AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX AND CORPORATE

INCOME TAX CREDITS FOR EMPLOYMENT OF YOUTH PARTICIPATING IN

CERTAIN SUMMER SCHOOL-TO-CAREER JOB PROGRAMS.

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:

    "JOB MENTOR SHIP TAX CREDIT.--

        A. To encourage New Mexico businesses to hire

youth participating in certified school-to-career programs,

any taxpayer who files an individual New Mexico income tax

return, who is not a dependent of another individual and who

is the owner of a New Mexico business may claim a credit in

an amount equal to fifty percent of gross wages paid to

qualified students who are employed by the business during

the taxable year for which the return is filed. The tax

credit may be known as the "job mentor ship tax credit".

        B. A taxpayer who is the owner of a New Mexico

business may claim the credit provided in this section for

each taxable year in which the business employs one or more

qualified students. The maximum aggregate credit allowable

shall not exceed fifty percent of the gross wages paid to not

more than ten qualified students employed by the business for

up to three hundred twenty hours of employment of each

qualified student in each taxable year for a maximum of three
taxable years for each qualified student. In no event shall
a taxpayer claim a credit in excess of twelve thousand
dollars ($12,000) in any taxable year. The taxpayer shall
certify that hiring the qualified student does not displace
or replace a current employee.

C.   The number of qualified students whose
employment qualifies for a job mentor ship tax credit
pursuant to this section or the Corporate Income and
Franchise Tax Act shall be limited to a pilot program of one
thousand qualified students in any calendar year. The
department shall allocate annually to the state school-to-
work director one thousand pilot program certificates that
shall be distributed by the state school-to-work director to
administrators of certified school-to-career programs. The
pilot program certificates, when properly executed, shall
serve as evidence of the taxpayer's eligibility for the job
mentor ship tax credit. The maximum number of pilot program
certificates that may be issued to a single school-to-career
program administrator is equal to the number of qualified
school-to-career participants in that program on May 1 of the
current calendar year. The pilot program certificates shall
be issued in the order in which they are requested. To claim
the credit pursuant to this section, the taxpayer must submit
with respect to each employee for whom the credit is claimed: HB 236

(1) a properly executed pilot program certificate;

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

(3) information required by the secretary that the employee was not also employed in the same taxable year by another New Mexico business qualifying for and claiming a job mentor ship tax credit for that employee pursuant to this section or the Corporate Income and Franchise Tax Act.

D. The credit provided pursuant to this section may only be deducted from the taxpayer's New Mexico income tax liability for the taxable year. Any portion of the maximum tax credit provided by this section that remains unused at the end of the taxpayer's taxable year may be carried forward for three consecutive taxable years; provided the total tax credits claimed under this section shall not exceed the maximum allowable pursuant to Subsection B of this section.

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

F. A taxpayer who otherwise qualifies for and

claims a job mentor ship tax credit for employment of

qualified students by a partnership, limited partnership,

limited liability company, S corporation or other business

association of which the taxpayer is a member may claim a

credit only in proportion to his interest in the partnership,

limited partnership, limited liability company, S corporation

or association. The total credit claimed by all members of

the business shall not exceed the maximum tax credit

allowable pursuant to Subsection B of this section.

  G. As used in this section:

    (1) "certified school-to-career program"

means a summer employment program certified by the state

school-to-work office as a school-to-career program designed

for secondary school students to create academic and career

goals and objectives and find employment in a job meeting

those goals and objectives;

    (2) "New Mexico business" means a

partnership, limited partnership, limited liability company

treated as a partnership for federal income tax purposes, S

corporation or sole proprietorship that carries on a trade or

business in New Mexico and that employs in New Mexico less

than three hundred full-time employees at any one time during

the taxable year; and

    (3) "qualified student" means an individual

who is at least fourteen years of age but not more than

twenty-one years of age who is attending full time an accredited New Mexico secondary school and who is a participant in a certified school-to-career program."

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

"JOB MENTOR SHIP TAX CREDIT.--

A.   To encourage New Mexico businesses to hire youth participating in certified school-to-career programs, any taxpayer who is a New Mexico business and who files a corporate income tax return may claim a credit in an amount equal to fifty percent of gross wages paid to qualified students who are employed by the taxpayer during the taxable year for which the return is filed.   The tax credit may be known as the "job mentor ship tax credit".

B.   A taxpayer may claim the credit provided in this section for each taxable year in which the taxpayer employs one or more qualified students.   The maximum aggregate credit allowable shall not exceed fifty percent of the gross wages paid to not more than ten qualified students employed by the taxpayer for up to three hundred twenty hours of employment of each qualified student in each taxable year for a maximum of three taxable years for each qualified student.   In no event shall a taxpayer claim a credit in excess of twelve thousand dollars ($12,000) in any taxable year.   The employer shall certify that hiring the qualified

student does not displace or replace a current employee.

C.   The number of qualified students whose employment qualifies for a job mentor ship tax credit pursuant to this section or the Income Tax Act shall be limited to a pilot program of one thousand qualified students in any calendar year. The department shall allocate annually to the state school-to-work director one thousand pilot program certificates that shall be distributed by the state school-to-work director to administrators of certified school-to-career programs. The pilot program certificates, when properly executed, shall serve as evidence of the taxpayer's eligibility for the job mentor ship tax credit. The maximum number of pilot program certificates that may be issued to a single school-to-career program administrator is equal to the number of qualified school-to-career participants in that program on May 1 of the current calendar year. The pilot program certificates shall be issued in the order in which they are requested. To claim the credit under this section, the taxpayer must submit with respect to each employee for whom the credit is claimed:

(1)   a properly executed pilot program certificate;

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

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

D. The credit provided under this section may
only be deducted from the taxpayer's corporate income tax
liability for the taxable year. Any portion of the maximum
tax credit provided by this section that remains unused at
the end of the taxpayer's taxable year may be carried forward
for three consecutive taxable years; provided the total tax
credits claimed under this section shall not exceed the
maximum allowable under Subsection B of this section.

E. As used in this section:

(1) "certified school-to-career program"
means a summer employment program certified by the state
school-to-work office as a school-to-career program designed
for secondary school students to create academic and career
goals and objectives and find employment in a job meeting
those goals and objectives;

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

(3) "qualified student" means an individual

who is at least fourteen years of age but not more than twenty-one years of age who is attending full time an accredited New Mexico secondary school and who is a participant in a certified school-to-career program."

Section 3. TEMPORARY PROVISION--EXHAUSTION OF CREDIT.--If an income tax or corporate income tax taxpayer has been allowed a credit pursuant to Section 1 or 2 of this act and any portion of the credit allowed is unused on the date the sections are repealed, the unused amount may be carried forward regardless of the repeal to any taxable year within the three consecutive taxable years following the first taxable year for which the claim was allowed.

Section 4. DELAYED REPEAL.--Sections 1 and 2 of this act are repealed effective January 1, 2002.

Section 5. APPLICABILITY.--The provisions of this act apply to taxable years beginning in calendar years 1999 through 2001.