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HOUSE BILL 315

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Al Park

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX RELIEF BY ADJUSTING AND INDEXING TAX BRACKET MINIMUM AND MAXIMUM INCOMES; AMENDING AND ENACTING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-2-7 NMSA 1978 (being Laws 1994, Chapter 5, Section 20, as amended) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, [1998] 2002:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
<del>[Not over \$4,000]</del>	<del>1.7% of taxable income</del>
<del>Over \$ 4,000 but not over \$ 8,000</del>	<del>\$ 68.00 plus 3.2% of</del>
	<del>excess over \$ 4,000</del>

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1 ~~Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of excess~~  
2 ~~over \$ 8,000~~  
3 ~~Over \$ 12,000 but not over \$ 20,000 \$ 384 plus 6.0% of excess~~  
4 ~~over \$ 12,000~~  
5 ~~Over \$ 20,000 but not over \$ 32,000 \$ 864 plus 7.1% of excess~~  
6 ~~over \$ 20,000~~  
7 ~~Over \$ 32,000 but not over \$ 50,000 \$ 1,716 plus 7.9% of~~  
8 ~~excess over \$ 32,000~~  
9 ~~Over \$ 50,000 \$ 3,138 plus 8.2% of~~  
10 ~~excess over \$ 50,000]~~  
11 Not over \$4,500 1.7% of taxable income  
12 Over \$ 4,500 but not over \$ 9,000 \$ 77.00 plus 3.2% of  
13 excess over \$ 4,500  
14 Over \$ 9,000 but not over \$ 13,500 \$ 221 plus 4.7% of  
15 excess over \$ 9,000  
16 Over \$ 13,500 but not over \$ 22,500 \$ 432 plus 6.0% of  
17 excess over \$ 13,500  
18 Over \$ 22,500 but not over \$ 36,000 \$ 972 plus 7.1% of  
19 excess over \$ 22,500  
20 Over \$ 36,000 but not over \$ 70,000 \$ 1,931 plus 7.9% of  
21 excess over \$ 36,000  
22 Over \$ 70,000 \$ 4,617 plus 8.2% of  
23 excess over \$ 70,000.

24 B. For surviving spouses and married individuals  
25 filing joint returns:

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1	If the taxable income is:	The tax shall be:
2	<del>[Not over \$8,000</del>	<del>1.7% of taxable income</del>
3	<del>Over \$ 8,000 but not over \$ 16,000</del>	<del>\$ 136 plus 3.2% of</del>
4		<del>excess over \$ 8,000</del>
5	<del>Over \$ 16,000 but not over \$ 24,000</del>	<del>\$ 392 plus 4.7% of</del>
6		<del>excess over \$ 16,000</del>
7	<del>Over \$ 24,000 but not over \$ 40,000</del>	<del>\$ 768 plus 6.0% of</del>
8		<del>excess over \$ 24,000</del>
9	<del>Over \$ 40,000 but not over \$ 64,000</del>	<del>\$ 1,728 plus 7.1% of</del>
10		<del>excess over \$ 40,000</del>
11	<del>Over \$ 64,000 but not over \$100,000</del>	<del>\$ 3,432 plus 7.9% of</del>
12		<del>excess over \$ 64,000</del>
13	<del>Over \$100,000</del>	<del>\$ 6,276 plus 8.2% of</del>
14		<del>excess over \$100,000]</del>
15	<u>Not over \$9,000</u>	<u>1.7% of taxable income</u>
16	<u>Over \$ 9,000 but not over \$ 18,000</u>	<u>\$ 153 plus 3.2% of</u>
17		<u>excess over \$ 9,000</u>
18	<u>Over \$ 18,000 but not over \$ 27,000</u>	<u>\$ 441 plus 4.7% of</u>
19		<u>excess over \$ 18,000</u>
20	<u>Over \$ 27,000 but not over \$ 45,000</u>	<u>\$ 864 plus 6.0% of</u>
21		<u>excess over \$ 27,000</u>
22	<u>Over \$ 45,000 but not over \$ 72,000</u>	<u>\$ 1,944 plus 7.1% of</u>
23		<u>excess over \$ 45,000</u>
24	<u>Over \$ 72,000 but not over \$140,000</u>	<u>\$ 3,861 plus 7.9% of</u>
25		<u>excess over \$ 72,000</u>

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1     Over \$140,000                             \$ 9,233 plus 8.2% of  
2   excess over \$140,000.

3             C. For single individuals and for estates and  
4 trusts:

5             If the taxable income is:             The tax shall be:  
6     ~~[Not over \$5,500]                             1.7% of taxable income~~  
7     ~~Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of~~  
8   ~~excess over \$ 5,500~~  
9     ~~Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of~~  
10    ~~excess over \$ 11,000~~  
11    ~~Over \$ 16,000 but not over \$ 26,000 \$ 504.50 plus 6.0% of~~  
12    ~~excess over \$ 16,000~~  
13    ~~Over \$ 26,000 but not over \$ 42,000 \$1,104.50 plus 7.1% of~~  
14    ~~excess over \$ 26,000~~  
15    ~~Over \$ 42,000 but not over \$ 65,000 \$2,240.50 plus 7.9% of~~  
16    ~~excess over \$ 42,000~~  
17    ~~Over \$ 65,000]                             \$4,057.50 plus 8.2% of~~  
18    ~~excess over \$ 65,000]~~

19     Not over \$6,000                             1.7% of taxable income  
20     Over \$ 6,000 but not over \$ 12,000 \$ 102 plus 3.2% of  
21   excess over \$ 6,000  
22     Over \$ 12,000 but not over \$ 17,550 \$ 294 plus 4.7% of  
23   excess over \$ 12,000  
24     Over \$ 17,550 but not over \$ 29,000 \$ 555 plus 6.0% of  
25   excess over \$ 17,550

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1 Over \$ 29,000 but not over \$ 47,000 \$1,242 plus 7.1% of  
2 excess over \$ 29,000  
3 Over \$ 47,000 but not over \$ 90,000 \$2,520 plus 7.9% of  
4 excess over \$ 47,000  
5 Over \$ 90,000 \$5,917 plus 8.2% of  
6 excess over \$ 90,000.

7 D. For heads of household filing returns:

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

9 [~~Not over \$7,000~~ ~~1.7% of taxable income~~

10 ~~Over \$ 7,000 but not over \$ 14,000~~ ~~\$ 119 plus 3.2% of~~  
11 ~~excess over \$ 7,000~~

12 ~~Over \$ 14,000 but not over \$ 20,000~~ ~~\$ 343 plus 4.7% of~~  
13 ~~excess over \$ 14,000~~

14 ~~Over \$ 20,000 but not over \$ 33,000~~ ~~\$ 625 plus 6.0% of~~  
15 ~~excess over \$ 20,000~~

16 ~~Over \$ 33,000 but not over \$ 53,000~~ ~~\$1,405 plus 7.1% of~~  
17 ~~excess over \$ 33,000~~

18 ~~Over \$ 53,000 but not over \$ 83,000~~ ~~\$2,825 plus 7.9% of~~  
19 ~~excess over \$ 53,000~~

20 ~~Over \$ 83,000~~ ~~\$5,195 plus 8.2% of~~  
21 ~~excess over \$ 83,000]~~

22 Not over \$8,000 1.7% of taxable income

23 Over \$ 8,000 but not over \$ 15,500 \$ 136 plus 3.2% of  
24 excess over \$ 8,000

25 Over \$ 15,500 but not over \$ 22,500 \$ 376 plus 4.7% of

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1 excess over \$ 15, 500  
2 Over \$ 22, 500 but not over \$ 37, 000 \$ 705 plus 6. 0% of  
3 excess over \$ 22, 500  
4 Over \$ 37, 000 but not over \$ 60, 000 \$1, 575 plus 7. 1% of  
5 excess over \$ 37, 000  
6 Over \$ 60, 000 but not over \$115, 000 \$3, 208 plus 7. 9% of  
7 excess over \$ 60, 000  
8 Over \$115, 000 \$7, 553 plus 8. 2% of  
9 excess over \$115, 000.

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

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

19 Section 2. A new section of the Income Tax Act, Section  
20 7-2-7.2 NMSA 1978, is enacted to read:

21 "7-2-7.2. [NEW MATERIAL] INDEXING OF TAX RATE TABLES. --  
22 For taxable years beginning on or after January 1, 2003, the  
23 tax rate schedules in Subsections A through D of Section 7-2-7  
24 NMSA 1978 shall be adjusted to account for inflation. The  
25 department shall make the adjustments by multiplying the

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1 minimum and maximum bracket amounts by a fraction, the  
2 numerator of which is the consumer price index ending during  
3 the calendar year in which the taxable years begin and the  
4 denominator of which is the consumer price index ending in  
5 calendar year 2002. The result of the multiplication shall be  
6 rounded down to the nearest one hundred dollars (\$100) except  
7 that, if the result would be a minimum or maximum bracket  
8 amount less than the corresponding amount for the preceding  
9 year, then no adjustment shall be made. The department shall  
10 adjust the tax due shown for the minimum bracket amounts  
11 accordingly. For the purposes of this section, "consumer  
12 price index" means the average of the consumer price index for  
13 all urban consumers published by the United States department  
14 of labor for the twelve-month period ending July 31 of the  
15 calendar year. "

16 Section 3. APPLICABILITY. -- The provisions of this act  
17 apply to taxable years beginning on or after January 1, 2002.