

**REVENUE:** May have revenue impact, statement not yet issued

**FISCAL:** May have fiscal impact, statement not yet issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue and then be referred to Ways and Means by prior reference
<b>Vote:</b>	5 - 0 - 2
<b>Yeas:</b>	Dallum, Girod, Holvey, Lim, Witt
<b>Nays:</b>	0
<b>Exc.:</b>	Barnhart, Riley
<b>Prepared By:</b>	Ellen Osoinach, Committee Administrator
<b>Meeting Dates:</b>	4/20

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**WHAT THE MEASURE DOES:** Allows business tax credit against personal and corporate income tax and corporate excise tax for taxpayers who own or lease facilities having new or expanded business operations. Requires business firms to apply to and be certified by the Economic and Community Development Department (OECDD). Requires OECDD to issue certification upon determination that the facility will benefit a traded sector industry, operate for at least ten years, hire at least five full-time, year-round employees, have an annual gross payroll that equals or exceeds 150% of the county per capita income, and is not certified for a long-term enterprise zone corporate excise tax credit. Allows taxpayer to claim credit when, in relation to the information provided in the initial application, the taxpayer establishes that the annual average number of full-time, year-round employees at the facility has increased by five or more employees, the combined annual full-time equivalent employment at the facility and the combined annual full-time equivalent employment of the certified business firm elsewhere in the state has increased or stayed the same, and the increase in annual gross payroll at the facility divided by the change in annual full-time equivalent employment at the facility is equal to or greater than 150 percent of the county per capita income. Allows taxpayer to claim credit up to \$500,000 for any three successive tax years, carry credit forward for five years, and sell percentage of credit to another taxpayer.

**ISSUES DISCUSSED:**

- Provisions of measure

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the original measure.

**BACKGROUND:** Several states, including New Mexico, Oklahoma, and North Carolina, offer payroll-based tax incentives to promote business investments in high-wage jobs. HB 2779 A authorizes a taxpayer certified by OECDD to claim a business tax credit equal to 5% of payroll increases in a distressed area or 3% in a non-distressed area. The taxpayer may be required to repay the credit if the facility fails to maintain the qualifications required for certification (i.e. increased employment and payroll) during the ten years following certification.