

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HOUSE BILL 596

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

INTRODUCED BY

Antonio "Moe" Maestas

AN ACT

RELATING TO TAXATION; PROVIDING FOR A LATIN AMERICAN TRADE  
INCOME TAX CREDIT AND A LATIN AMERICAN TRADE CORPORATE INCOME  
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:

"~~[NEW MATERIAL]~~ LATIN AMERICAN TRADE INCOME TAX CREDIT.--

A. A taxpayer who files an individual New Mexico  
income tax return, who is not a dependent of another individual  
and who, after January 1, 2014 and prior to January 1, 2018,  
exported more than twenty percent of its goods or services  
produced in New Mexico to persons in Latin America during the  
taxable year may claim a credit in an amount equal to five  
thousand dollars (\$5,000). The tax credit provided in this

.192933.1

underscoring material = new  
~~[bracketed material] = delete~~

underscoring material = new  
~~[bracketed material] = delete~~

1 section may be referred to as the "Latin American trade income  
2 tax credit".

3 B. The purpose of the Latin American trade income  
4 tax credit is to encourage businesses to engage in  
5 international trade with Latin America.

6 C. A taxpayer may claim the Latin American trade  
7 income tax credit in the taxable year in which the taxpayer  
8 exported more than twenty percent of its goods or services  
9 produced in New Mexico to persons in Latin America. The  
10 taxpayer shall claim the tax credit within one year following  
11 the end of the calendar year in which the taxpayer exported  
12 more than twenty percent of its goods or services produced in  
13 New Mexico to persons in Latin America.

14 D. The taxpayer may only apply the Latin American  
15 trade income tax credit against the taxpayer's income tax  
16 liability. That portion of the tax credit approved by the  
17 department that exceeds a taxpayer's income tax liability in  
18 the taxable year in which the tax credit is claimed shall not  
19 be refunded to the taxpayer. The tax credit shall not be  
20 carried forward or transferred to another taxpayer.

21 E. A husband and wife filing separate returns for a  
22 taxable year for which they could have filed a joint return may  
23 each claim only one-half of the Latin American trade income tax  
24 credit that would have been claimed on a joint return.

25 F. A taxpayer who otherwise qualifies and claims

.192933.1

underscoring material = new  
~~[bracketed material] = delete~~

1 the Latin American trade income tax credit in New Mexico that  
2 may be claimed by a partnership or limited liability company of  
3 which the taxpayer is a member may claim a tax credit only in  
4 the proportion to the taxpayer's interest in the partnership or  
5 limited liability company. The total tax credit claimed by all  
6 members of the partnership or limited liability company shall  
7 not exceed the allowable tax credit pursuant to Subsection A of  
8 this section.

9 G. The taxpayer shall submit an application to the  
10 economic development department that identifies the total goods  
11 or services produced in New Mexico by the taxpayer and the  
12 percentage of those goods or services exported to persons in  
13 Latin America that qualifies the taxpayer for the tax credit  
14 and any other information that the economic development  
15 department requires to determine the eligibility of the  
16 taxpayer for the tax credit.

17 H. The economic development department shall adopt  
18 rules establishing procedures to certify a taxpayer for the  
19 purposes of obtaining a Latin American trade income tax credit.  
20 The rules shall ensure that a taxpayer claims a tax credit  
21 based on the exports of goods or services only once. The  
22 economic development department shall issue a dated certificate  
23 of eligibility containing the taxpayer's information, the  
24 amount of Latin American trade income tax credit for which the  
25 taxpayer is eligible and any other information required by the

.192933.1

underscoring material = new  
~~[bracketed material] = delete~~

1 taxation and revenue department. All certificates of  
2 eligibility issued pursuant to this subsection shall be  
3 sequentially numbered, and an account of all certificates  
4 issued or destroyed shall be maintained by the economic  
5 development department. The taxation and revenue department  
6 shall audit the records of the Latin American trade income tax  
7 credit maintained by the economic development department on a  
8 periodic basis to ensure effective administration of the tax  
9 credit and compliance with the Tax Administration Act and with  
10 this section.

11 I. To claim a Latin American trade income tax  
12 credit, the taxpayer shall provide to the taxation and revenue  
13 department the certificate of eligibility issued by the  
14 economic development department pursuant to this section to the  
15 taxpayer for the taxable year in which the tax credit is  
16 claimed.

17 J. The taxation and revenue department and economic  
18 development department shall compile an annual report that  
19 includes the number of taxpayers approved to receive the tax  
20 credit, the aggregate amount of tax credits approved and any  
21 other information necessary to evaluate the effectiveness of  
22 the tax credit. Beginning in 2015 and every three years  
23 thereafter, the departments shall compile and present the  
24 annual reports to the revenue stabilization and tax policy  
25 committee and the legislative finance committee with an

.192933.1

underscoring material = new  
~~[bracketed material] = delete~~

1 analysis of the effectiveness and cost of the tax credit and  
2 whether the tax credit is performing the purpose for which it  
3 was created."

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

6 "[NEW MATERIAL] LATIN AMERICAN TRADE CORPORATE INCOME TAX  
7 CREDIT.--

8 A. A taxpayer who files a New Mexico corporate  
9 income tax return and who, after January 1, 2014 and prior to  
10 January 1, 2018, exported more than twenty percent of its goods  
11 or services produced in New Mexico to persons in Latin America  
12 during the taxable year may claim a tax credit in an amount  
13 equal to five thousand dollars (\$5,000). The tax credit  
14 provided in this section may be referred to as the "Latin  
15 American trade corporate income tax credit".

16 B. The purpose of the Latin American trade  
17 corporate income tax credit is to encourage businesses to  
18 engage in international trade with Latin America.

19 C. A taxpayer may claim the Latin American trade  
20 corporate income tax credit in the taxable year in which the  
21 taxpayer exported more than twenty percent of its goods or  
22 services produced in New Mexico to persons in Latin America.  
23 The taxpayer shall claim the tax credit within one year  
24 following the end of the calendar year in which the taxpayer  
25 exported more than twenty percent of its goods or services

.192933.1

underscoring material = new  
~~[bracketed material] = delete~~

1 produced in New Mexico to persons in Latin America.

2 D. The taxpayer may only apply the Latin American  
3 trade corporate income tax credit against the taxpayer's  
4 corporate income tax liability. That portion of the tax credit  
5 approved by the department that exceeds a taxpayer's corporate  
6 income tax liability in the taxable year in which the tax  
7 credit is claimed shall not be refunded to the taxpayer. The  
8 tax credit shall not be carried forward or transferred to  
9 another taxpayer.

10 E. The economic development department shall adopt  
11 rules establishing procedures to certify a taxpayer for the  
12 purposes of obtaining a Latin American trade corporate income  
13 tax credit. The rules shall ensure that a taxpayer claims a  
14 tax credit based on the exports of goods or services only once.  
15 The economic development department shall issue a dated  
16 certificate of eligibility containing the taxpayer's  
17 information, the amount of Latin American trade corporate  
18 income tax credit for which the taxpayer is eligible and any  
19 other information required by the taxation and revenue  
20 department. All certificates of eligibility issued pursuant to  
21 this subsection shall be sequentially numbered, and an account  
22 of all certificates issued or destroyed shall be maintained by  
23 the economic development department. The taxation and revenue  
24 department shall audit the records of the Latin American trade  
25 corporate income tax credit maintained by the economic

.192933.1

underscoring material = new  
~~[bracketed material]~~ = delete

1 development department on a periodic basis to ensure effective  
2 administration of the tax credit and compliance with the Tax  
3 Administration Act and with this section.

4 F. To claim the Latin American trade corporate  
5 income tax credit, the taxpayer shall provide to the taxation  
6 and revenue department the certificate of eligibility issued by  
7 the economic development department pursuant to this section to  
8 the taxpayer for the taxable year in which the tax credit is  
9 claimed.

10 G. The taxation and revenue department and economic  
11 development department shall compile an annual report that  
12 includes the number of taxpayers approved to receive the tax  
13 credit, the aggregate amount of tax credits approved and any  
14 other information necessary to evaluate the effectiveness of  
15 the tax credit. Beginning in 2015 and every three years  
16 thereafter, the departments shall compile and present the  
17 annual reports to the revenue stabilization and tax policy  
18 committee and the legislative finance committee with an  
19 analysis of the effectiveness and cost of the tax credit and  
20 whether the tax credit is performing the purpose for which it  
21 was created."

22 SECTION 3. APPLICABILITY.--The provisions of this act  
23 apply to taxable years beginning on or after January 1, 2014.

24 SECTION 4. EFFECTIVE DATE.--The effective date of the  
25 provisions of this act is January 1, 2014.

.192933.1