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HOUSE BILL 184

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Linda M. Trujillo

AN ACT

RELATING TO TAXATION; ENACTING THE APPRENTICESHIP PROGRAM
INCOME TAX CREDIT AND THE APPRENTICESHIP PROGRAM CORPORATE
INCOME 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] APPRENTICESHIP PROGRAM INCOME TAX
CREDIT.--

A. The tax credit provided by this section may be
referred to as the "apprenticeship program income tax credit".

B. For taxable years prior to January 1, 2024, a
taxpayer who is not a dependent of another individual, who is a
participating employer in a registered apprenticeship program
and who:

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1 (1) employs a qualified apprentice in New
2 Mexico for the full taxable year is eligible for a credit
3 against the taxpayer's tax liability imposed pursuant to the
4 Income Tax Act in the following amounts:

5 (a) up to one thousand dollars (\$1,000)
6 of the gross wages paid to the qualified apprentice by the
7 taxpayer during the taxable year for which the return is filed;
8 or

9 (b) if the qualified apprentice received
10 a high school diploma or high school equivalency credential
11 less than four years prior to employment with the taxpayer, up
12 to two thousand dollars (\$2,000) of the gross wages paid to the
13 qualified apprentice by the taxpayer during the taxable year
14 for which the return is filed; or

15 (2) employs a qualified apprentice in New
16 Mexico for less than the full taxable year is eligible for a
17 credit amount equal to:

18 (a) one thousand dollars (\$1,000)
19 multiplied by the fraction of a full year for which the
20 qualified apprentice was employed; provided that the taxpayer
21 employed the qualified apprentice for at least seven months of
22 the taxable year; or

23 (b) if the qualified apprentice received
24 a high school diploma or high school equivalency credential
25 less than four years prior to employment with the taxpayer, two

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1 thousand dollars (\$2,000) multiplied by the fraction of a full
2 year for which the qualified apprentice was employed; provided
3 that the taxpayer employed the qualified apprentice for at
4 least seven months of the taxable year.

5 C. The purpose of the apprenticeship program income
6 tax credit is to encourage employers to create and participate
7 in registered apprenticeship programs approved and administered
8 by the workforce solutions department.

9 D. A taxpayer may claim the apprenticeship program
10 income tax credit provided in this section for each taxable
11 year in which the taxpayer employs one or more qualified
12 apprentices; provided that the taxpayer may not claim the
13 apprenticeship program income tax credit for any individual
14 qualified apprentice for more than five calendar years from the
15 date of hire.

16 E. That portion of an apprenticeship program income
17 tax credit approved by the department that exceeds a taxpayer's
18 income tax liability in the taxable year in which the
19 apprenticeship program income tax credit is claimed shall not
20 be refunded to the taxpayer but may be carried forward for up
21 to three taxable years. The apprenticeship program income tax
22 credit shall not be transferred to another taxpayer.

23 F. Married individuals filing separate returns for
24 a taxable year for which they could have filed a joint return
25 may each claim only one-half of the apprenticeship program

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1 income tax credit that would have been claimed on a joint
2 return.

3 G. A taxpayer may be allocated the right to claim
4 an apprenticeship program income tax credit in proportion to
5 the taxpayer's ownership interest if the taxpayer owns an
6 interest in a business entity that is taxed for federal income
7 tax purposes as a partnership or limited liability company and
8 that business entity has met all of the requirements to be
9 eligible for the credit. The total credit claimed by all
10 members of the partnership or limited liability company shall
11 not exceed the allowable credit pursuant to Subsection B of
12 this section.

13 H. The taxpayer shall submit to the department with
14 respect to each employee for whom the apprenticeship program
15 income tax credit is claimed information required by the
16 department with respect to the qualified apprentice's
17 employment by the taxpayer during the taxable year for which
18 the apprenticeship program income tax credit is claimed,
19 including information establishing that the taxpayer is a
20 participating employer in a registered apprenticeship program
21 and that the employee is a qualified apprentice, which
22 information can be used to determine that the employee was not
23 also employed in the same taxable year by another taxpayer
24 claiming an apprenticeship program income or corporate income
25 tax credit for that employee pursuant to this section or the

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1 Corporate Income and Franchise Tax Act.

2 I. The department shall adopt rules establishing
3 procedures to certify that the taxpayer is a participating
4 employer in a registered apprenticeship program and that an
5 employee is a qualified apprentice for purposes of obtaining an
6 apprenticeship program income tax credit. The rules shall
7 ensure that not more than one apprenticeship program income tax
8 credit per qualified apprentice shall be allowed in a taxable
9 year and that the credits allowed per qualified apprentice are
10 limited to a maximum of five years' employment.

11 J. A taxpayer allowed a tax credit pursuant to this
12 section shall report the amount of the credit to the department
13 in a manner required by the department.

14 K. The department shall compile an annual report on
15 the apprenticeship program income tax credit that shall include
16 the number of taxpayers approved by the department to receive
17 the credit, the aggregate amount of credits approved and any
18 other information necessary to evaluate the effectiveness of
19 the credit. The department shall present the annual report to
20 the revenue stabilization and tax policy committee and the
21 legislative finance committee with an analysis of the
22 effectiveness and cost of the tax credit and whether the tax
23 credit is performing the purpose for which it was created.

24 L. As used in this section:

25 (1) "qualified apprentice" means an individual

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1 who is approved by the secretary of workforce solutions with
2 the advice of the apprenticeship council and is covered by a
3 written agreement with an employer or with an association of
4 employers or employees acting as agent for an employer, which
5 written agreement provides for reasonably continuous employment
6 of the individual for not less than two thousand hours in the
7 given trade in which that individual is apprenticed in an
8 approved schedule of work experience and for at least one
9 hundred forty-four hours per year of related and supplemental
10 instruction; and

11 (2) "registered apprenticeship program" means
12 a program approved by the secretary of workforce solutions with
13 the advice of the state's apprenticeship council to train
14 apprentices."

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

17 "[NEW MATERIAL] APPRENTICESHIP PROGRAM CORPORATE INCOME
18 TAX CREDIT.--

19 A. The tax credit provided by this section may be
20 referred to as the "apprenticeship program corporate income tax
21 credit".

22 B. For taxable years prior to January 1, 2024, a
23 taxpayer that is a participating employer in a registered
24 apprenticeship program and that:

25 (1) employs a qualified apprentice in New

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1 Mexico for the full taxable year is eligible for a credit
2 against the taxpayer's tax liability imposed pursuant to the
3 Corporate Income and Franchise Tax Act in the following
4 amounts:

5 (a) up to one thousand dollars (\$1,000)
6 of the gross wages paid to the qualified apprentice by the
7 taxpayer during the taxable year for which the return is filed;
8 or

9 (b) if the qualified apprentice received
10 a high school diploma or high school equivalency credential
11 less than four years prior to employment with the taxpayer, up
12 to two thousand dollars (\$2,000) of the gross wages paid to the
13 qualified apprentice by the taxpayer during the taxable year
14 for which the return is filed; or

15 (2) employs a qualified apprentice in New
16 Mexico for less than the full taxable year is eligible for a
17 credit amount equal to:

18 (a) one thousand dollars (\$1,000)
19 multiplied by the fraction of a full year for which the
20 qualified apprentice was employed; provided that the taxpayer
21 employed the qualified apprentice for at least seven months of
22 the taxable year; or

23 (b) if the qualified apprentice received
24 a high school diploma or high school equivalency credential
25 less than four years prior to employment with the taxpayer, two

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1 thousand dollars (\$2,000) multiplied by the fraction of a full
2 year for which the qualified apprentice was employed; provided
3 that the taxpayer employed the qualified apprentice for at
4 least seven months of the taxable year.

5 C. The purpose of the apprenticeship program
6 corporate income tax credit is to encourage employers to create
7 and participate in registered apprenticeship programs approved
8 and administered by the workforce solutions department.

9 D. A taxpayer may claim the apprenticeship program
10 corporate income tax credit provided in this section for each
11 taxable year in which the taxpayer employs one or more
12 qualified apprentices; provided that the taxpayer may not claim
13 the apprenticeship program corporate income tax credit for any
14 individual qualified apprentice for more than five calendar
15 years from the date of hire.

16 E. That portion of an apprenticeship program
17 corporate income tax credit approved by the department that
18 exceeds a taxpayer's corporate income tax liability in the
19 taxable year in which the apprenticeship program corporate
20 income tax credit is claimed shall not be refunded to the
21 taxpayer but may be carried forward for up to three taxable
22 years. The apprenticeship program corporate income tax credit
23 shall not be transferred to another taxpayer.

24 F. The taxpayer shall submit to the department with
25 respect to each employee for whom the apprenticeship program

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1 corporate income tax credit is claimed information required by
2 the department with respect to the qualified apprentice's
3 employment by the taxpayer during the taxable year for which
4 the apprenticeship program corporate income tax credit is
5 claimed, including information establishing that the taxpayer
6 is a participating employer in a registered apprenticeship
7 program and that the employee is a qualified apprentice, which
8 information can be used to determine that the employee was not
9 also employed in the same taxable year by another taxpayer
10 claiming an apprenticeship program income or corporate income
11 tax credit for that employee pursuant to this section or the
12 Income Tax Act.

13 G. The department shall adopt rules establishing
14 procedures to certify that the taxpayer is a participating
15 employer in a registered apprenticeship program and that an
16 employee is a qualified apprentice for purposes of obtaining an
17 apprenticeship program corporate income tax credit. The rules
18 shall ensure that not more than one apprenticeship program
19 corporate income tax credit per qualified apprentice shall be
20 allowed in a taxable year and that the credits allowed per
21 qualified apprentice are limited to a maximum of five years'
22 employment.

23 H. A taxpayer allowed a tax credit pursuant to this
24 section shall report the amount of the credit to the department
25 in a manner required by the department.

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1 I. The department shall compile an annual report on
2 the apprenticeship program corporate income tax credit that
3 shall include the number of taxpayers approved by the
4 department to receive the credit, the aggregate amount of
5 credits approved and any other information necessary to
6 evaluate the effectiveness of the credit. The department shall
7 present the annual report to the revenue stabilization and tax
8 policy committee and the legislative finance committee with an
9 analysis of the effectiveness and cost of the tax credit and
10 whether the tax credit is performing the purpose for which it
11 was created.

12 J. As used in this section:

13 (1) "qualified apprentice" means an individual
14 who is approved by the secretary of workforce solutions with
15 the advice of the apprenticeship council and is covered by a
16 written agreement with an employer or with an association of
17 employers or employees acting as agent for an employer, which
18 written agreement provides for reasonably continuous employment
19 of the individual for not less than two thousand hours in the
20 given trade in which that individual is apprenticed in an
21 approved schedule of work experience and for at least one
22 hundred forty-four hours per year of related and supplemental
23 instruction; and

24 (2) "registered apprenticeship program" means
25 a program approved by the secretary of workforce solutions with

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1 the advice of the state's apprenticeship council to train
2 apprentices."

3 SECTION 3. APPLICABILITY.--The provisions of this act
4 apply to taxable years beginning on or after January 1, 2019.

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