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HOUSE BILL 236

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Ted Hobbs

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:

"NEW MATERIAL JOB MENTORSHIP 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

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1 year for which the return is filed. The tax credit may be
2 known as the "job mentorship tax credit".

3 B. A taxpayer who is the owner of a New Mexico
4 business may claim the credit provided in this section for
5 each taxable year in which the business employs one or more
6 qualified students. The maximum aggregate credit allowable
7 shall not exceed fifty percent of the gross wages paid to not
8 more than ten qualified students employed by the business for
9 up to three hundred twenty hours of employment of each
10 qualified student in each taxable year for a maximum of three
11 taxable years for each qualified student. In no event shall a
12 taxpayer claim a credit in excess of twelve thousand dollars
13 (\$12,000) in any taxable year. The taxpayer shall certify
14 that hiring the qualified student does not displace or replace
15 a current employee.

16 C. The number of qualified students whose
17 employment qualifies for a job mentorship tax credit pursuant
18 to this section or the Corporate Income and Franchise Tax Act
19 shall be limited to a pilot program of one thousand qualified
20 students in any calendar year. The department shall allocate
21 annually to the superintendent of public instruction one
22 thousand pilot program certificates that shall be distributed
23 by the superintendent to administrators of certified school-
24 to-career programs. The pilot program certificates, when
25 properly executed, shall serve as evidence of the taxpayer's

1 eligibility for the job mentorship tax credit. The maximum
2 number of pilot program certificates that may be issued to a
3 single school-to-career program administrator is equal to the
4 number of qualified school-to-career participants in that
5 program on May 1 of the current calendar year. The pilot
6 program certificates shall be issued in the order in which
7 they are requested. To claim the credit pursuant to this
8 section, the taxpayer must submit with respect to each
9 employee for whom the credit is claimed:

10 (1) a properly executed pilot program
11 certificate;

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

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

21 D. The credit provided pursuant to this section
22 may only be deducted from the taxpayer's New Mexico income tax
23 liability for the taxable year. Any portion of the maximum
24 tax credit provided by this section that remains unused at the
25 end of the taxpayer's taxable year may be carried forward for

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1 three consecutive taxable years; provided the total tax
2 credits claimed under this section shall not exceed the
3 maximum allowable pursuant to Subsection B of this section.

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

8 F. A taxpayer who otherwise qualifies for and
9 claims a job mentorship tax credit for employment of qualified
10 students by a partnership, limited partnership, limited
11 liability company, S corporation or other business association
12 of which the taxpayer is a member may claim a credit only in
13 proportion to his interest in the partnership, limited
14 partnership, limited liability company, S corporation or
15 association. The total credit claimed by all members of the
16 business shall not exceed the maximum tax credit allowable
17 pursuant to Subsection B of this section.

18 G. As used in this section:

19 (1) "certified school-to-career program"
20 means a summer employment program certified by the state
21 department of public education as a school-to-career program
22 designed for secondary school students to create academic and
23 career goals and objectives and find employment in a job
24 meeting those goals and objectives;

25 (2) "New Mexico business" means a

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1 partnership, limited partnership, limited liability company
2 treated as a partnership for federal income tax purposes, S
3 corporation or sole proprietorship that carries on a trade or
4 business in New Mexico and that employs in New Mexico less
5 than three hundred full-time employees at any one time during
6 the taxable year; and

7 (3) "qualified student" means an individual
8 who is at least fourteen years of age but not more than
9 twenty-one years of age who is attending full time an
10 accredited New Mexico secondary school and who is a
11 participant in a certified school-to-career program "

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

14 "[NEW MATERIAL] JOB MENTORSHIP TAX CREDIT. --

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

23 B. A taxpayer may claim the credit provided in
24 this section for each taxable year in which the taxpayer
25 employs one or more qualified students. The maximum aggregate

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1 credit allowable shall not exceed fifty percent of the gross
2 wages paid to not more than ten qualified students employed by
3 the taxpayer for up to three hundred twenty hours of
4 employment of each qualified student in each taxable year for
5 a maximum of three taxable years for each qualified student.
6 In no event shall a taxpayer claim a credit in excess of
7 twelve thousand dollars (\$12,000) in any taxable year. The
8 employer shall certify that hiring the qualified student does
9 not displace or replace a current employee.

10 C. The number of qualified students whose
11 employment qualifies for a job mentorship tax credit pursuant
12 to this section or the Income Tax Act shall be limited to a
13 pilot program of one thousand qualified students in any
14 calendar year. The department shall allocate annually to the
15 superintendent of public instruction one thousand pilot
16 program certificates that shall be distributed by the
17 superintendent to administrators of certified school-to-career
18 programs. The pilot program certificates, when properly
19 executed, shall serve as evidence of the taxpayer's
20 eligibility for the job mentorship tax credit. The maximum
21 number of pilot program certificates that may be issued to a
22 single school-to-career program administrator is equal to the
23 number of qualified school-to-career participants in that
24 program on May 1 of the current calendar year. The pilot
25 program certificates shall be issued in the order in which

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1 they are requested. To claim the credit under this section,
2 the taxpayer must submit with respect to each employee for
3 whom the credit is claimed:

4 (1) a properly executed pilot program
5 certificate;

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

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

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

22 E. As used in this section:

23 (1) "certified school-to-career program"
24 means a summer employment program certified by the state
25 department of public education as a school-to-career program

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1 designed for secondary school students to create academic and
2 career goals and objectives and find employment in a job
3 meeting those goals and objectives;

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

8 (3) "qualified student" means an individual
9 who is at least fourteen years of age but not more than
10 twenty-one years of age who is attending full time an
11 accredited New Mexico secondary school and who is a
12 participant in a certified school-to-career program "

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

21 Section 4. DELAYED REPEAL.--Sections 1 and 2 of this act
22 are repealed effective January 1, 2003.

23 Section 5. APPLICABILITY.--The provisions of this act
24 apply to taxable years beginning in calendar years 1999
25 through 2002.

1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999
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6 March 3, 1999
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8 Mr. Speaker:
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10 Your TAXATION AND REVENUE COMMITTEE, to whom has
11 been referred
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13 HOUSE BILL 236
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15 has had it under consideration and reports same with
16 recommendation that it DO PASS, amended as follows:

17 1. On page 2, line 21, strike "superintendent of public
18 instruction" and insert in lieu thereof "state school-to-work
19 director".
20

21 2. On page 2, line 23, strike "superintendent" and insert
22 in lieu thereof "state school-to-work director".
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24 3. On page 4, line 21, strike "department of public
25 education" and insert in lieu thereof "school-to-work office".

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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

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4. On page 6, line 15, strike "superintendent of public instruction" and insert in lieu thereof "state school-to-work director".

5. On page 6, line 17, strike "superintendent" and insert in lieu thereof "state school-to-work director".

6. On page 7, line 25, strike "department of public education" and insert in lieu thereof "school-to-work office".

7. On page 8, line 22, strike "2003" and insert in lieu thereof "2002".

8. On page 8, line 25, strike "2002" and insert in lieu thereof "2001".

Respectfully submitted,

Jerry W. Sandel, Chairman

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

3 HTRC/HB 236

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4 Adopted _____ Not Adopted _____

6 (Chief Clerk)

(Chief Clerk)

8 Date _____

10 The roll call vote was 11 For 0 Against

11 Yes: 11

12 Excused: Lujan, Russell, Silva, Stell

13 Absent: None

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FIRST SESSION, 1999

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March 12, 1999

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Mr. President:

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Your WAYS & MEANS COMMITTEE, to whom has been referred

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HOUSE BILL 236, as amended

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has had it under consideration and reports same with

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recommendation that it DO PASS, and thence referred to the

17

FINANCE COMMITTEE.

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Respectfully submitted,

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Carlos R. Cisneros, Chairman

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FIRST SESSION, 1999

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Adopted _____ Not

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Date _____

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The roll call vote was 6 For 0 Against

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Yes: 6

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No: 0

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Excused: Carraro, Duran, Kidd

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Absent: None

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FIRST SESSION, 1999

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FIRST SESSION, 1999

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March 14, 1999

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Mr. President:

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Your FINANCE COMMITTEE, to whom has been referred

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HOUSE BILL 236, as amended

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has had it under consideration and reports same with
recommendation that it DO PASS.

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Respectfully submitted,

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Ben D. Altamirano, Chairman

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. 124564. 3

FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

1 HTRC/HB 236

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Adopted _____ Not

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Adopted _____

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(Chief Clerk)

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Date _____

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The roll call vote was 7 For 0 Against

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Yes: 7

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No: 0

13

Excused: Carraro, Eisenstadt, Ingle, Lyons, McKibben, Tsosie

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Absent: None

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