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SENATE BILL 572

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

Carlos R. Cisneros

AN ACT

RELATING TO TAXATION; CREATING THE TECHNOLOGY READINESS GROSS RECEIPTS TAX CREDIT.

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

SECTION 1. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] TECHNOLOGY READINESS GROSS RECEIPTS TAX CREDIT.--

A. Prior to July 1, 2030, a taxpayer that is a national laboratory that provides technology readiness assistance to a business that is registered to do business in New Mexico and has licensed a technology from the national laboratory or is a participant in a cooperative research and development agreement with the national laboratory may apply to the department for a tax credit against the taxpayer's gross

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1 receipts tax liability imposed pursuant to the Gross Receipts  
2 and Compensating Tax Act, excluding any local option gross  
3 receipts tax liability. The tax credit provided by this  
4 section may be referred to as the "technology readiness gross  
5 receipts tax credit".

6 B. The purpose of the technology readiness gross  
7 receipts tax credit is to help promote technology maturation of  
8 technologies developed at New Mexico national laboratories and  
9 licensed to New Mexico companies in order to boost technology  
10 commercialization and increase economic development in the  
11 state.

12 C. A taxpayer shall not claim both a technology  
13 readiness gross receipts tax credit and a credit pursuant to  
14 the Laboratory Partnership with Small Business Tax Credit Act  
15 for any assistance provided to the same business in the same  
16 taxable year.

17 D. Subject to the limitation pursuant to Subsection  
18 E of this section, the amount of a technology readiness gross  
19 receipts tax credit shall equal the amount of qualified  
20 expenditures incurred by a national laboratory to provide  
21 technology readiness assistance to a business, not to exceed  
22 two hundred fifty thousand dollars (\$250,000) for technology  
23 that reaches technology maturation.

24 E. The department shall allow up to a maximum  
25 annual amount of two million five hundred thousand dollars

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1 (\$2,500,000) of technology readiness gross receipts tax credits  
2 per national laboratory.

3 F. To be eligible for a technology readiness gross  
4 receipts tax credit, a taxpayer shall apply for a certificate  
5 of eligibility from the economic development department on  
6 forms and in the manner required by that department. The  
7 application shall include the following:

8 (1) certification from the business that  
9 received the technology readiness assistance that:

10 (a) the assistance resulted in the  
11 technology maturation for the technology for which the business  
12 received the assistance; and

13 (b) the assistance provided was not  
14 otherwise available to the business at a reasonable cost  
15 through private industry;

16 (2) evidence that the business that received  
17 the technology readiness assistance is registered to do  
18 business in New Mexico;

19 (3) evidence that the technology for which the  
20 technology readiness assistance was performed is a licensed  
21 technology from the national laboratory or a result of a  
22 cooperative research and development agreement with the  
23 national laboratory;

24 (4) evidence of technology maturation of the  
25 technology for which the business received technology readiness

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1 assistance; and

2 (5) a joint operational plan, if required  
3 pursuant to Subsection H of this section.

4 G. In addition to the requirements in Subsection F  
5 of this section, a national laboratory shall:

6 (1) create forms for technology readiness  
7 assistance requests and completion of technology maturation in  
8 accordance with this section and other applicable state and  
9 federal laws;

10 (2) establish a technology readiness  
11 assistance program that will assist businesses to mature a  
12 technology;

13 (3) establish a revolving fund with initial  
14 funding from a source other than tax credits, which shall be  
15 used to pay for technology readiness assistance, and shall be  
16 replenished with an amount equal to the technology readiness  
17 gross receipts tax credit taken pursuant to this section;

18 (4) consult with the secretary of economic  
19 development to seek advice on improvements in the operation of  
20 its technology readiness assistance program; and

21 (5) establish a methodology to use state  
22 educational institutions that have demonstrated the capability  
23 to provide technology readiness assistance.

24 H. If more than one national laboratory provides  
25 technology readiness assistance to a business, the national

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1 laboratories shall not file to claim a technology readiness  
2 gross receipts tax credit until coordination is developed  
3 between the national laboratories providing the assistance that  
4 generates a joint operational plan to ensure that:

5 (1) the assistance provided by each national  
6 laboratory suits the business's needs and challenges; and

7 (2) the combined claims for a technology  
8 readiness gross receipts tax credit will not exceed the  
9 limitations provided in Subsections D and E of this section.

10 I. If the requirements of Subsections F and G of  
11 this section have been met, the economic development department  
12 shall issue a certificate of eligibility to the taxpayer.

13 J. To claim a technology readiness gross receipts  
14 tax credit, a taxpayer shall apply to the department on forms  
15 and in the manner prescribed by the department. The  
16 application shall include the certificate of eligibility issued  
17 pursuant to Subsection I of this section. That portion of a  
18 technology readiness gross receipts tax credit that exceeds a  
19 taxpayer's tax liability in the taxable month in which the  
20 credit is claimed may be carried forward to succeeding months.

21 K. Should the revolving fund required pursuant to  
22 Paragraph (3) of Subsection G of this section cease to be used  
23 for the purposes stated in that subsection, any amounts  
24 remaining in the revolving fund, excluding initial funding from  
25 non-tax credit sources, shall be paid to the department as

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1 gross receipts taxes due. Such payment of gross receipts taxes  
2 due shall be made in the second month following the month that  
3 a determination is made that the revolving fund has ceased to  
4 be used for the purposes stated in this section.

5 L. A national laboratory that claims a technology  
6 readiness gross receipts tax credit shall submit an annual  
7 report in writing to the department, the economic development  
8 department and an appropriate legislative interim committee.

9 If more than one national laboratory claims a technology  
10 readiness gross receipts tax credit, those laboratories shall  
11 jointly submit an annual report. The annual report shall  
12 summarize activities related to and the results of the  
13 technology readiness assistance programs created by the  
14 national laboratories and shall include:

- 15 (1) a summary of program results;  
16 (2) a description of the projects that  
17 received technology readiness assistance;  
18 (3) results of surveys of businesses to which  
19 technology readiness assistance is provided;  
20 (4) the total amount of the technology  
21 readiness gross receipts tax credits claimed for the year; and  
22 (5) an economic impact study.

23 M. At any time after receipt of an annual report  
24 required pursuant to this section, the department or the  
25 economic development department may provide written

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1 instructions to a national laboratory identifying future  
2 improvements in the national laboratory's technology readiness  
3 assistance program for which it receives a technology readiness  
4 gross receipts tax credit.

5 N. As used in this section:

6 (1) "cooperative research and development  
7 agreement" means any agreement between a national laboratory  
8 and a non-federal party under which the laboratory provides  
9 personnel, services, facilities, equipment, intellectual  
10 property or other resources and a non-federal party provides  
11 funds, personnel, services, facilities, equipment, intellectual  
12 property or other resources toward the conduct of specified  
13 research or development efforts that are consistent with the  
14 missions of the laboratory;

15 (2) "national laboratory" means a prime  
16 contractor designated as a national laboratory by act of  
17 congress that is operating a facility in New Mexico;

18 (3) "qualified expenditure" means an  
19 expenditure by a national laboratory in providing technology  
20 readiness assistance and is limited to the following:

21 (a) employee salaries, wages, benefits  
22 and employer payroll taxes;

23 (b) administrative costs related  
24 directly to the provision of technology readiness assistance;

25 (c) in-state travel expenses, including

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1 per diem and mileage at the internal revenue service standard  
2 rate; and

3 (d) supplies and services of contractors  
4 that are related to the provision of technology readiness  
5 assistance;

6 (4) "state educational institution" means a  
7 state educational institution named in Article 12, Section 11  
8 of the constitution of New Mexico;

9 (5) "technology maturation" means technology  
10 that has been developed to a stage that results in a prototype  
11 or demonstration of the feasibility of real-world application  
12 of the technology; and

13 (6) "technology readiness assistance" means  
14 assistance provided by a national laboratory to a business that  
15 results in technology maturation."

16 SECTION 2. EFFECTIVE DATE.--The effective date of the  
17 provisions of this act is July 1, 2019