

1 AN ACT  
2 RELATING TO TAXATION; AMENDING THE DEFINITION OF "CONTRACTOR"  
3 IN THE LABORATORY PARTNERSHIP WITH SMALL BUSINESS TAX CREDIT  
4 ACT; AMENDING NOTICE REQUIREMENTS TO A SMALL BUSINESS THAT  
5 RECEIVES ASSISTANCE FROM A NATIONAL LABORATORY OR THE  
6 LABORATORY'S CONTRACTOR; INCREASING THE AMOUNT OF CREDITS FOR  
7 EACH SMALL BUSINESS PURSUANT TO THE LABORATORY PARTNERSHIP  
8 WITH SMALL BUSINESS TAX CREDIT ACT.

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

11 SECTION 1. Section 7-9E-3 NMSA 1978 (being Laws 2000  
12 (2nd S.S.), Chapter 20, Section 3, as amended) is amended to  
13 read:

14 "7-9E-3. DEFINITIONS.--As used in the Laboratory  
15 Partnership with Small Business Tax Credit Act:

16 A. "contractor":

17 (1) means a person that:

18 (a) has the capability to provide small  
19 business assistance; and

20 (b) may enter into a contract with a  
21 national laboratory to provide small business assistance; and

22 (2) includes:

23 (a) a gas, water or electric utility  
24 owned or operated by a county, municipality or other  
25 political subdivision of the state;

1 (b) a national, federal, state, Indian  
2 or other governmental unit or subdivision, or an agency,  
3 department or instrumentality of any of the foregoing; or

4 (c) an organization that: 1)  
5 demonstrates to the department that the organization has been  
6 granted exemption from the federal income tax by the United  
7 States commissioner of internal revenue as organizations  
8 described in Section 501(c)(3) of the United States Internal  
9 Revenue Code of 1986, as that section may be amended or  
10 renumbered; and 2) has a place of business in New Mexico;

11 B. "department" means the taxation and revenue  
12 department, the secretary of taxation and revenue or an  
13 employee of the department exercising authority lawfully  
14 delegated to that employee by the secretary;

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

18 D. "qualified expenditure" means an expenditure by  
19 a national laboratory in providing small business assistance,  
20 limited to the following expenditures incurred in providing  
21 the assistance:

22 (1) employee salaries, wages, fringe  
23 benefits and employer payroll taxes;

24 (2) administrative costs related directly to  
25 the provision of small business assistance, the total of

1 which is limited to forty-nine percent of employee salaries,  
2 wages, fringe benefits and employer payroll taxes;

3 (3) in-state travel expenses, including per  
4 diem and mileage at the internal revenue service standard  
5 rates; and

6 (4) supplies and services of contractors  
7 related to the provision of small business assistance;

8 E. "rural area" means an area of the state outside  
9 of the exterior boundaries of a class A county that has a net  
10 taxable value for rate-setting purposes for any property tax  
11 year of more than seven billion dollars (\$7,000,000,000);

12 F. "small business" means a business in New Mexico  
13 that conforms to the definition of small business found in  
14 the federal Small Business Act; and

15 G. "small business assistance" means assistance  
16 rendered by a national laboratory related to the transfer of  
17 technology, including software, manufacturing, mining, oil  
18 and gas, environmental, agricultural, information and solar  
19 and other alternative energy source technologies. "Small  
20 business assistance" includes nontechnical assistance related  
21 to expanding the New Mexico base of suppliers, including  
22 training and mentoring individual small businesses;  
23 assistance in developing business systems to meet audit,  
24 reporting and quality assurance requirements; and other  
25 supplier development initiatives for individual small

1 businesses."

2 SECTION 2. Section 7-9E-5 NMSA 1978 (being Laws 2000  
3 (2nd S.S.), Chapter 20, Section 5, as amended) is amended to  
4 read:

5 "7-9E-5. ELIGIBILITY REQUIREMENTS.--A national  
6 laboratory is eligible for a tax credit in an amount equal to  
7 qualified expenditures if:

8 A. the small business assistance is rendered to a  
9 small business located in New Mexico;

10 B. the small business assistance is completed;

11 C. the small business certifies to the national  
12 laboratory that the small business assistance provided is not  
13 otherwise available to the small business at a reasonable  
14 cost through private industry;

15 D. the national laboratory provides written notice  
16 to each small business to which the laboratory or a  
17 contractor of the laboratory is providing small business  
18 assistance that the small business is entitled to license  
19 intangible property developed from the small business  
20 assistance or can obtain ownership of tangible or intangible  
21 property developed from the small business assistance;

22 E. the national laboratory requires small  
23 businesses to which it is providing small business assistance  
24 to acknowledge only after the small business assistance is  
25 completed that the small business assistance has been

1 rendered; and

2 F. the national laboratory provides forms for  
3 small business requests and for completion of small business  
4 assistance that are in accordance with the Laboratory  
5 Partnership with Small Business Tax Credit Act and other  
6 applicable state and federal laws."

7 SECTION 3. Section 7-9E-7 NMSA 1978 (being Laws 2000  
8 (2nd S.S.), Chapter 20, Section 7, as amended) is amended to  
9 read:

10 "7-9E-7. TAX CREDITS--AMOUNTS.--A tax credit provided  
11 pursuant to the Laboratory Partnership with Small Business  
12 Tax Credit Act shall be in an amount equal to the qualified  
13 expenditure incurred by the national laboratory to provide  
14 small business assistance to a specific small business, not  
15 to exceed twenty thousand dollars (\$20,000) for each small  
16 business for which small business assistance is rendered in a  
17 calendar year or forty thousand dollars (\$40,000) if the  
18 small business assistance was provided to a small business  
19 located in a rural area."

20 SECTION 4. Section 7-9E-8 NMSA 1978 (being Laws 2000  
21 (2nd S.S.), Chapter 20, Section 8, as amended) is amended to  
22 read:

23 "7-9E-8. CLAIMING THE TAX CREDIT--LIMITATION.--

24 A. A national laboratory eligible for the tax  
25 credit pursuant to the Laboratory Partnership with Small

1 Business Tax Credit Act may claim the amount of each tax  
2 credit by crediting that amount against gross receipts taxes  
3 otherwise due pursuant to the Gross Receipts and Compensating  
4 Tax Act. The tax credit shall be taken on each monthly gross  
5 receipts tax return filed by the laboratory against gross  
6 receipts taxes due the state and shall not impact any local  
7 government tax distribution. In no event shall the tax  
8 credits taken by an individual national laboratory exceed two  
9 million four hundred thousand dollars (\$2,400,000) in a given  
10 calendar year.

11 B. Tax credits claimed pursuant to the Laboratory  
12 Partnership with Small Business Tax Credit Act by all  
13 national laboratories in the aggregate for qualified  
14 expenditures for a specific small business not located in a  
15 rural area shall not exceed twenty thousand dollars  
16 (\$20,000).

17 C. Tax credits claimed pursuant to the Laboratory  
18 Partnership with Small Business Tax Credit Act by all  
19 national laboratories in the aggregate for qualified  
20 expenditures for a specific small business located in a rural  
21 area shall not exceed forty thousand dollars (\$40,000)."

22 SECTION 5. EFFECTIVE DATE.--The effective date of the  
23 provisions of this act is July 1, 2019. \_\_\_\_\_