

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 124 AND SENATE BILLS 213, 343 & 43

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

AN ACT

RELATING TO TAXATION; REDUCING INCOME TAX RATES OVER TWO YEARS;
ADDING ADDITIONAL EXEMPTIONS FOR CHILDREN TO THE LOW-INCOME
COMPREHENSIVE TAX REBATE; CHANGING CERTAIN FILING REQUIREMENTS.

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

Section 1. Section 7-2-2 NMSA 1978 (being Laws 1986,
Chapter 20, Section 26, as amended) is amended to read:

"7-2-2. DEFINITIONS. -- For the purpose of the Income Tax
Act and unless the context requires otherwise:

A. "adjusted gross income" means adjusted gross
income as defined in Section 62 of the Internal Revenue Code,
as that section may be amended or renumbered;

B. "base income":

(1) means, for estates and trusts, that part

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1 of the estate's or trust's income defined as taxable income and
2 upon which the federal income tax is calculated in the Internal
3 Revenue Code for income tax purposes plus, for taxable years
4 beginning on or after January 1, 1991, the amount of the net
5 operating loss deduction allowed by Section 172(a) of the
6 Internal Revenue Code, as that section may be amended or
7 renumbered, and taken by the taxpayer for that year;

8 (2) means, for taxpayers other than estates or
9 trusts, that part of the taxpayer's income defined as adjusted
10 gross income plus, for taxable years beginning on or after
11 January 1, 1991, the amount of the net operating loss deduction
12 allowed by Section 172(a) of the Internal Revenue Code, as that
13 section may be amended or renumbered, and taken by the taxpayer
14 for that year; and

15 (3) includes, for all taxpayers, any other
16 income of the taxpayer not included in adjusted gross income
17 but upon which a federal tax is calculated pursuant to the
18 Internal Revenue Code for income tax purposes, except amounts
19 for which a calculation of tax is made pursuant to Section 55
20 of the Internal Revenue Code, as that section may be amended or
21 renumbered; "base income" also includes interest received on a
22 state or local bond;

23 C. "compensation" means wages, salaries,
24 commissions and any other form of remuneration paid to
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1 employees for personal services;

2 D. "department" means the taxation and revenue
3 department, the secretary of taxation and revenue or any
4 employee of the department exercising authority lawfully
5 delegated to that employee by the secretary;

6 E. "fiduciary" means a guardian, trustee, executor,
7 administrator, committee, conservator, receiver, individual or
8 corporation acting in any fiduciary capacity;

9 F. "filing status" means "married filing joint
10 returns", "married filing separate returns", "head of
11 household", "surviving spouse" and "single", as those terms are
12 generally defined for federal tax purposes;

13 G. "fiscal year" means any accounting period of
14 twelve months ending on the last day of any month other than
15 December;

16 H. "head of household" means "head of household" as
17 generally defined for federal income tax purposes;

18 I. "individual" means a natural person, an estate,
19 a trust or a fiduciary acting for a natural person, trust or
20 estate;

21 J. "Internal Revenue Code" means the United States
22 Internal Revenue Code of 1986, as amended;

23 K. "lump-sum amount" means an amount that, for the
24 purpose of determining liability for federal income tax, was
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1 not included in adjusted gross income but upon which the five-
2 year-averaging or the ten-year-averaging method of tax
3 computation provided in Section 402 of the Internal Revenue
4 Code, as that section may be amended or renumbered, was
5 applied;

6 L. "modified gross income" means all income of the
7 taxpayer and, if any, the taxpayer's spouse and dependents,
8 undiminished by losses and from whatever source derived,
9 including:

- 10 (1) compensation;
- 11 (2) net profit derived from business;
- 12 (3) gains derived from dealings in property;
- 13 (4) interest;
- 14 (5) net rents;
- 15 (6) royalties;
- 16 (7) dividends;
- 17 (8) alimony and separate maintenance payments;
- 18 (9) annuities;
- 19 (10) income from life insurance and endowment
20 contracts;
- 21 (11) pensions;
- 22 (12) discharge of indebtedness;
- 23 (13) distributive share of partnership income;
- 24 (14) income in respect of a decedent;
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1 (15) income from an interest in an estate or
2 trust;

3 (16) social security benefits;

4 (17) unemployment compensation benefits;

5 (18) workers' compensation benefits;

6 (19) public assistance and welfare benefits;

7 (20) cost-of-living allowances; and

8 (21) gifts;

9 M "modified gross income" does not include:

10 (1) payments for hospital, dental, medical or
11 drug expenses whether made to or on behalf of the taxpayer;

12 (2) the value of room and board provided by
13 federal, state or local governments or by private individuals
14 or agencies based upon financial need and not as a form of
15 compensation;

16 (3) payments made pursuant to a federal, state
17 or local government program directly or indirectly to a third
18 party on behalf of the taxpayer when identified to a particular
19 use or invoice by the payer; or

20 (4) payments made pursuant to Sections
21 7-2-14, [~~7-2-14.1~~] 7-2-18, 7-2-18.1 and 7-3-9 NMSA 1978;

22 N. "net income" means, for estates and trusts, base
23 income adjusted to exclude amounts that the state is prohibited
24 from taxing because of the laws or constitution of this state
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1 or the United States and means, for taxpayers other than
2 estates or trusts, base income adjusted to exclude:

3 (1) an amount equal to the standard deduction
4 allowed the taxpayer for the taxpayer's taxable year by Section
5 63 of the Internal Revenue Code, as that section may be amended
6 or renumbered;

7 (2) an amount equal to the itemized
8 deductions, as defined in Section 63 of the Internal Revenue
9 Code, as that section may be amended or renumbered, allowed the
10 taxpayer for the taxpayer's taxable year less the amount
11 excluded pursuant to Paragraph (1) of this subsection;

12 (3) an amount equal to the product of the
13 exemption amount allowed for the taxpayer's taxable year by
14 Section 151 of the Internal Revenue Code, as that section may
15 be amended or renumbered, multiplied by the number of personal
16 exemptions allowed for federal income tax purposes;

17 (4) income from obligations of the United
18 States of America less expenses incurred to earn that income;

19 (5) other amounts that the state is prohibited
20 from taxing because of the laws or constitution of this state
21 or the United States;

22 (6) for taxable years that began prior to
23 January 1, 1991, an amount equal to the sum of:

24 (a) net operating loss carryback
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1 deductions to that year from taxable years beginning prior to
2 January 1, 1991 claimed and allowed, as provided by the
3 Internal Revenue Code; and

4 (b) net operating loss carryover
5 deductions to that year claimed and allowed; and

6 (7) for taxable years beginning on or after
7 January 1, 1991, an amount equal to the sum of any net
8 operating loss carryover deductions to that year claimed and
9 allowed, provided that the amount of any net operating loss
10 carryover from a taxable year beginning on or after January 1,
11 1991 may be excluded only as follows:

12 (a) in the case of a timely filed
13 return, in the taxable year immediately following the taxable
14 year for which the return is filed; or

15 (b) in the case of amended returns or
16 original returns not timely filed, in the first taxable year
17 beginning after the date on which the return or amended return
18 establishing the net operating loss is filed; and

19 (c) in either case, if the net operating
20 loss carryover exceeds the amount of net income exclusive of
21 the net operating loss carryover for the taxable year to which
22 the exclusion first applies, in the next four succeeding
23 taxable years in turn until the net operating loss carryover is
24 exhausted; in no event shall a net operating loss carryover be
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1 excluded in any taxable year after the fourth taxable year
2 beginning after the taxable year to which the exclusion first
3 applies;

4 0. "net operating loss" means any net operating
5 loss, as defined by Section 172(c) of the Internal Revenue
6 Code, as that section may be amended or renumbered, for a
7 taxable year as further increased by the income, if any, from
8 obligations of the United States for that year less related
9 expenses;

10 P. "net operating loss carryover" means the amount,
11 or any portion of the amount, of a net operating loss for any
12 taxable year that, pursuant to Paragraph (6) or (7) of
13 Subsection N of this section, may be excluded from base income;

14 Q. "nonresident" means every individual not a
15 resident of this state;

16 R. "person" means any individual, estate, trust,
17 receiver, cooperative association, club, corporation, company,
18 firm, partnership, limited liability company, joint venture,
19 syndicate or other association; "person" also means, to the
20 extent permitted by law, any federal, state or other
21 governmental unit or subdivision or agency, department or
22 instrumentality thereof;

23 S. "resident" means an individual who is domiciled
24 in this state during any part of the taxable year; but any
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1 individual who, on or before the last day of the taxable year,
2 changed his place of abode to a place without this state with
3 the bona fide intention of continuing actually to abide
4 permanently without this state is not a resident for the
5 purposes of the Income Tax Act;

6 T. "secretary" means the secretary of taxation and
7 revenue or the secretary's delegate;

8 U. "state" means any state of the United States,
9 the District of Columbia, the commonwealth of Puerto Rico, any
10 territory or possession of the United States or any political
11 subdivision of a foreign country;

12 V. "state or local bond" means a bond issued by a
13 state other than New Mexico or by a local government other than
14 one of New Mexico's political subdivisions, the interest from
15 which is excluded from income for federal income tax purposes
16 under Section 103 of the Internal Revenue Code, as that section
17 may be amended or renumbered;

18 W. "surviving spouse" means "surviving spouse" as
19 generally defined for federal income tax purposes;

20 X. "taxable income" means net income less any lump-
21 sum amount;

22 Y. "taxable year" means the calendar year or fiscal
23 year upon the basis of which the net income is computed under
24 the Income Tax Act and includes, in the case of the return made
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1 for a fractional part of a year under the provisions of the
2 Income Tax Act, the period for which the return is made; [and]

3 Z. "taxpayer" means any individual subject to the
4 tax imposed by the Income Tax Act; and

5 AA. "zero bracket amount" means the maximum amount
6 of taxable income in the first bracket of the tax rate table
7 for a filing status, for which bracket the amount of tax due is
8 zero. "

9 Section 2. Section 7-2-7 NMSA 1978 (being Laws 1994,
10 Chapter 5, Section 20, as amended) is amended to read:

11 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by
12 Section 7-2-3 NMSA 1978 shall be at the following rates for any
13 taxable year beginning [~~on or after January 1, 1998~~] in 2001:

14 A. For married individuals filing separate returns:

15 If the taxable income is:	The tax shall be:
16 [Not over \$4,000	1.7% of taxable income
17 Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of
18 excess over \$ 4,000	excess over \$ 4,000
19 Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of
20 excess over \$ 8,000	excess over \$ 8,000
21 Over \$ 12,000 but not over \$ 20,000	\$ 384 plus 6.0% of
22 excess over \$ 12,000	excess over \$ 12,000
23 Over \$ 20,000 but not over \$ 32,000	\$ 864 plus 7.1% of
24 excess over \$ 20,000	excess over \$ 20,000

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1 ~~Over \$ 32,000 but not over \$ 50,000~~ ~~\$ 1,716 plus 7.9% of~~
2 ~~excess over \$ 32,000~~
3 ~~Over \$ 50,000~~ ~~\$ 3,138 plus 8.2% of~~
4 ~~excess over \$ 50,000]~~
5 Not over \$1,500 \$ 0
6 Over \$ 1,500 but not over \$ 5,000 2.0% of excess over
7 \$1,500
8 Over \$ 5,000 but not over \$ 8,000 \$ 70.00 plus 3.2% of
9 excess over \$5,000
10 Over \$ 8,000 but not over \$ 12,000 \$ 166 plus 4.7% of
11 excess over \$8,000
12 Over \$ 12,000 but not over \$ 20,000 \$ 354 plus 6.0% of
13 excess over \$12,000
14 Over \$ 20,000 but not over \$ 32,000 \$ 834 plus 7.1% of
15 excess over \$20,000
16 Over \$ 32,000 \$ 1,686 plus 7.9% of
17 excess over \$32,000.

18 B. For surviving spouses and married individuals
19 filing joint returns:

20	If the taxable income is:	The tax shall be:
21	[Not over \$8,000	1.7% of taxable income
22	Over \$ 8,000 but not over \$ 16,000	\$ 136 plus 3.2% of
23		excess over \$ 8,000
24	Over \$ 16,000 but not over \$ 24,000	\$ 392 plus 4.7% of

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1 ~~excess over \$ 16,000~~
2 ~~Over \$ 24,000 but not over \$ 40,000 \$ 768 plus 6.0% of~~
3 ~~excess over \$ 24,000~~
4 ~~Over \$ 40,000 but not over \$ 64,000 \$ 1,728 plus 7.1% of~~
5 ~~excess over \$ 40,000~~
6 ~~Over \$ 64,000 but not over \$100,000 \$ 3,432 plus 7.9% of~~
7 ~~excess over \$ 64,000~~
8 ~~Over \$100,000 \$ 6,276 plus 8.2% of~~
9 ~~excess over \$100,000]~~
10 Not over \$3,000 \$ 0
11 Over \$ 3,000 but not over \$ 10,500 2.0% of excess over
12 \$3,000
13 Over \$ 10,500 but not over \$ 16,000 \$ 150 plus 3.2% of
14 excess over \$10,500
15 Over \$ 16,000 but not over \$ 24,000 \$ 326 plus 4.7% of
16 excess over \$16,000
17 Over \$ 24,000 but not over \$ 40,000 \$ 702 plus 6.0% of
18 excess over \$24,000
19 Over \$ 40,000 but not over \$ 64,000 \$1,662 plus 7.1% of
20 excess over \$40,000
21 Over \$ 64,000 \$3,366 plus 7.9% of
22 excess over \$ 64,000.

23 C. For single individuals and for estates and
24 trusts:
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1	If the taxable income is:	The tax shall be:
2	[Not over \$5,500	1.7% of taxable income
3	Over \$ 5,500 but not over \$ 11,000	\$ 93.50 plus 3.2% of
4		excess over \$ 5,500
5	Over \$ 11,000 but not over \$ 16,000	\$ 269.50 plus 4.7% of
6		excess over \$ 11,000
7	Over \$ 16,000 but not over \$ 26,000	\$ 504.50 plus 6.0% of
8		excess over \$ 16,000
9	Over \$ 26,000 but not over \$ 42,000	\$1,104.50 plus 7.1% of
10		excess over \$ 26,000
11	Over \$ 42,000 but not over \$ 65,000	\$2,240.50 plus 7.9% of
12		excess over \$ 42,000
13	Over \$ 65,000	\$4,057.50 plus 8.2% of
14		excess over \$ 65,000]
15	<u>Not over \$1,500</u>	<u>\$ 0</u>
16	<u>Over \$ 1,500 but not over \$ 6,000</u>	<u>2.0% of excess over</u>
17		<u>\$1,500</u>
18	<u>Over \$ 6,000 but not over \$ 11,000</u>	<u>\$ 90.00 plus 3.2% of</u>
19		<u>excess over \$6,000</u>
20	<u>Over \$ 11,000 but not over \$ 16,000</u>	<u>\$ 250 plus 4.7% of</u>
21		<u>excess over \$11,000</u>
22	<u>Over \$ 16,000 but not over \$ 26,000</u>	<u>\$ 485 plus 6.0% of</u>
23		<u>excess over \$16,000</u>
24	<u>Over \$ 26,000 but not over \$ 42,000</u>	<u>\$1,085 plus 7.1% of</u>
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1 excess over \$26,000
2 Over \$ 42,000 \$2,221 plus 7.9% of
3 excess over \$42,000.

4 D. For heads of household filing returns:

5 If the taxable income is: The tax shall be:

6 [~~Not over \$7,000~~ ~~1.7% of taxable income~~
7 ~~Over \$ 7,000 but not over \$ 14,000~~ ~~\$ 119 plus 3.2% of~~
8 ~~excess over \$ 7,000~~
9 ~~Over \$ 14,000 but not over \$ 20,000~~ ~~\$ 343 plus 4.7% of~~
10 ~~excess over \$ 14,000~~
11 ~~Over \$ 20,000 but not over \$ 33,000~~ ~~\$ 625 plus 6.0% of~~
12 ~~excess over \$ 20,000~~
13 ~~Over \$ 33,000 but not over \$ 53,000~~ ~~\$1,405 plus 7.1% of~~
14 ~~excess over \$ 33,000~~
15 ~~Over \$ 53,000 but not over \$ 83,000~~ ~~\$2,825 plus 7.9% of~~
16 ~~excess over \$ 53,000~~
17 ~~Over \$83,000~~ ~~\$5,195 plus 8.2% of~~
18 ~~excess over \$ 83,000]~~

19 Not over \$2,500 \$ 0
20 Over \$ 2,500 but not over \$ 8,000 2.0% of excess over
21 \$2,500
22 Over \$ 8,000 but not over \$ 14,000 \$ 110 plus 3.2% of
23 excess over \$8,000
24 Over \$ 14,000 but not over \$ 20,000 \$ 302 plus 4.7% of
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1		<u>excess over \$14,000</u>
2	<u>Over \$ 20,000 but not over \$ 33,000</u>	<u>\$ 584 plus 6.0% of</u>
3		<u>excess over \$20,000</u>
4	<u>Over \$ 33,000 but not over \$ 53,000</u>	<u>\$1,364 plus 7.1% of</u>
5		<u>excess over \$33,000</u>
6	<u>Over \$ 53,000</u>	<u>\$2,784 plus 7.9% of</u>
7		<u>excess over \$53,000.</u>

8 E. The tax on the sum of any lump-sum amounts
9 included in net income is an amount equal to five multiplied
10 by the difference between:

11 (1) the amount of tax due on the taxpayer's
12 taxable income; and

13 (2) the amount of tax that would be due on
14 an amount equal to the taxpayer's taxable income and twenty
15 percent of the taxpayer's lump-sum amounts included in net
16 income. "

17 Section 3. Section 7-2-7 NMSA 1978 (being Laws 1994,
18 Chapter 5, Section 20, as amended and as further amended by
19 Section 2 of this act) is repealed and a new Section 7-2-7
20 NMSA 1978 is enacted to read:

21 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES. --
22 The tax imposed by Section 7-2-3 NMSA 1978 shall be at the
23 following rates for any taxable year beginning on or after
24 January 1, 2002:

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underscoring material = new
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1 A. For married individuals filing separate returns:

2	If the taxable income is:	The tax shall be:
3	Not over \$2,200	\$ 0
4	Over \$ 2,200 but not over \$ 5,100	2.0% of excess over
5		\$2,200
6	Over \$ 5,100 but not over \$ 8,000	\$ 58.00 plus 3.0% of
7		excess over \$5,100
8	Over \$ 8,000 but not over \$ 12,000	\$ 145 plus 4.5% of
9		excess over \$8,000
10	Over \$ 12,000 but not over \$ 20,000	\$ 325 plus 6.0% of
11		excess over \$12,000
12	Over \$ 20,000 but not over \$ 50,000	\$ 805 plus 7.1% of
13		excess over \$20,000
14	Over \$ 50,000	\$ 2,935 plus 7.8% of
15		excess over \$50,000.

16 B. For surviving spouses and married individuals
17 filing joint returns:

18	If the taxable income is:	The tax shall be:
19	Not over \$4,400	\$ 0
20	Over \$ 4,400 but not over \$ 10,200	2.0% of excess over
21		\$4,400
22	Over \$ 10,200 but not over \$ 16,000	\$ 116 plus 3.0% of
23		excess over \$10,200
24	Over \$ 16,000 but not over \$ 24,000	\$ 290 plus 4.5% of
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1 excess over \$16,000
2 Over \$ 24,000 but not over \$ 40,000 \$ 650 plus 6.0% of
3 excess over \$24,000
4 Over \$ 40,000 but not over \$100,000 \$1,610 plus 7.1% of
5 excess over \$40,000
6 Over \$100,000 \$5,870 plus 7.8% of
7 excess over \$100,000.

8 C. For single individuals and for estates and
9 trusts:

10 If the taxable income is:	The tax shall be:
11 Not over \$2,200	\$ 0
12 Over \$ 2,200 but not over \$ 6,000	2.0% of excess over 13 \$2,200
14 Over \$ 6,000 but not over \$ 11,000	\$ 76.00 plus 3.0% of 15 excess over \$6,000
16 Over \$ 11,000 but not over \$ 16,000	\$ 226 plus 4.5% of 17 excess over \$11,000
18 Over \$ 16,000 but not over \$ 26,000	\$ 451 plus 6.0% of 19 excess over \$16,000
20 Over \$ 26,000 but not over \$ 65,000	\$1,051 plus 7.1% of 21 excess over \$26,000
22 Over \$ 65,000	\$3,820 plus 7.8% of 23 excess over \$65,000.

24 D. For heads of household filing returns:
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1	If the taxable income is:	The tax shall be:
2	Not over \$3,300	\$ 0
3	Over \$ 3,300 but not over \$ 8,000	2.0% of excess over
4		\$3,300
5	Over \$ 8,000 but not over \$ 14,000	\$ 94.00 plus 3.0% of
6		excess over \$8,000
7	Over \$ 14,000 but not over \$ 20,000	\$ 274 plus 4.5% of
8		excess over \$14,000
9	Over \$ 20,000 but not over \$ 33,000	\$ 544 plus 6.0% of
10		excess over \$20,000
11	Over \$ 33,000 but not over \$ 83,000	\$1,324 plus 7.1% of
12		excess over \$33,000
13	Over \$ 83,000	\$4,874 plus 7.8% of
14		excess over \$83,000.

15 E. The tax on the sum of any lump-sum amounts
16 included in net income is an amount equal to five multiplied
17 by the difference between:

18 (1) the amount of tax due on the taxpayer's
19 taxable income; and

20 (2) the amount of tax that would be due on
21 an amount equal to the taxpayer's taxable income and twenty
22 percent of the taxpayer's lump-sum amounts included in net
23 income. "

24 Section 4. Section 7-2-12 NMSA 1978 (being Laws 1965,
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1 Chapter 202, Section 10, as amended) is amended to read:

2 "7-2-12. TAXPAYER RETURNS--PAYMENT OF TAX.--

3 A. Every resident of this state and every
4 individual deriving income from any business transaction,
5 property or employment within this state and not exempt from
6 tax under the Income Tax Act [who] shall file a complete tax
7 return with the department in form and content as prescribed
8 by the secretary if the individual:

9 (1) is required by the laws of the United
10 States to file a federal income tax return [~~shall file a~~
11 ~~complete tax return with the department in form and content~~
12 ~~as prescribed by the secretary] or files a federal income tax
13 return; and~~

14 (2) the taxpayer's taxable income exceeds
15 the zero bracket amount for the taxpayer's filing status.

16 B. Unless otherwise required under the Income Tax
17 Act or prescription of the secretary, in completing a return
18 for a taxable year, the taxpayer shall declare the same
19 filing status and number of personal exemptions as the
20 taxpayer declared for federal income tax purposes for that
21 same taxable year or, if the taxpayer was not required to
22 file a federal income tax return for the taxable year, the
23 filing status and number of personal exemptions that would
24 have been required or allowed for that taxpayer by the
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1 Internal Revenue Code and regulations thereunder for the
2 taxable year.

3 C. The return required and the tax imposed on
4 individuals under the Income Tax Act are due and payment is
5 required on or before the fifteenth day of the fourth month
6 following the end of the taxable year. "

7 Section 5. Section 7-2-14 NMSA 1978 (being Laws 1972,
8 Chapter 20, Section 2, as amended) is amended to read:

9 "7-2-14. LOW-INCOME COMPREHENSIVE TAX REBATE. --

10 A. Except as otherwise provided in Subsection B
11 of this section, any resident who files an individual New
12 Mexico income tax return and who is not a dependent of
13 another individual may claim a tax rebate for a portion of
14 state and local taxes to which the resident has been subject
15 during the taxable year for which the return is filed. The
16 tax rebate may be claimed even though the resident has no
17 income taxable under the Income Tax Act. A husband and wife
18 who file separate returns for a taxable year in which they
19 could have filed a joint return may each claim only one-half
20 of the tax rebate that would have been allowed on a joint
21 return.

22 B. No claim for the tax rebate provided in this
23 section shall be filed by a resident who was an inmate of a
24 public institution for more than six months during the
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1 taxable year for which the tax rebate could be claimed or who
2 was not physically present in New Mexico for at least six
3 months during the taxable year for which the tax rebate could
4 be claimed.

5 C. For the purposes of this section, the total
6 number of exemptions for which a tax rebate may be claimed or
7 allowed is determined by adding the number of federal
8 exemptions allowable for federal income tax purposes for each
9 individual included in the return who is domiciled in New
10 Mexico plus:

11 (1) two additional exemptions for each
12 individual domiciled in New Mexico included in the return who
13 is sixty-five years of age or older; ~~plus~~

14 (2) one additional exemption for each
15 individual domiciled in New Mexico included in the return
16 who, for federal income tax purposes, is blind; ~~plus one~~
17 ~~exemption]~~

18 (3) two additional exemptions for each minor
19 child or stepchild of the resident; and

20 (4) three exemptions for each minor child or
21 stepchild of the resident who would be a dependent for
22 federal income tax purposes if the public assistance
23 contributing to the support of the child or stepchild was
24 considered to have been contributed by the resident.
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D. The tax rebate provided for in this section may be claimed in the amount shown in the following table:

Modified gross income is:	And the total number of exemptions is:							
\$	But Not							6 or
Over	Over	1	2	3	4	5	More	
\$ 0	\$ 500	\$ 120	\$ 160	\$ 200	\$ 240	\$ 280	\$ 320	
500	1,000	135	195	250	310	350	415	
1,000	1,500	135	195	250	310	350	435	
1,500	2,000	135	195	250	310	350	450	
2,000	2,500	135	195	250	310	350	450	
2,500	3,000	135	195	250	310	350	450	
3,000	3,500	135	195	250	310	350	450	
3,500	4,000	135	195	250	310	355	450	
4,000	4,500	135	195	250	310	355	450	
4,500	5,000	125	190	240	305	355	450	
5,000	5,500	115	175	230	295	355	430	
5,500	6,000	105	155	210	260	315	410	
6,000	7,000	90	130	170	220	275	370	
7,000	8,000	80	115	145	180	225	295	
8,000	9,000	70	105	135	170	195	240	
9,000	10,000	65	95	115	145	175	205	
10,000	11,000	60	80	100	130	155	185	
11,000	12,000	55	70	90	110	135	160	

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1	12, 000	13, 000	50	65	85	100	115	140
2	13, 000	14, 000	50	65	85	100	115	140
3	14, 000	15, 000	45	60	75	90	105	120
4	15, 000	16, 000	40	55	70	85	95	110
5	16, 000	17, 000	35	50	65	80	85	105
6	17, 000	18, 000	30	45	60	70	80	95
7	18, 000	19, 000	25	35	50	60	70	80
8	19, 000	20, 000	20	30	40	50	60	65
9	20, 000	21, 000	15	25	30	40	50	55
10	21, 000	22, 000	10	20	25	35	40	45.

11 E. If a taxpayer's modified gross income is zero,
 12 the taxpayer may claim a credit in the amount shown in the
 13 first row of the table appropriate for the taxpayer's number of
 14 exemptions.

15 F. The tax rebates provided for in this section may
 16 be deducted from the taxpayer's New Mexico income tax liability
 17 for the taxable year. If the tax rebates exceed the taxpayer's
 18 income tax liability, the excess shall be refunded to the
 19 taxpayer.

20 G. For purposes of this section, "dependent" means
 21 "dependent" as defined by Section 152 of the Internal Revenue
 22 Code of 1986, as that section may be amended or renumbered, but
 23 also includes any minor child or stepchild of the resident who
 24 would be a dependent for federal income tax purposes if the
 25

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1 public assistance contributing to the support of the child or
2 stepchild was considered to have been contributed by the
3 resident. "

4 Section 6. APPLICABILITY. --

5 A. The provisions of Sections 1, 4 and 5 of this act
6 apply to taxable years beginning on or after January 1, 2001.

7 B. The provisions of Section 2 of this act apply to
8 taxable years beginning in 2001.

9 C. The provisions of Section 3 of this act apply to
10 taxable years beginning on or after January 1, 2002.

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