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HOUSE BILL 535

**51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO TAXATION; ALLOWING NETWORK FACILITATION AS BUSINESS ASSISTANCE FOR THE PURPOSES OF CLAIMING THE LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT; INCREASING THE LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT CAP; REQUIRING THE FUNDING OF NETWORK FACILITATION PROGRAMS TO BE ELIGIBLE FOR THE LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT.

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

SECTION 1. Section 7-9E-3 NMSA 1978 (being Laws 2000 (2nd S.S.), Chapter 20, Section 3, as amended) is amended to read:

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

A. "contractor":

(1) means a person that:

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1 (a) has the capability to provide small  
2 business assistance; [~~and~~]

3 (b) has the capability to train people  
4 and to facilitate the development and maintenance of  
5 professional networks that provide access to financial capital,  
6 relevant resources and information; provided that the person  
7 has a minimum of five years of experience and the secretary of  
8 economic development has certified the person as having  
9 supported small businesses in the creation or retention of at  
10 least one hundred new jobs in rural areas; and

11 [~~(b)~~] (c) may enter into a contract with  
12 a national laboratory to provide small business assistance; and

13 (2) includes:

14 (a) a gas, water or electric utility  
15 owned or operated by a county, municipality or other political  
16 subdivision of the state; or

17 (b) a national, federal, state, Indian  
18 or other governmental unit or subdivision, or an agency,  
19 department or instrumentality of any of the foregoing,  
20 including a regional university, community college or  
21 institution of higher learning;

22 B. "department" means the taxation and revenue  
23 department, the secretary of taxation and revenue or an  
24 employee of the department exercising authority lawfully  
25 delegated to that employee by the secretary;

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1           C. "national laboratory" means a prime contractor  
2 designated as a national laboratory by act of congress that is  
3 operating a facility in New Mexico;

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

8                   (1) employee salaries, wages, fringe benefits  
9 and employer payroll taxes;

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

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

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

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

23           F. "small business" means a business in New Mexico  
24 that conforms to the definition of small business found in the  
25 federal Small Business Act; and

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

14           SECTION 2. Section 7-9E-6 NMSA 1978 (being Laws 2000 (2nd  
15 S.S.), Chapter 20, Section 6) is amended to read:

16           "7-9E-6. ADMINISTRATION BY THE NATIONAL LABORATORY.--To  
17 qualify for tax credits pursuant to the Laboratory Partnership  
18 with Small Business Tax Credit Act, a national laboratory  
19 shall:

- 20           A. establish a small business assistance program;
- 21           B. establish a revolving fund with initial funding
- 22 from a source other than tax credits. Money from the revolving
- 23 fund shall be used to pay for qualified expenditures, and the
- 24 fund shall be replenished with an amount equal to the tax
- 25 credits taken pursuant to the Laboratory Partnership with Small

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1 Business Tax Credit Act;

2 C. consult with the secretary of economic  
3 development to seek advice on improvements in the operation of  
4 the small business assistance program; ~~and~~

5 D. establish a methodology to utilize contractors  
6 who have demonstrated the capability to provide small business  
7 assistance; and

8 E. provide one million two hundred thousand dollars  
9 (\$1,200,000) each calendar year to facilitate the development  
10 and maintenance of professional networks that provide access to  
11 financial capital, relevant resources and information in a  
12 rural area."

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

15 "7-9E-7. TAX CREDITS--AMOUNTS.--A tax credit provided  
16 pursuant to the Laboratory Partnership with Small Business Tax  
17 Credit Act shall be in an amount equal to the qualified  
18 expenditure incurred by the national laboratory to provide:

19 A. small business assistance to a specific small  
20 business, not to exceed ten thousand dollars (\$10,000) for each  
21 small business located outside of a rural area for which small  
22 business assistance is rendered in a calendar year or twenty  
23 thousand dollars (\$20,000) if the small business assistance was  
24 provided to a small business located in a rural area; and

25 B. funding for a program to train small businesses

1 and facilitate small businesses' development and maintenance of  
2 professional networks that provide access to financial capital,  
3 relevant resources and information in a rural area, not to  
4 exceed one hundred thousand dollars (\$100,000) for each  
5 individual program to facilitate professional networks in a  
6 calendar year."

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

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

10 A. A national laboratory eligible for the tax  
11 credit pursuant to the Laboratory Partnership with Small  
12 Business Tax Credit Act may claim the amount of each tax credit  
13 by crediting that amount against gross receipts taxes otherwise  
14 due pursuant to the Gross Receipts and Compensating Tax Act.  
15 The tax credit shall be taken on each monthly gross receipts  
16 tax return filed by the national laboratory against gross  
17 receipts taxes due the state and shall not impact any local  
18 government tax distribution. In no event shall the tax credits  
19 taken by an individual national laboratory exceed [~~two million~~  
20 ~~four hundred thousand dollars (\$2,400,000)] three million six  
21 hundred thousand dollars (\$3,600,000) in a given calendar year.~~

22 B. Tax credits claimed pursuant to the Laboratory  
23 Partnership with Small Business Tax Credit Act by all national  
24 laboratories in the aggregate for qualified expenditures for a  
25 specific small business not located in a rural area shall not

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1 exceed ten thousand dollars (\$10,000).

2 C. Tax credits claimed pursuant to the Laboratory  
3 Partnership with Small Business Tax Credit Act by all national  
4 laboratories in the aggregate for qualified expenditures for a  
5 specific small business located in a rural area shall not  
6 exceed twenty thousand dollars (\$20,000).

7 D. Tax credits claimed pursuant to the Laboratory  
8 Partnership with Small Business Tax Credit Act by all national  
9 laboratories in the aggregate for qualified expenditures for a  
10 specific program to facilitate professional networks located in  
11 a rural area shall not exceed one hundred thousand dollars  
12 (\$100,000)."

13 SECTION 5. APPLICABILITY.--The provisions of this act  
14 apply to taxable years beginning on or after January 1, 2014.