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HOUSE BILL 154

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

Thomas A. Garcia

AN ACT

RELATING TO TAXATION; ENACTING NEW SECTIONS OF THE INCOME TAX ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT; CREATING THE VETERAN EMPLOYMENT TAX CREDIT.

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]~~ VETERAN EMPLOYMENT TAX CREDIT.--

A. A 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 sole proprietorship, partnership or limited liability company may claim a credit in an amount equal to three hundred dollars (\$300) of the gross wages paid to each qualified military veteran who is employed full time in New Mexico by the taxpayer for at least eight

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1 months during the taxable year for which the return is filed.
2 The tax credit provided by this section may be referred to as
3 the "veteran employment tax credit".

4 B. The purpose of the veteran employment tax credit
5 is to encourage the full-time employment of qualified military
6 veterans within the first year of discharge from the armed
7 forces of the United States.

8 C. A taxpayer who is the owner of a New Mexico sole
9 proprietorship, partnership or limited liability company may
10 claim the veteran employment tax credit provided in this
11 section for each taxable year in which the taxpayer employs one
12 or more qualified military veterans; provided that the taxpayer
13 may not claim the veteran employment tax credit for any
14 individual qualified military veteran for more than two
15 calendar years from the date of hire.

16 D. That portion of a veteran employment tax credit
17 approved by the department that exceeds a taxpayer's income tax
18 liability in the taxable year in which the veteran employment
19 tax credit is claimed shall not be refunded to the taxpayer.
20 The veteran employment tax credit shall not be carried forward
21 or transferred to another taxpayer.

22 E. A husband and wife filing separate returns for a
23 taxable year for which they could have filed a joint return may
24 each claim only one-half of the veteran employment tax credit
25 that would have been claimed on a joint return.

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1 F. A taxpayer who otherwise qualifies and claims a
2 veteran employment tax credit in New Mexico that may be claimed
3 by a partnership or limited liability company of which the
4 taxpayer is a member may claim a credit only in proportion to
5 the taxpayer's interest in the partnership or limited liability
6 company. The total credit claimed by all members of the
7 partnership or limited liability company shall not exceed the
8 allowable credit pursuant to Subsection A of this section.

9 G. The taxpayer shall submit to the veterans'
10 services department with respect to each employee for whom the
11 veteran employment tax credit is claimed:

12 (1) information required by the secretary of
13 veterans' services with respect to the employee's employment by
14 the taxpayer during the taxable year for which the veteran
15 employment tax credit is claimed; and

16 (2) information required by the secretary of
17 veterans' services establishing that the employee is a
18 qualified military veteran and was not also employed in the
19 same taxable year by another taxpayer claiming a veteran
20 employment tax credit for that employee pursuant to this
21 section or the Corporate Income and Franchise Tax Act.

22 H. The veterans' services department shall adopt
23 rules establishing procedures to certify qualified military
24 veterans for purposes of obtaining a veteran employment tax
25 credit. The rules shall ensure that not more than one veteran

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1 employment tax credit per qualified military veteran shall be
2 allowed in a taxable year and that the credits allowed per
3 qualified military veteran are limited to a maximum of two
4 years. The veterans' services department shall issue a dated
5 certificate of eligibility containing a list of the qualified
6 military veterans employed by the taxpayer claiming the veteran
7 employment tax credit, including identifying information such
8 as the social security number of the employee, the date of
9 honorable discharge from military service of the employee, the
10 date of employment of the employee by the taxpayer and the
11 number of hours worked per week by the employee. All
12 certificates of eligibility issued pursuant to this subsection
13 shall be sequentially numbered, and an account of all
14 certificates issued or destroyed shall be maintained by the
15 veterans' services department. The taxation and revenue
16 department shall audit the records of the veteran employment
17 tax credit maintained by the veterans' services department on a
18 periodic basis to ensure effective administration of the
19 veteran employment tax credit and compliance with the Tax
20 Administration Act and this section.

21 I. To claim a veteran employment tax credit, the
22 taxpayer shall provide to the taxation and revenue department
23 the certificate of eligibility issued by the veterans' services
24 department pursuant to this section to the taxpayer for the
25 taxable year for which the veteran employment tax credit is

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1 claimed.

2 J. The taxation and revenue department may allow a
3 maximum annual aggregate of two million dollars (\$2,000,000) in
4 veteran employment tax credits. Applications for the veteran
5 employment tax credit shall be considered in the order received
6 by the taxation and revenue department.

7 K. The taxation and revenue department shall
8 compile an annual report that includes the number of taxpayers
9 approved by the department to receive a veteran employment tax
10 credit. Notwithstanding any other section of law to the
11 contrary, the taxation and revenue department and the veterans'
12 services department may disclose the number of applicants for
13 the veteran employment tax credit, the amount of each credit
14 approved, the number of qualified military veterans hired, the
15 length of time the veteran is employed while the taxpayer
16 received the veteran employment tax credit and any other
17 information required by the legislature or the taxation and
18 revenue department to aid in evaluating the effectiveness of
19 the veteran employment tax credit.

20 L. An appropriate legislative committee shall
21 review the effectiveness of the veteran employment tax credit
22 every five years beginning in 2017.

23 M. As used in this section, "qualified military
24 veteran" means an individual who is hired within one year of
25 receipt of an honorable discharge from a branch of the United

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1 States military and who works at least forty hours per week for
2 at least eight months during the taxable year for which the
3 veteran employment tax credit is claimed."

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

6 "[NEW MATERIAL] VETERAN EMPLOYMENT TAX CREDIT.--

7 A. A taxpayer that is a New Mexico corporation and
8 that files a corporate income tax return may claim a credit in
9 an amount equal to three hundred dollars (\$300) of the gross
10 wages paid to each qualified military veteran who is employed
11 full time in New Mexico by the taxpayer for at least eight
12 months during the taxable year for which the return is filed.
13 The tax credit provided by this section may be referred to as
14 the "veteran employment tax credit".

15 B. The purpose of the veteran employment tax credit
16 is to encourage the full-time employment of qualified military
17 veterans within the first year of discharge from the armed
18 forces of the United States.

19 C. A taxpayer may claim the veteran employment tax
20 credit provided in this section for each taxable year in which
21 the taxpayer employs one or more qualified military veterans;
22 provided that the taxpayer may not claim the veteran employment
23 tax credit for any individual qualified military veteran for
24 more than two calendar years from the date of hire.

25 D. That portion of a veteran employment tax credit

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1 approved by the department that exceeds a taxpayer's corporate
2 income tax liability in the taxable year in which the credit is
3 claimed shall not be refunded to the taxpayer. The veteran
4 employment tax credit shall not be carried forward or
5 transferred to another taxpayer.

6 E. The taxpayer shall submit to the veterans'
7 services department with respect to each employee for whom the
8 veteran employment tax credit is claimed:

9 (1) information required by the secretary of
10 veterans' services with respect to the employee's employment by
11 the taxpayer during the taxable year for which the veteran
12 employment tax credit is claimed; and

13 (2) information required by the secretary of
14 veterans' services establishing that the employee is a
15 qualified military veteran and was not also employed in the
16 same taxable year by another taxpayer claiming a veteran
17 employment tax credit for that employee pursuant to this
18 section or the Income Tax Act.

19 F. The veterans' services department shall adopt
20 rules establishing procedures to certify qualified military
21 veterans for purposes of obtaining a veteran employment tax
22 credit. The rules shall ensure that not more than one veteran
23 employment tax credit per qualified military veteran shall be
24 allowed in a taxable year and that the credits allowed per
25 qualified military veteran are limited to a maximum of two

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1 years. The veterans' services department shall issue a dated
2 certificate of eligibility containing a list of the qualified
3 military veterans employed by the taxpayer claiming the veteran
4 employment tax credit, including identifying information such
5 as the social security number of the employee, the date of
6 honorable discharge from military service of the employee, the
7 date of employment of the employee by the taxpayer and the
8 number of hours worked per week by the employee. All
9 certificates of eligibility issued pursuant to this subsection
10 shall be sequentially numbered, and an account of all
11 certificates issued or destroyed shall be maintained by the
12 veterans' services department. The taxation and revenue
13 department shall audit the records of the veteran employment
14 tax credit maintained by the veterans' services department on a
15 periodic basis to ensure effective administration of the
16 veteran employment tax credit and compliance with the Tax
17 Administration Act and this section.

18 G. To claim a veteran employment tax credit, the
19 taxpayer shall provide to the taxation and revenue department
20 the certificate of eligibility issued by the veterans' services
21 department pursuant to this section to the taxpayer for the
22 taxable year for which the veteran employment tax credit is
23 claimed.

24 H. The taxation and revenue department may allow a
25 maximum annual aggregate of two million dollars (\$2,000,000) in

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1 veteran employment tax credits. Applications for the veteran
2 employment tax credit shall be considered in the order received
3 by the taxation and revenue department.

4 I. The taxation and revenue department shall
5 compile an annual report that includes the number of taxpayers
6 approved by the department to receive a veteran employment tax
7 credit. Notwithstanding any other section of law to the
8 contrary, the taxation and revenue department and the veterans'
9 services department may disclose the number of applicants for
10 the veteran employment tax credit, the amount of each credit
11 approved, the number of veterans hired, the length of time the
12 veteran is employed while the taxpayer received the tax credit
13 and any other information required by the legislature or the
14 taxation and revenue department to aid in evaluating the
15 effectiveness of the veteran employment tax credit.

16 J. An appropriate legislative committee shall
17 review the effectiveness of the veteran employment tax credit
18 every five years beginning in 2017.

19 K. As used in this section, "qualified military
20 veteran" means an individual who is hired within one year of
21 receipt of an honorable discharge from a branch of the United
22 States military and who works at least forty hours per week for
23 at least eight months during the taxable year for which the
24 veteran employment tax credit is claimed."

25 SECTION 3. APPLICABILITY.--The provisions of this act

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apply to taxable years beginning on or after January 1, 2012.

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