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SENATE BILL 560

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

INTRODUCED BY

William H. Payne

AN ACT

RELATING TO TAXATION; CREATING THE HEADQUARTERS CORPORATE  
INCOME TAX CREDIT; PROVIDING A CORPORATE INCOME TAX CREDIT FOR  
LOCATING OR EXPANDING A CORPORATE HEADQUARTERS AND CREATING AT  
LEAST ONE HUNDRED NEW FULL-TIME JOBS IN NEW MEXICO.

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

**SECTION 1.** A new section of the Corporate Income and  
Franchise Tax Act is enacted to read:

"[NEW MATERIAL] HEADQUARTERS CORPORATE INCOME TAX  
CREDIT.--

A. A taxpayer that is a New Mexico corporation  
that, after July 1, 2011, makes a capital investment of ten  
million dollars (\$10,000,000) or more in new construction or  
renovations for a regional, national or international corporate  
headquarters located in New Mexico, that creates at least one

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1 hundred new full-time jobs and that files a corporate income  
2 tax return may claim a credit in an amount equal to five  
3 thousand dollars (\$5,000) for the gross wages paid to each new  
4 employee who is employed full time on or after July 1, 2011 in  
5 New Mexico to fill a new employment position and who was  
6 employed by the taxpayer for at least twelve months. The tax  
7 credit provided by this section may be referred to as the  
8 "headquarters corporate income tax credit".

9 B. The purpose of the headquarters corporate income  
10 tax credit is to encourage corporations to locate or expand a  
11 regional, national or international headquarters, to create new  
12 jobs that are full-time and are permanent jobs and to reduce  
13 the unemployment rate of New Mexico.

14 C. A taxpayer may claim the headquarters corporate  
15 income tax credit provided in this section for the taxable year  
16 in which one or more employees of the taxpayer completes twelve  
17 months of employment in New Mexico from the date of hire and  
18 subsequent taxable years; provided that the taxpayer shall not  
19 claim the headquarters corporate income tax credit for any  
20 employee for more than three taxable years from the date of  
21 hire.

22 D. That portion of the headquarters corporate  
23 income tax credit approved by the department that exceeds a  
24 taxpayer's corporate income tax liability in the taxable year  
25 in which the headquarters corporate income tax credit is

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1 claimed shall not be refunded to the taxpayer. The  
2 headquarters corporate income tax credit shall not be carried  
3 forward or transferred to another taxpayer.

4 E. A taxpayer that claims and is granted approval  
5 for the headquarters corporate income tax credit shall not  
6 apply for or be granted approval for the rural job tax credit  
7 pursuant to Section 7-2E-1.1 NMSA 1978, the high-wage jobs tax  
8 credit pursuant to Section 7-9G-1 NMSA 1978 or the additional  
9 credit pursuant to the Technology Jobs Tax Credit Act.

10 F. The taxpayer shall submit to the economic  
11 development department a corporate headquarters development  
12 plan that details the capital investment of and the job  
13 creation related to locating or expanding the taxpayer's  
14 regional, national or international headquarters and, with  
15 respect to each employee for whom the headquarters corporate  
16 income tax credit is claimed, information required by the  
17 secretary of economic development:

18 (1) with respect to the employee's employment  
19 by the taxpayer during the taxable year for which the  
20 headquarters corporate income tax credit is claimed and the  
21 prior taxable year;

22 (2) to establish that the employee was not  
23 transferred or relocated from an existing job; and

24 (3) to establish that a new job was created  
25 for the employee of the taxpayer claiming the headquarters

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1 corporate income tax credit.

2 G. The economic development department shall adopt  
3 rules establishing procedures to certify the taxpayer and  
4 employees for purposes of obtaining a headquarters corporate  
5 income tax credit. The rules shall ensure that not more than  
6 one headquarters corporate income tax credit per employee shall  
7 be allowed in a taxable year and that the credits allowed per  
8 employee are limited to a maximum of three years. The economic  
9 development department shall issue a dated certificate of  
10 eligibility containing a list of the employees of the taxpayer  
11 employed in positions for which the headquarters corporate  
12 income tax credit is claimed, including identifying information  
13 such as the social security number of the employee, the date of  
14 discharge from previous employment, the date of hire of the  
15 employee by the taxpayer and the number of hours worked per  
16 week by the employee. All certificates of eligibility issued  
17 pursuant to this subsection shall be sequentially numbered, and  
18 an account of all certificates issued or destroyed shall be  
19 maintained by the economic development department. The  
20 taxation and revenue department shall audit the records of the  
21 headquarters corporate income tax credit maintained by the  
22 economic development department on a periodic basis to ensure  
23 effective administration of the headquarters corporate income  
24 tax credit and compliance with the Tax Administration Act and  
25 this section.

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1           H. To claim a headquarters corporate income tax  
2 credit, the taxpayer shall provide to the taxation and revenue  
3 department the certificate of eligibility issued by the  
4 economic development department pursuant to this section to the  
5 taxpayer for the taxable year for which the headquarters  
6 corporate income tax credit is claimed.

7           I. The taxation and revenue department may allow a  
8 maximum annual aggregate of five million dollars (\$5,000,000)  
9 in headquarters corporate income tax credits that may be  
10 claimed pursuant to the Corporate Income and Franchise Tax Act.  
11 Applications for the headquarters corporate income tax credit  
12 shall be considered in the order received by the department.

13           J. The taxation and revenue department shall  
14 compile an annual report that includes the number of taxpayers  
15 approved by the department to receive a headquarters corporate  
16 income tax credit. The economic development department shall  
17 track state expenditures and job creation and quantify the  
18 state's return on investment and report by November of each  
19 year to the legislative interim revenue stabilization and tax  
20 policy committee and the legislative finance committee on the  
21 effectiveness of the headquarters corporate income tax credit.  
22 Notwithstanding any other section of law to the contrary, the  
23 taxation and revenue department and the economic development  
24 department may disclose the number of applicants for the  
25 headquarters corporate income tax credit, the amount of each

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1 credit approved, the number of employees hired, the length of  
2 time the employee is employed while the taxpayer receives the  
3 headquarters corporate income tax credit and any other  
4 information required by the legislature or the economic  
5 development department to aid in evaluating the effectiveness  
6 of the headquarters corporate income tax credit.

7 K. An appropriate legislative committee shall  
8 review the effectiveness of the headquarters corporate income  
9 tax credit every four years beginning in 2015."

10 SECTION 2. APPLICABILITY.--The provisions of this act  
11 shall apply to taxable years beginning on or after January 1,  
12 2011.