shall not  
18 exceed ten thousand dollars (\$10,000).

19 C. Tax credits claimed pursuant to the Laboratory  
20 Partnership with Small Business Tax Credit Act by all national  
21 laboratories in the aggregate for qualified expenditures for  
22 any given small business located in a rural area shall not  
23 exceed twenty thousand dollars (\$20,000)."

24 Section 5. A new section of the Laboratory Partnership  
25 with Small Business Tax Credit Act is enacted to read:

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1           "[NEW MATERIAL] COORDINATION AMONG NATIONAL  
2 LABORATORIES.--If more than one national laboratory is eligible  
3 for a tax credit pursuant to the Laboratory Partnership with  
4 Small Business Tax Credit Act, a national laboratory shall not  
5 file a tax credit claim pursuant to the Laboratory Partnership  
6 with Small Business Tax Credit Act until:

7           A. a coordination function is formed among each  
8 national laboratory providing small business assistance  
9 pursuant to the Laboratory Partnership with Small Business Tax  
10 Credit Act, which includes a joint small business assistance  
11 operational plan and a plan to ensure that the small business  
12 assistance provided by a national laboratory suits small  
13 business needs and challenges; and

14           B. a written copy of each plan formed pursuant to  
15 this section is provided to the department."

16           Section 6. A new section of the Laboratory Partnership  
17 with Small Business Tax Credit Act is enacted to read:

18           "[NEW MATERIAL] REPORTING.--

19           A. If more than one national laboratory provides  
20 small business assistance pursuant to the Laboratory  
21 Partnership with Small Business Tax Credit Act, those  
22 laboratories shall jointly submit an annual report to the  
23 department, the economic development department and an  
24 appropriate legislative interim committee. The annual report  
25 shall be submitted no later than July 1 of each year. The

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1 annual report shall summarize activities related to and the  
2 results of the small business assistance programs of the  
3 national laboratories and shall include:

4 (1) a summary of the program results and the  
5 number of small businesses assisted in each county;

6 (2) a description of the projects involving  
7 multiple small businesses;

8 (3) results of surveys of small businesses to  
9 which small business assistance is provided;

10 (4) the total amount of the tax credits  
11 claimed pursuant to the Laboratory Partnership with Small  
12 Business Tax Credit Act for the calendar year on which the  
13 report is based; and

14 (5) an economic impact study of jobs created,  
15 jobs retained, cost savings and increased sales generated by  
16 small businesses for which small business assistance is  
17 provided.

18 B. At any time after receipt of a joint report from  
19 national laboratories eligible for a tax credit authorized  
20 pursuant to the Laboratory Partnership with Small Business Tax  
21 Credit Act, the department may provide written instructions to  
22 each national laboratory related to future improvements in the  
23 laboratory's small business assistance program for which it  
24 receives that tax credit."

25 Section 7. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2006.

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