

AN ACT

RELATING TO TAXATION; ENACTING NEW SECTIONS OF THE INCOME TAX ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT; CREATING THE VETERAN EMPLOYMENT TAX CREDIT.

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:

"VETERAN EMPLOYMENT TAX CREDIT.--

A. A taxpayer who is not a dependent of another individual and who employs a qualified military veteran in New Mexico is eligible for a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount up to one thousand dollars (\$1,000) of the gross wages paid to each qualified military veteran by the taxpayer during the taxable year for which the return is filed. A taxpayer who employs a qualified military veteran for less than the full taxable year is eligible for a credit amount equal to one thousand dollars (\$1,000) multiplied by the fraction of a full year for which the qualified military veteran was employed. The tax credit provided by this section may be referred to as the "veteran employment tax credit".

B. The purpose of the veteran employment tax credit is to encourage the full-time employment of qualified military veterans within two years of discharge from the armed

forces of the United States.

C. A taxpayer may claim the veteran employment tax credit provided in this section for each taxable year in which the taxpayer employs one or more qualified military veterans; provided that the taxpayer may not claim the veteran employment tax credit for any individual qualified military veteran for more than one calendar year from the date of hire.

D. That portion of a veteran employment tax credit approved by the department that exceeds a taxpayer's income tax liability in the taxable year in which the veteran employment tax credit is claimed shall not be refunded to the taxpayer but may be carried forward for up to three years. The veteran employment tax credit shall not be transferred to another taxpayer.

E. A husband and wife filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the veteran employment tax credit that would have been claimed on a joint return.

F. A taxpayer may be allocated the right to claim a veteran employment tax credit in proportion to its ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall

not exceed the allowable credit pursuant to Subsection A of this section.

G. The taxpayer shall submit to the department with respect to each employee for whom the veteran employment tax credit is claimed information required by the department with respect to the veteran's employment by the taxpayer during the taxable year for which the veteran employment tax credit is claimed, including information establishing that the employee is a qualified military veteran that can be used to determine that the employee was not also employed in the same taxable year by another taxpayer claiming a veteran employment tax credit for that employee pursuant to this section or the Corporate Income and Franchise Tax Act.

H. The department shall adopt rules establishing procedures to certify qualified military veterans for purposes of obtaining a veteran employment tax credit. The rules shall ensure that not more than one veteran employment tax credit per qualified military veteran shall be allowed in a taxable year and that the credits allowed per qualified military veteran are limited to a maximum of one year's employment.

I. As used in this section, "qualified military veteran" means an individual who is hired within two years of receipt of an honorable discharge from a branch of the United States military, who works at least forty hours per week during the taxable year for which the veteran employment tax

credit is claimed and who was not previously employed by the taxpayer prior to the individual's deployment."

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

"VETERAN EMPLOYMENT TAX CREDIT.--

A. A taxpayer that employs a qualified military veteran in New Mexico is eligible for a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act in an amount up to one thousand dollars (\$1,000) of the gross wages paid to each qualified military veteran by the taxpayer during the taxable year for which the return is filed. A taxpayer that employs a qualified military veteran for less than the full taxable year is eligible for a credit amount equal to one thousand dollars (\$1,000) multiplied by the fraction of a full year for which the qualified military veteran was employed. The tax credit provided by this section may be referred to as the "veteran employment tax credit".

B. The purpose of the veteran employment tax credit is to encourage the full-time employment of qualified military veterans within two years of discharge from the armed forces of the United States.

C. A taxpayer may claim the veteran employment tax credit provided in this section for each taxable year in which the taxpayer employs one or more qualified military veterans;

provided that the taxpayer may not claim the veteran employment tax credit for any individual qualified military veteran for more than one calendar year from the date of hire.

D. That portion of a veteran employment tax credit approved by the department that exceeds a taxpayer's corporate income tax liability in the taxable year in which the credit is claimed shall not be refunded to the taxpayer but may be carried forward for up to three years. The veteran employment tax credit shall not be transferred to another taxpayer.

E. The taxpayer shall submit to the department with respect to each employee for whom the veteran employment tax credit is claimed information required by the department with respect to the veteran's employment by the taxpayer during the taxable year for which the veteran employment tax credit is claimed, including information establishing that the employee is a qualified military veteran that can be used to determine that the employee was not also employed in the same taxable year by another taxpayer claiming a veteran employment tax credit for that employee pursuant to this section or the Income Tax Act.

F. The department shall adopt rules establishing procedures to certify qualified military veterans for purposes of obtaining a veteran employment tax credit. The rules shall ensure that not more than one veteran employment tax credit per qualified military veteran shall be allowed in a taxable

year and that the credits allowed per qualified military veteran are limited to a maximum of one year's employment.

G. The department shall compile an annual report for the revenue stabilization and tax policy committee and the legislative finance committee that sets forth the number of taxpayers approved to receive the veteran employment tax credit, the aggregate amount of credits approved and the average and median amounts of credits approved. The department shall advise those committees in 2015 whether the veteran employment tax credit is performing the purpose for which it was enacted.

H. Acceptance of the veteran employment tax credit is authorization to the department to reveal the amount of the tax credit claimed by the taxpayer and other information from the taxpayer's tax reports as needed to report fully as required by this section to the revenue stabilization and tax policy committee and the legislative finance committee.

I. As used in this section, "qualified military veteran" means an individual who is hired within two years of receipt of an honorable discharge from a branch of the United States military, who works at least forty hours per week during the taxable year for which the veteran employment tax credit is claimed and who was not previously employed by the taxpayer prior to the individual's deployment."

SECTION 3. APPLICABILITY.--The provisions of this act

apply to taxable years beginning on or after January 1, 2012
and ending on or before January 1, 2017. _____