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SENATE BILL 130

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

INTRODUCED BY

Timothy M. Keller and Edward C. Sandoval

AN ACT

RELATING TO TAXATION; AUTHORIZING CERTAIN TAX CREDITS TO BE TRANSFERRED BETWEEN TAXPAYERS; REQUIRING TAXPAYERS TO APPLY FOR TAX CREDITS WITHIN ONE YEAR.

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

**SECTION 1.** Section 7-2-18.2 NMSA 1978 (being Laws 1984, Chapter 34, Section 1, as amended) is amended to read:

"7-2-18.2. [~~CREDIT FOR~~] PRESERVATION OF CULTURAL PROPERTY--~~[REFUND]~~ PERSONAL INCOME TAX CREDIT.--

A. Tax credits for the preservation of cultural property may be claimed as follows:

(1) to encourage the restoration, rehabilitation and preservation of cultural properties, a taxpayer who files an individual New Mexico income tax return, [~~and~~] who is not a dependent of another individual and who is

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1 the owner of a cultural property listed on the official New  
2 Mexico register of cultural properties, with the taxpayer's  
3 consent, may claim a credit not to exceed a maximum aggregate  
4 of twenty-five thousand dollars (\$25,000) in an amount equal to  
5 one-half of the cost of restoration, rehabilitation or  
6 preservation of a cultural property listed on the official New  
7 Mexico register; or

8 (2) if a cultural property, whose owner may  
9 otherwise claim the credit set forth in Paragraph (1) of this  
10 subsection, is also located within an arts and cultural  
11 district certified by the state or a municipality pursuant to  
12 the Arts and Cultural District Act, the owner of that cultural  
13 property may claim a credit not to exceed fifty thousand  
14 dollars (\$50,000), including any credit claimed pursuant to  
15 Paragraph (1) of this subsection, in an amount equal to one-  
16 half of the cost of restoration, rehabilitation or preservation  
17 of the cultural property.

18 B. The taxpayer may claim the credit for a cultural  
19 property restoration, rehabilitation or preservation project  
20 if:

21 (1) the taxpayer submitted a plan and  
22 specifications for a restoration, rehabilitation or  
23 preservation project to the committee and received approval  
24 from the committee for the plan and specifications prior to  
25 commencement of the [~~restoration, rehabilitation or~~

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1 ~~preservation]~~ project;

2 (2) the taxpayer received certification from  
3 the committee after completing the restoration, rehabilitation  
4 or preservation project, or committee-approved phase, that [~~it~~]  
5 the project or phase conformed to the plan and specifications  
6 and preserved and maintained those qualities of the property  
7 that made [~~it~~] the property eligible for inclusion in the  
8 official register; and

9 (3) the project is completed within twenty-  
10 four months of the date that the project is approved by the  
11 committee in accordance with Paragraph (1) of this subsection.

12 C. A taxpayer may claim the credit provided in this  
13 section for each taxable year in which restoration,  
14 rehabilitation or preservation is carried out. The credit is  
15 deemed to originate when the restoration, rehabilitation or  
16 preservation is completed. A taxpayer shall apply for approval  
17 of the tax credit within one year following the end of the  
18 calendar year in which the restoration, rehabilitation or  
19 preservation was completed. Except as provided in Subsection F  
20 of this section, claims for the credit provided in this section  
21 shall be limited to three consecutive years, and the maximum  
22 aggregate credit allowable shall not exceed twenty-five  
23 thousand dollars (\$25,000) if governed by Paragraph (1) of  
24 Subsection A of this section, or fifty thousand dollars  
25 (\$50,000) if governed by Paragraph (2) of Subsection A of this

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1 section, for any single restoration, rehabilitation or  
2 preservation project for any cultural property listed on the  
3 official New Mexico register certified by the committee.

4 D. A husband and wife who file separate returns for  
5 a taxable year in which they could have filed a joint return  
6 may each claim only one-half of the credit that would have been  
7 allowed on a joint return.

8 E. A taxpayer who otherwise qualifies and claims a  
9 credit on a restoration, rehabilitation or preservation project  
10 on property owned by a partnership of which the taxpayer is a  
11 member may claim a credit only in proportion to the taxpayer's  
12 interest in the partnership. The total credit claimed by all  
13 members of the partnership shall not exceed twenty-five  
14 thousand dollars (\$25,000) in the aggregate if governed by  
15 Paragraph (1) of Subsection A of this section, or fifty  
16 thousand dollars (\$50,000) in the aggregate if governed by  
17 Paragraph (2) of Subsection A of this section, for any single  
18 restoration, rehabilitation or preservation project for any  
19 cultural property listed on the official New Mexico register  
20 certified by the committee.

21 F. The credit provided in this section may only be  
22 deducted from the taxpayer's income tax liability. Any portion  
23 of the maximum tax credit provided by this section that remains  
24 unused at the end of the taxpayer's taxable year may be carried  
25 forward for four consecutive years; provided, however, that the

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1 total tax credits claimed under this section shall not exceed  
2 twenty-five thousand dollars (\$25,000) if governed by Paragraph  
3 (1) of Subsection A of this section, or fifty thousand dollars  
4 (\$50,000) if governed by Paragraph (2) of Subsection A of this  
5 section, for any single restoration, preservation or  
6 rehabilitation project for any cultural property listed on the  
7 official New Mexico register.

8 G. If the requirements of this section have been  
9 complied with, the department shall issue to the applicant a  
10 document granting the tax credit allowed pursuant to this  
11 section. The document shall be numbered for identification and  
12 shall declare its date of issuance and the amount of the tax  
13 credit allowed pursuant to this section. The document may be  
14 submitted by the applicant with that taxpayer's income tax  
15 return or may be sold, exchanged or otherwise transferred to  
16 another taxpayer. The parties to such a transaction shall  
17 notify the department of the sale, exchange or transfer within  
18 ten days of the sale, exchange or transfer.

19 [~~G.~~] H. The historic preservation division shall  
20 promulgate regulations for the implementation of Subsection B  
21 of this section.

22 [~~H.~~] I. As used in this section:

23 (1) "committee" means the cultural properties  
24 review committee created in Section 18-6-4 NMSA 1978; and

25 (2) "historic preservation division" means the

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1 historic preservation division of the cultural affairs  
2 department created in Section 18-6-8 NMSA 1978."

3 SECTION 2. Section 7-2-18.4 NMSA 1978 (being Laws 1994,  
4 Chapter 115, Section 1) is amended to read:

5 "7-2-18.4. QUALIFIED BUSINESS FACILITY REHABILITATION  
6 CREDIT--INCOME TAX CREDIT.--

7 A. To stimulate the creation of new jobs and  
8 revitalize economically depressed areas within New Mexico  
9 enterprise zones, any taxpayer who files an individual New  
10 Mexico income tax return, who is not a dependent of another  
11 individual and who is the owner of a qualified business  
12 facility may claim a credit in an amount equal to one-half of  
13 the cost, not to exceed fifty thousand dollars (\$50,000),  
14 incurred to restore, rehabilitate or renovate a qualified  
15 business facility.

16 B. A taxpayer may claim the credit provided in this  
17 section for each taxable year in which restoration,  
18 rehabilitation or renovation is carried out. The credit is  
19 deemed to originate on the date that the restoration,  
20 rehabilitation or renovation is completed. Except as provided  
21 in Subsection [E] F of this section, claims for the credit  
22 provided in this section shall be limited to three consecutive  
23 years, and the maximum aggregate credit allowable shall not  
24 exceed fifty thousand dollars (\$50,000) for any single  
25 restoration, rehabilitation or renovation project for any

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1 qualified business facility. Each claim for a qualified  
2 business facility rehabilitation credit shall be accompanied by  
3 documentation and certification as the department may require  
4 by regulation or instruction. A taxpayer shall apply for  
5 approval of the tax credit within one year following the end of  
6 the calendar year in which the restoration, rehabilitation or  
7 renovation was completed.

8 C. No credit may be claimed or allowed pursuant to  
9 the provisions of this section for any costs incurred for a  
10 restoration, rehabilitation or renovation project for which a  
11 credit may be claimed pursuant to the provisions of Section  
12 7-2-18.2 or [~~Section 7-9A-1~~] 7-9A-5 NMSA 1978.

13 D. If the requirements of this section have been  
14 complied with, the department shall issue to the applicant a  
15 document granting the tax credit allowed pursuant to this  
16 section. The document shall be numbered for identification and  
17 shall declare its date of issuance and the amount of the tax  
18 credit allowed pursuant to this section. The document may be  
19 submitted by the applicant with that taxpayer's income tax  
20 return or may be sold, exchanged or otherwise transferred to  
21 another taxpayer. The parties to such a transaction shall  
22 notify the department of the sale, exchange or transfer within  
23 ten days of the sale, exchange or transfer.

24 [~~D-~~] E. A husband and wife who file separate  
25 returns for a taxable year in which they could have filed a

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1 joint return may each claim only one-half of the credit that  
2 would have been allowed on a joint return.

3 ~~[E-]~~ F. A taxpayer who otherwise qualifies and  
4 claims a credit on a restoration, rehabilitation or renovation  
5 project on a building owned by a partnership or other business  
6 association of which the taxpayer is a member may claim a  
7 credit only in proportion to ~~[his]~~ the taxpayer's interest in  
8 the partnership or association. The total credit claimed by  
9 all members of the partnership or association shall not exceed  
10 fifty thousand dollars (\$50,000) in the aggregate for any  
11 single restoration, rehabilitation or renovation project for a  
12 qualified business facility.

13 ~~[F-]~~ G. The credit provided in this section may  
14 only be deducted from the taxpayer's income tax liability. Any  
15 portion of the maximum tax credit provided by this section that  
16 remains unused at the end of the taxpayer's taxable year may be  
17 carried forward for four consecutive taxable years; provided  
18 the total tax credits claimed under this section shall not  
19 exceed fifty thousand dollars (\$50,000) for any single  
20 restoration, rehabilitation or renovation project for a  
21 qualified business facility.

22 ~~[G-]~~ H. As used in this section:

23 (1) "qualified business facility" means a  
24 building located in a New Mexico enterprise zone that is  
25 suitable for use and is put into service by a person in the

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1 manufacturing, distribution or service industry immediately  
2 following the restoration, rehabilitation or renovation  
3 project; provided the building [~~must~~] shall have been vacant  
4 for the twenty-four month period immediately preceding the  
5 commencement of the restoration, rehabilitation or renovation  
6 project; and

7 (2) "restoration, rehabilitation or  
8 renovation" includes:

9 (a) the construction services necessary  
10 to ensure that a building is in compliance with applicable  
11 zoning codes, is safe for occupancy and meets the operating  
12 needs of a person in the manufacturing, distribution or service  
13 industry; and

14 (b) expansion of or an addition to a  
15 building if the expansion or addition does not increase the  
16 usable square footage of the building by more than ten percent  
17 of the usable square footage of the building prior to the  
18 restoration, rehabilitation or renovation project."

19 SECTION 3. Section 7-2-18.11 NMSA 1978 (being Laws 2003,  
20 Chapter 400, Section 1) is amended to read:

21 "7-2-18.11. JOB MENTORSHIP TAX CREDIT.--

22 A. To encourage New Mexico businesses to hire youth  
23 participating in career preparation education programs, a  
24 taxpayer who files an individual New Mexico income tax return,  
25 who is not a dependent of another individual and who is an

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1 owner of a New Mexico business may claim a credit in an amount  
2 equal to fifty percent of gross wages paid to qualified  
3 students who are employed by the business during the taxable  
4 year for which the return is filed. The tax credit provided by  
5 this section may be referred to as the "job mentorship tax  
6 credit".

7 B. A taxpayer who is an owner of a New Mexico  
8 business may claim the job mentorship tax credit for each  
9 taxable year in which the business employs one or more  
10 qualified students. A taxpayer shall apply for approval for  
11 the tax credit within one year following the end of the  
12 calendar year in which the qualified student is employed by the  
13 business. The maximum aggregate credit allowable shall not  
14 exceed fifty percent of the gross wages paid to not more than  
15 ten qualified students employed by the business for up to three  
16 hundred twenty hours of employment of each qualified student in  
17 each taxable year for a maximum of three taxable years for each  
18 qualified student. Each credit is deemed to originate on the  
19 hiring date for each qualified student. In no event shall a  
20 taxpayer claim a credit in excess of twelve thousand dollars  
21 (\$12,000) in any taxable year. The taxpayer shall certify that  
22 hiring the qualified student does not displace or replace a  
23 current employee.

24 C. The department shall issue job mentorship tax  
25 credit certificates upon request to any accredited New Mexico

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1 secondary school that has a school-sanctioned career  
2 preparation education program. The maximum number of  
3 certificates that may be issued in a school year to any one  
4 school is equal to the number of qualified students in the  
5 school-sanctioned career preparation education program on  
6 October 15 of that school year, as certified by the school  
7 principal.

8 D. A job mentorship tax credit certificate may be  
9 executed by a school principal with respect to a qualified  
10 student, and the executed certificate may be transferred to a  
11 New Mexico business that employs that student. By executing  
12 the certificate with respect to a student, the school principal  
13 certifies that the school has a school-sanctioned career  
14 preparation education program and the student is a qualified  
15 student.

16 E. To claim the job mentorship tax credit, the  
17 taxpayer must submit with respect to each employee for whom the  
18 credit is claimed:

19 (1) a properly executed job mentorship tax  
20 credit certificate;

21 (2) information required by the secretary with  
22 respect to the employee's employment by the business during the  
23 taxable year for which the credit is claimed; and

24 (3) information required by the secretary that  
25 the employee was not also employed in the same taxable year by

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1 another New Mexico business qualifying for and claiming a job  
2 mentorship tax credit for that employee pursuant to this  
3 section or the Corporate Income and Franchise Tax Act.

4 F. The job mentorship tax credit may only be  
5 deducted from ~~[the]~~ a taxpayer's New Mexico income tax  
6 liability for the taxable year. Any portion of the maximum  
7 credit provided by this section that remains unused at the end  
8 of the taxpayer's taxable year may be carried forward for three  
9 consecutive taxable years; provided the total credits claimed  
10 under this section shall not exceed the maximum allowable  
11 pursuant to Subsection B of this section.

12 G. If the requirements of this section have been  
13 complied with, the department shall issue to the applicant a  
14 document granting the tax credit allowed pursuant to this  
15 section. The document shall be numbered for identification and  
16 shall declare its date of issuance and the amount of the tax  
17 credit allowed pursuant to this section. The document may be  
18 submitted by the applicant with that taxpayer's income tax  
19 return or may be sold, exchanged or otherwise transferred to  
20 another taxpayer. The parties to such a transaction shall  
21 notify the department of the sale, exchange or transfer within  
22 ten days of the sale, exchange or transfer.

23 ~~[G-]~~ H. A husband and wife who file separate  
24 returns for a taxable year in which they could have filed a  
25 joint return may each claim only one-half of the credit that

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1 would have been allowed on a joint return.

2           ~~[H.]~~ I. A taxpayer who otherwise qualifies for and  
3 claims a job mentorship tax credit for employment of qualified  
4 students by a partnership, limited partnership, limited  
5 liability company, S corporation or other business association  
6 of which the taxpayer is a member may claim a credit only in  
7 proportion to ~~[his]~~ the taxpayer's interest in the partnership,  
8 limited partnership, limited liability company, S corporation  
9 or association. The total credit claimed by all members of the  
10 business shall not exceed the maximum credit allowable pursuant  
11 to Subsection B of this section.

12           ~~[F.]~~ J. As used in this section:

13                   (1) "career preparation education program"  
14 means a work-based learning or school-to-career program  
15 designed for secondary school students to create academic and  
16 career goals and objectives and find employment in a job  
17 meeting those goals and objectives;

18                   (2) "New Mexico business" means a partnership,  
19 limited partnership, limited liability company treated as a  
20 partnership for federal income tax purposes, S corporation or  
21 sole proprietorship that carries on a trade or business in New  
22 Mexico and that employs in New Mexico fewer than three hundred  
23 full-time employees at any one time during the taxable year;  
24 and

25                   (3) "qualified student" means an individual

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1 who is at least fourteen years of age but not more than twenty-  
2 one years of age who is attending full time an accredited New  
3 Mexico secondary school and who is a participant in a career  
4 preparation education program sanctioned by the secondary  
5 school."

6 SECTION 4. Section 7-2-18.14 NMSA 1978 (being Laws 2006,  
7 Chapter 93, Section 1, as amended) is amended to read:

8 "7-2-18.14. SOLAR MARKET DEVELOPMENT TAX CREDIT--  
9 RESIDENTIAL AND SMALL BUSINESS SOLAR THERMAL AND PHOTOVOLTAIC  
10 MARKET DEVELOPMENT TAX CREDIT.--

11 A. Except as provided in Subsection C of this  
12 section, a taxpayer who files an individual New Mexico income  
13 tax return for a taxable year beginning on or after  
14 January 1, 2006 and who purchases and installs after  
15 January 1, 2006 but before December 31, 2016 a solar thermal  
16 system or a photovoltaic system in a residence, business or  
17 agricultural enterprise in New Mexico owned by that taxpayer  
18 may apply for, and the department may allow, a solar market  
19 development tax credit of up to ten percent of the purchase  
20 and installation costs of the system.

21 B. The total solar market development tax credit  
22 allowed for either a photovoltaic system or a solar thermal  
23 system shall not exceed nine thousand dollars (\$9,000). The  
24 department shall allow solar market development tax credits  
25 only for solar thermal systems and photovoltaic systems

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1 certified by the energy, minerals and natural resources  
2 department.

3 C. Solar market development tax credits may not be  
4 claimed or allowed for:

5 (1) a heating system for a swimming pool or  
6 a hot tub; or

7 (2) a commercial or industrial photovoltaic  
8 system other than an agricultural photovoltaic system on a  
9 farm or ranch that is not connected to an electric utility  
10 transmission or distribution system.

11 D. The department may allow a maximum annual  
12 aggregate of:

13 (1) two million dollars (\$2,000,000) in  
14 solar market development tax credits for solar thermal  
15 systems; and

16 (2) three million dollars (\$3,000,000) in  
17 solar market development tax credits for photovoltaic systems.

18 E. The solar market development tax credit may  
19 only be deducted from a taxpayer's income tax liability. A  
20 taxpayer shall apply for approval for the tax credit within  
21 one year following the end of the calendar year in which the  
22 system is installed. The tax credit is deemed to originate at  
23 the point of system installation. A portion of the solar  
24 market development tax credit that remains unused in a taxable  
25 year may be carried forward for a maximum of ten consecutive

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1 taxable years following the taxable year in which the credit  
2 originates until fully expended.

3 F. If the requirements of this section have been  
4 complied with, the department shall issue to the applicant a  
5 document granting the tax credit allowed pursuant to this  
6 section. The document shall be numbered for identification  
7 and shall declare its date of issuance and the amount of the  
8 tax credit allowed pursuant to this section. The document may  
9 be submitted by the applicant with that taxpayer's income tax  
10 return or may be sold, exchanged or otherwise transferred to  
11 another taxpayer. The parties to such a transaction shall  
12 notify the department of the sale, exchange or transfer within  
13 ten days of the sale, exchange or transfer.

14 ~~[F-]~~ G. Prior to July 1, 2006, the energy,  
15 minerals and natural resources department shall adopt rules  
16 establishing procedures to provide certification of solar  
17 thermal systems and photovoltaic systems for purposes of  
18 obtaining a solar market development tax credit. The rules  
19 shall address technical specifications and requirements  
20 relating to safety, code and standards compliance, solar  
21 collector orientation and sun exposure, minimum system sizes,  
22 system applications and lists of eligible components. The  
23 energy, minerals and natural resources department may modify  
24 the specifications and requirements as necessary to maintain a  
25 high level of system quality and performance.

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1                   [~~G-~~] H. As used in this section:

2                   (1) "photovoltaic system" means an energy  
3 system that collects or absorbs sunlight for conversion into  
4 electricity; and

5                   (2) "solar thermal system" means an energy  
6 system that collects or absorbs solar energy for conversion  
7 into heat for the purposes of space heating, space cooling or  
8 water heating."

9                   **SECTION 5.** Section 7-2-18.17 NMSA 1978 (being Laws  
10 2007, Chapter 172, Section 1, as amended) is amended to read:

11                   "7-2-18.17. ANGEL INVESTMENT CREDIT.--

12                   A. A taxpayer who files a New Mexico income tax  
13 return, is not a dependent of another taxpayer, is an  
14 accredited investor and makes a qualified investment may claim  
15 a credit in an amount not to exceed twenty-five percent of not  
16 more than one hundred thousand dollars (\$100,000) of the  
17 qualified investment. The tax credit provided in this section  
18 shall be known as the "angel investment credit".

19                   B. A taxpayer may claim the angel investment  
20 credit for not more than two qualified investments in a  
21 taxable year; provided that each investment is in a different  
22 qualified business. A taxpayer may claim the angel investment  
23 credit for qualified investments made in the same qualified  
24 business or successor of that business for not more than three  
25 taxable years. The angel investment credit shall not exceed

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1 twenty-five thousand dollars (\$25,000) for each qualified  
2 investment by the taxpayer.

3 C. A taxpayer may claim the angel investment  
4 credit no later than one year following the end of the  
5 calendar year in which the qualified investment was made;  
6 provided that a claim for the credit may not be made or  
7 allowed with respect to any investment made after December 31,  
8 2016.

9 D. A taxpayer shall apply for certification of  
10 eligibility for the angel investment credit from the economic  
11 development department. Applications shall be considered in  
12 the order received. If the economic development department  
13 determines that the taxpayer is an accredited investor and the  
14 investment is a qualified investment, [~~it~~] the department  
15 shall issue a certificate of eligibility to the taxpayer,  
16 subject to the limitation in Subsection E of this section.  
17 The certificate shall be dated and shall include a calculation  
18 of the amount of the angel investment credit for which the  
19 taxpayer is eligible. The economic development department may  
20 issue rules governing the procedure for administering the  
21 provisions of this subsection.

22 E. The economic development department may issue a  
23 certificate of eligibility pursuant to Subsection D of this  
24 section only if the total amount of angel investment credits  
25 represented by certificates of eligibility issued by the

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1 economic development department in any calendar year will not  
2 exceed seven hundred fifty thousand dollars (\$750,000). If  
3 the applications for certificates of eligibility for angel  
4 investment credits represent an aggregate amount exceeding  
5 seven hundred fifty thousand dollars (\$750,000) for any  
6 calendar year, certificates shall be issued in the order that  
7 the applications were received. The excess applications that  
8 would have been certified, but for the limit imposed by this  
9 subsection, shall be certified, subject to the same limit, in  
10 subsequent calendar years.

11 F. The economic development department shall  
12 report annually to the legislative finance committee on the  
13 utilization and effectiveness of the angel investment credit.  
14 The report shall include, at a minimum: the number of  
15 accredited investors to whom certificates of eligibility were  
16 issued by the department in the previous year; the names of  
17 those investors; the amount of angel investment credit for  
18 which each investor was certified eligible; and the number and  
19 names of the businesses that the department has determined are  
20 qualified businesses for purposes of an investment by an  
21 accredited investor. The report shall also include an  
22 evaluation of the success of the angel investment credit as an  
23 incubator of new businesses in New Mexico and of the continued  
24 viability and operation in New Mexico of businesses in which  
25 investments eligible for the angel investment credit have been

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1 made.

2 G. To claim the angel investment credit, the  
3 taxpayer must provide to the taxation and revenue department a  
4 certificate of eligibility issued by the economic development  
5 department pursuant to Subsection D of this section and any  
6 other information the taxation and revenue department may  
7 require to determine the amount of the tax credit due the  
8 taxpayer. If the requirements of this section have been  
9 complied with, the taxation and revenue department shall  
10 approve the claim for the credit and issue a document pursuant  
11 to Subsection K of this section.

12 H. A taxpayer who otherwise qualifies for and  
13 claims a credit pursuant to this section for a qualified  
14 investment made by a partnership or other business association  
15 of which the taxpayer is a member may claim a credit only in  
16 proportion to the taxpayer's interest in the partnership or  
17 business association. The total credit claimed in the  
18 aggregate by all members of the partnership or business  
19 association in a taxable year with respect to a qualified  
20 investment shall not exceed twenty-five thousand dollars  
21 (\$25,000).

22 I. A husband and wife who file separate returns  
23 for a taxable year in which they could have filed a joint  
24 return may each claim one-half of the credit that would have  
25 been allowed on a joint return.

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1           J. The angel investment credit may only be  
2 deducted from ~~[the]~~ a taxpayer's income tax liability. The  
3 tax credit is deemed to originate at the point of the  
4 qualified investment. Any portion of the tax credit provided  
5 by this section that remains unused at the end of the  
6 taxpayer's taxable year may be carried forward for three  
7 consecutive years.

8           K. If the requirements of this section have been  
9 complied with, the department shall issue to the applicant a  
10 document granting the tax credit allowed pursuant to this  
11 section. The document shall be numbered for identification  
12 and shall declare its date of issuance and the amount of the  
13 tax credit allowed pursuant to this section. The document may  
14 be submitted by the applicant with that taxpayer's income tax  
15 return or may be sold, exchanged or otherwise transferred to  
16 another taxpayer. The parties to such a transaction shall  
17 notify the department of the sale, exchange or transfer within  
18 ten days of the sale, exchange or transfer.

19           ~~[K-]~~ L. As used in this section:

20                   (1) "accredited investor" means a person who  
21 is an accredited investor within the meaning of Rule 501  
22 issued by the federal securities and exchange commission  
23 pursuant to the federal Securities Act of 1933, as amended;

24                   (2) "business" means a corporation, general  
25 partnership, limited partnership, limited liability company or

1 other similar entity, but excludes an entity that is a  
2 government or a nonprofit organization designated as such by  
3 the federal government or any state;

4 (3) "equity" means common or preferred stock  
5 of a corporation, a partnership interest in a limited  
6 partnership or a membership interest in a limited liability  
7 company, including debt subject to an option in favor of the  
8 creditor to convert the debt into common or preferred stock, a  
9 partnership interest or a membership interest;

10 (4) "high-technology research" means  
11 research:

12 (a) that is undertaken for the purpose  
13 of discovering information that is technological in nature and  
14 the application of which is intended to be useful in the  
15 development of a new or improved business component of the  
16 qualified business; and

17 (b) substantially all of the activities  
18 of which constitute elements of a process or experimentation  
19 related to a new or improved function, performance,  
20 reliability or quality, but not related to style, taste or  
21 cosmetic or seasonal design factors;

22 (5) "manufacturing" means combining or  
23 processing components or materials to increase their value for  
24 sale in the ordinary course of business, but does not include:

25 (a) construction;

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- (b) farming;
- (c) processing natural resources, including hydrocarbons; or
- (d) preparing meals for immediate consumption, on- or off-premises;
- (6) "qualified business" means a business that:
  - (a) maintains its principal place of business in New Mexico;
  - (b) engages in high-technology research or manufacturing activities in New Mexico;
  - (c) is not primarily engaged in or is not primarily organized as any of the following types of businesses: credit or finance services, including banks, savings and loan associations, credit unions, small loan companies or title loan companies; financial brokering or investment; professional services, including accounting, legal services, engineering and any other service the practice of which requires a license; insurance; real estate; construction or construction contracting; consulting or brokering; mining; wholesale or retail trade; providing utility service, including water, sewerage, electricity, natural gas, propane or butane; publishing, including publishing newspapers or other periodicals; broadcasting; or providing internet operating services;

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1 (d) has not issued securities  
2 registered pursuant to Section 6 of the federal Securities Act  
3 of 1933, as amended; has not issued securities traded on a  
4 national securities exchange; is not subject to reporting  
5 requirements of the federal Securities Exchange Act of 1934,  
6 as amended; and is not registered pursuant to the federal  
7 Investment Company Act of 1940, as amended, at the time of the  
8 investment;

9 (e) has one hundred or fewer employees  
10 calculated on a full-time-equivalent basis at the time of the  
11 investment; and

12 (f) has not had gross revenues in  
13 excess of five million dollars (\$5,000,000) in any fiscal year  
14 ending on or before the date of the investment; and

15 (7) "qualified investment" means a cash  
16 investment in a qualified business for equity, but does not  
17 include an investment by a taxpayer if the taxpayer, a member  
18 of the taxpayer's immediate family or an entity affiliated  
19 with the taxpayer receives compensation from the qualified  
20 business in exchange for services provided to the qualified  
21 business within one year of investment in the qualified  
22 business."

23 SECTION 6. Section 7-2-18.22 NMSA 1978 (being Laws  
24 2007, Chapter 361, Section 2) is amended to read:

25 "7-2-18.22. ~~[TAX CREDIT]~~ RURAL HEALTH CARE PRACTITIONER  
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1 TAX CREDIT.--

2 A. A taxpayer who files an individual New Mexico  
3 tax return, who is not a dependent of another individual, who  
4 is an eligible health care practitioner and who has provided  
5 health care services in New Mexico in a rural health care  
6 underserved area in a taxable year may claim a credit against  
7 the tax liability imposed by the Income Tax Act. The credit  
8 provided in this section may be referred to as the "rural  
9 health care practitioner tax credit".

10 B. The rural health care practitioner tax credit  
11 may be claimed and allowed in an amount that shall not exceed  
12 five thousand dollars (\$5,000) for all eligible physicians,  
13 osteopathic physicians, dentists, clinical psychologists,  
14 podiatrists and optometrists who qualify pursuant to the  
15 provisions of this section, except the credit shall not exceed  
16 three thousand dollars (\$3,000) for all eligible dental  
17 hygienists, physician assistants, certified nurse-midwives,  
18 certified registered nurse anesthetists, certified nurse  
19 practitioners and clinical nurse specialists.

20 C. To qualify for the rural health care  
21 practitioner tax credit, an eligible health care practitioner  
22 shall have provided health care during a taxable year for at  
23 least two thousand eighty hours at a practice site located in  
24 an approved, rural health care underserved area. An eligible  
25 rural health care practitioner who provided health care

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1 services for at least one thousand forty hours but less than  
2 two thousand eighty hours at a practice site located in an  
3 approved rural health care underserved area during a taxable  
4 year is eligible for one-half of the credit amount. A  
5 taxpayer shall apply for approval for the tax credit within  
6 one year following the end of the calendar year in which the  
7 health care services are provided. The credit is deemed to  
8 originate on the date the minimum required hours of health  
9 care services are completed.

10 D. Before an eligible health care practitioner may  
11 claim the rural health care practitioner tax credit, the  
12 practitioner shall submit an application to the department of  
13 health that describes the practitioner's clinical practice and  
14 contains additional information that the department of health  
15 may require. The department of health shall determine whether  
16 an eligible health care practitioner qualifies for the rural  
17 health care practitioner tax credit and shall issue a  
18 certificate to each qualifying eligible health care  
19 practitioner. The department of health shall provide the  
20 taxation and revenue department appropriate information for  
21 all eligible health care practitioners to whom certificates  
22 are issued.

23 E. ~~[A taxpayer claiming]~~ To claim the credit  
24 provided by this section, a taxpayer shall submit a copy of  
25 the certificate issued by the department of health ~~[with the~~

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1 ~~taxpayer's New Mexico income tax return for the taxable year]~~  
2 to the taxation and revenue department. If the requirements  
3 of this section have been complied with, the department shall  
4 issue to the applicant a document granting the tax credit  
5 allowed pursuant to this section. The document shall be  
6 numbered for identification and shall declare its date of  
7 issuance and the amount of the tax credit allowed pursuant to  
8 this section. The document may be submitted by the applicant  
9 with that taxpayer's income tax return or may be sold,  
10 exchanged or otherwise transferred to another taxpayer. The  
11 parties to such a transaction shall notify the department of  
12 the sale, exchange or transfer within ten days of the sale,  
13 exchange or transfer.

14 F. The rural health care practitioner tax credit  
15 may only be deducted from a taxpayer's income tax liability.

16 If the amount of the credit claimed exceeds a taxpayer's tax  
17 liability for the taxable year in which the credit is being  
18 claimed, the excess may be carried forward for three  
19 consecutive taxable years.

20 [~~F.~~] G. As used in this section:

21 (1) "eligible health care practitioner"

22 means:

23 (a) a certified nurse-midwife licensed  
24 by the board of nursing as a registered nurse and licensed by  
25 the public health division of the department of health to

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1 practice nurse-midwifery as a certified nurse-midwife;

2 (b) a dentist or dental hygienist  
3 licensed pursuant to the Dental Health Care Act;

4 (c) an optometrist licensed pursuant to  
5 the provisions of the Optometry Act;

6 (d) an osteopathic physician licensed  
7 pursuant to the provisions of Chapter 61, Article 10 NMSA 1978  
8 or an osteopathic physician assistant licensed pursuant to the  
9 provisions of the Osteopathic Physicians' Assistants Act;

10 (e) a physician or physician assistant  
11 licensed pursuant to the provisions of Chapter 61, Article 6  
12 NMSA 1978;

13 (f) a podiatrist licensed pursuant to  
14 the provisions of the Podiatry Act;

15 (g) a clinical psychologist licensed  
16 pursuant to the provisions of the Professional Psychologist  
17 Act; and

18 (h) a registered nurse in advanced  
19 practice who has been prepared through additional formal  
20 education as provided in Sections 61-3-23.2 through 61-3-23.4  
21 NMSA 1978 to function beyond the scope of practice of  
22 professional registered nursing, including certified nurse  
23 practitioners, certified registered nurse anesthetists and  
24 clinical nurse specialists;

25 (2) "health care underserved area" means a

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1 geographic area or practice location in which it has been  
2 determined by the department of health, through the use of  
3 indices and other standards set by the department of health,  
4 that sufficient health care services are not being provided;

5 (3) "practice site" means a private  
6 practice, public health clinic, hospital, public or private  
7 nonprofit primary care clinic or other health care service  
8 location in a health care underserved area; and

9 (4) "rural" means an area or location  
10 identified by the department of health as falling outside of  
11 an urban area."

12 SECTION 7. Section 7-2A-8.6 NMSA 1978 (being Laws 1984,  
13 Chapter 34, Section 2, as amended) is amended to read:

14 "7-2A-8.6. ~~[CREDIT FOR]~~ PRESERVATION OF CULTURAL  
15 PROPERTY CORPORATE INCOME TAX CREDIT.--

16 A. Tax credits for the preservation of cultural  
17 property may be claimed as follows:

18 (1) to encourage the restoration,  
19 rehabilitation and preservation of cultural properties, a  
20 taxpayer that files a corporate income tax return and that is  
21 the owner of a cultural property listed on the official New  
22 Mexico register of cultural properties, with its consent, may  
23 claim a credit not to exceed twenty-five thousand dollars  
24 (\$25,000) in an amount equal to one-half of the cost of  
25 restoration, rehabilitation or preservation of the cultural

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1 property; or

2 (2) if a cultural property, whose owner may  
3 otherwise claim the credit set forth in Paragraph (1) of this  
4 subsection, is also located within an arts and cultural  
5 district designated by the state or a municipality pursuant to  
6 the Arts and Cultural District Act, the owner of that cultural  
7 property may claim a credit not to exceed fifty thousand  
8 dollars (\$50,000), including any credit claimed pursuant to  
9 Paragraph (1) of this subsection, in an amount equal to one-  
10 half of the cost of restoration, rehabilitation or  
11 preservation of the cultural property.

12 B. The taxpayer may claim the credit for a  
13 cultural property restoration, rehabilitation or preservation  
14 project if:

15 (1) it submitted a plan and specifications  
16 for a restoration, rehabilitation or preservation project to  
17 the committee and received approval from the committee for the  
18 plan and specifications prior to commencement of the  
19 [~~restoration, rehabilitation or preservation~~] project;

20 (2) it received certification from the  
21 committee after completing the restoration, rehabilitation or  
22 preservation project, or committee-approved phase, that [~~it~~]  
23 the project or phase conformed to the plan and specifications  
24 and preserved and maintained those qualities of the property  
25 that made [~~it~~] the property eligible for inclusion in the

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1 official register; and

2 (3) the project is completed within twenty-  
3 four months of the date that the project is approved by the  
4 committee in accordance with Paragraph (1) of this subsection.

5 C. A taxpayer may claim the credit provided in  
6 this section for each taxable year in which preservation,  
7 restoration or rehabilitation is carried out. The credit is  
8 deemed to originate when the preservation, restoration or  
9 rehabilitation is completed. A taxpayer shall apply for  
10 approval for the tax credit within one year following the end  
11 of the calendar year in which the preservation, restoration or  
12 rehabilitation was completed. Claims for the credit provided  
13 in this section shall be limited to three consecutive years,  
14 and the maximum aggregate credit allowable shall not exceed  
15 twenty-five thousand dollars (\$25,000) if governed by  
16 Paragraph (1) of Subsection A of this section, or fifty  
17 thousand dollars (\$50,000) if governed by Paragraph (2) of  
18 Subsection A of this section, for any single restoration,  
19 rehabilitation or preservation project certified by the  
20 committee for any cultural property listed on the official New  
21 Mexico register. No single project may extend beyond a period  
22 of more than two years.

23 D. A taxpayer who otherwise qualifies and claims a  
24 credit on a restoration, rehabilitation or preservation  
25 project on property owned by a partnership of which the

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1 taxpayer is a member may claim a credit only in proportion to  
2 the taxpayer's interest in the partnership. The total credit  
3 claimed by all members of the partnership shall not exceed  
4 twenty-five thousand dollars (\$25,000) if governed by  
5 Paragraph (1) of Subsection A of this section, or fifty  
6 thousand dollars (\$50,000) if governed by Paragraph (2) of  
7 Subsection A of this section, in the aggregate for any single  
8 restoration, preservation or rehabilitation project for any  
9 cultural property listed on the official New Mexico register  
10 approved by the committee.

11 E. The credit provided in this section may only be  
12 deducted from the taxpayer's corporate income tax liability.  
13 Any portion of the maximum tax credit provided by this section  
14 that remains unused at the end of the taxpayer's taxable year  
15 may be carried forward for four consecutive years; provided,  
16 however, that the total tax credits claimed under this section  
17 shall not exceed twenty-five thousand dollars (\$25,000) if  
18 governed by Paragraph (1) of Subsection A of this section, or  
19 fifty thousand dollars (\$50,000) if governed by Paragraph (2)  
20 of Subsection A of this section, for any single restoration,  
21 rehabilitation or preservation project for any cultural  
22 property listed on the official New Mexico register.

23 F. If the requirements of this section have been  
24 complied with, the department shall issue to the applicant a  
25 document granting the tax credit allowed pursuant to this

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1 section. The document shall be numbered for identification  
2 and shall declare its date of issuance and the amount of the  
3 tax credit allowed pursuant to this section. The document may  
4 be submitted by the applicant with that taxpayer's income tax  
5 return or may be sold, exchanged or otherwise transferred to  
6 another taxpayer. The parties to such a transaction shall  
7 notify the department of the sale, exchange or transfer within  
8 ten days of the sale, exchange or transfer.

9 ~~[F-]~~ G. The historic preservation division shall  
10 promulgate regulations for the implementation of this section.

11 ~~[G-]~~ H. As used in this section:

12 (1) "committee" means the cultural  
13 properties review committee created in Section 18-6-4 NMSA  
14 1978; and

15 (2) "historic preservation division" means  
16 the historic preservation division of the cultural affairs  
17 department created in Section 18-6-8 NMSA 1978."

18 **SECTION 8.** Section 7-2A-15 NMSA 1978 (being Laws 1994,  
19 Chapter 115, Section 2) is amended to read:

20 "7-2A-15. QUALIFIED BUSINESS FACILITY REHABILITATION  
21 CREDIT--CORPORATE INCOME TAX CREDIT.--

22 A. To stimulate the creation of new jobs and  
23 revitalize economically distressed areas within New Mexico  
24 enterprise zones, any taxpayer who files a corporate income  
25 tax return and who is the owner of a qualified business

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1 facility may claim a credit in an amount equal to one-half of  
2 the cost, not to exceed fifty thousand dollars (\$50,000),  
3 incurred to restore, rehabilitate or renovate a qualified  
4 business facility.

5 B. A taxpayer may claim the credit provided in  
6 this section for each taxable year in which restoration,  
7 rehabilitation or renovation is carried out. The credit is  
8 deemed to originate on the date that the restoration,  
9 rehabilitation or renovation is completed. Except as provided  
10 in Subsection [D] E of this section, claims for the credit  
11 provided in this section shall be limited to three consecutive  
12 years, and the maximum aggregate credit allowable shall not  
13 exceed fifty thousand dollars (\$50,000) for any single  
14 restoration, rehabilitation or renovation project for any  
15 qualified business facility. Each claim for a qualified  
16 business facility rehabilitation credit shall be accompanied  
17 by documentation and certification as the department may  
18 require by regulation or instruction. A taxpayer shall apply  
19 for approval of the tax credit within one year following the  
20 end of the calendar year in which the restoration,  
21 rehabilitation or renovation was completed.

22 C. No credit may be claimed or allowed pursuant to  
23 the provisions of this section for any costs incurred for a  
24 restoration, rehabilitation or renovation project for which a  
25 credit may be claimed pursuant to the provisions of Section

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1 7-2A-8.6 or [~~Section 7-9A-1~~] 7-9A-5 NMSA 1978.

2 D. If the requirements of this section have been  
3 complied with, the department shall issue to the applicant a  
4 document granting the tax credit allowed pursuant to this  
5 section. The document shall be numbered for identification  
6 and shall declare its date of issuance and the amount of the  
7 tax credit allowed pursuant to this section. The document may  
8 be submitted by the applicant with that taxpayer's income tax  
9 return or may be sold, exchanged or otherwise transferred to  
10 another taxpayer. The parties to such a transaction shall  
11 notify the department of the sale, exchange or transfer within  
12 ten days of the sale, exchange or transfer.

13 [~~D.~~] E. A taxpayer who otherwise qualifies and  
14 claims a credit on a restoration, rehabilitation or renovation  
15 project on a building owned by a partnership or other business  
16 association of which the taxpayer is a member may claim a  
17 credit only in proportion to [~~his~~] the taxpayer's interest in  
18 the partnership or association. The total credit claimed by  
19 all members of the partnership or association shall not exceed  
20 fifty thousand dollars (\$50,000) in the aggregate for any  
21 single restoration, rehabilitation or renovation project for a  
22 qualified business facility.

23 [~~E.~~] F. The credit provided in this section may  
24 only be deducted from the taxpayer's corporate income tax  
25 liability. Any portion of the maximum tax credit provided by

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1 this section that remains unused at the end of the taxpayer's  
2 taxable year may be carried forward for four consecutive  
3 taxable years; provided the total tax credits claimed under  
4 this section shall not exceed fifty thousand dollars (\$50,000)  
5 for any single restoration, rehabilitation or renovation  
6 project for a qualified business facility.

7 ~~[F-]~~ G. As used in this section:

8 (1) "qualified business facility" means a  
9 building located in a New Mexico enterprise zone that is  
10 suitable for use and is put into service by a person in the  
11 manufacturing, distribution or service industry immediately  
12 following the restoration, rehabilitation or renovation  
13 project; provided the building ~~[must]~~ shall have been vacant  
14 for the twenty-four month period immediately preceding the  
15 commencement of the restoration, rehabilitation or renovation  
16 project; and

17 (2) "restoration, rehabilitation or  
18 renovation" includes:

19 (a) the construction services necessary  
20 to ensure that a building is in compliance with applicable  
21 zoning codes, is safe for occupancy and meets the operating  
22 needs of a person in the manufacturing, distribution or  
23 service industry; and

24 (b) expansion of or additions to a  
25 building if the expansion or addition does not increase the

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1 usable square footage of the building by more than ten percent  
2 of the usable square footage of the building prior to the  
3 restoration, rehabilitation or renovation."

4 SECTION 9. Section 7-2A-17.1 NMSA 1978 (being Laws  
5 2003, Chapter 400, Section 2) is amended to read:

6 "7-2A-17.1. JOB MENTORSHIP TAX CREDIT.--

7 A. To encourage New Mexico businesses to hire  
8 youth participating in career preparation education programs,  
9 a taxpayer that is a New Mexico business and that files a  
10 corporate income tax return may claim a credit in an amount  
11 equal to fifty percent of gross wages paid to qualified  
12 students who are employed by the taxpayer during the taxable  
13 year for which the return is filed. The tax credit provided  
14 by this section may be referred to as the "job mentorship tax  
15 credit".

16 B. A taxpayer may claim the job mentorship tax  
17 credit provided in this section for each taxable year in which  
18 the taxpayer employs one or more qualified students. A  
19 taxpayer shall apply for approval for the tax credit within  
20 one year following the end of the calendar year in which the  
21 qualified student is employed by the business. The maximum  
22 aggregate credit allowable shall not exceed fifty percent of  
23 the gross wages paid to not more than ten qualified students  
24 employed by the taxpayer for up to three hundred twenty hours  
25 of employment of each qualified student in each taxable year

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1 for a maximum of three taxable years for each qualified  
2 student. Each credit is deemed to originate on the hiring  
3 date for each qualified student. In no event shall a taxpayer  
4 claim a credit in excess of twelve thousand dollars (\$12,000)  
5 in any taxable year. The employer shall certify that hiring  
6 the qualified student does not displace or replace a current  
7 employee.

8 C. The department shall issue job mentorship tax  
9 credit certificates upon request to any accredited New Mexico  
10 secondary school that has a school-sanctioned career  
11 preparation education program. The maximum number of  
12 certificates that may be issued in a school year to any one  
13 school is equal to the number of qualified students in the  
14 school-sanctioned career preparation education program on  
15 October 15 of that school year, as certified by the school  
16 principal.

17 D. A job mentorship tax credit certificate may be  
18 executed by a school principal with respect to a qualified  
19 student, and the executed certificate may be transferred to a  
20 New Mexico business that employs that student. By executing  
21 the certificate with respect to a student, the school  
22 principal certifies that the school has a school-sanctioned  
23 career preparation education program and the student is a  
24 qualified student.

25 E. To claim the job mentorship tax credit, the

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1 taxpayer must submit with respect to each employee for whom  
2 the credit is claimed:

3 (1) a properly executed job mentorship tax  
4 credit certificate;

5 (2) information required by the secretary  
6 with respect to the employee's employment by the taxpayer  
7 during the taxable year for which the credit is claimed; and

8 (3) information required by the secretary  
9 that the employee was not also employed in the same taxable  
10 year by another New Mexico business qualifying for and  
11 claiming a job mentorship tax credit for that employee  
12 pursuant to this section or the Income Tax Act.

13 F. The job mentorship tax credit may only be  
14 deducted from ~~[the]~~ a taxpayer's corporate income tax  
15 liability for the taxable year. Any portion of the maximum  
16 credit provided by this section that remains unused at the end  
17 of the taxpayer's taxable year may be carried forward for  
18 three consecutive taxable years; provided the total credits  
19 claimed pursuant to this section shall not exceed the maximum  
20 allowable under Subsection B of this section.

21 G. If the requirements of this section have been  
22 complied with, the department shall issue to the applicant a  
23 document granting the tax credit allowed pursuant to this  
24 section. The document shall be numbered for identification  
25 and shall declare its date of issuance and the amount of the

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1 tax credit allowed pursuant to this section. The document may  
2 be submitted by the applicant with that taxpayer's corporate  
3 income tax return or may be sold, exchanged or otherwise  
4 transferred to another taxpayer. The parties to such a  
5 transaction shall notify the department of the sale, exchange  
6 or transfer within ten days of the sale, exchange or transfer.

7 [~~G.~~] H. As used in this section:

8 (1) "career preparation education program"  
9 means a work-based learning or school-to-career program  
10 designed for secondary school students to create academic and  
11 career goals and objectives and find employment in a job  
12 meeting those goals and objectives;

13 (2) "New Mexico business" means a  
14 corporation that carries on a trade or business in New Mexico  
15 and that employs in New Mexico fewer than three hundred full-  
16 time employees during the taxable year; and

17 (3) "qualified student" means an individual  
18 who is at least fourteen years of age but not more than  
19 twenty-one years of age who is attending full time an  
20 accredited New Mexico secondary school and who is a  
21 participant in a career preparation education program  
22 sanctioned by the secondary school."

23 **SECTION 10. APPLICABILITY.**--The provisions of this act  
24 apply to taxable years beginning on or after January 1, 2014.