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SENATE BILL 301

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

INTRODUCED BY

Roman M. Maes III

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
CONTRIBUTIONS MADE TO CERTAIN ORGANIZATIONS FOR TUITION
SCHOLARSHIPS FOR CHILDREN FROM LOW-INCOME FAMILIES.

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] TUITION SCHOLARSHIP TAX CREDIT. --

A. A taxpayer who files an individual New Mexico
income tax return and is not a dependent of another taxpayer
may claim a credit for a contribution made to a school tuition
organization if a receipt has been received from the
organization certifying that the contribution will be used for
educational scholarships or tuition grants for one or more
children from low-income families. The credit may be claimed

underscored material = new
[bracketed material] = delete

1 in an amount equal to the total contributions made during the
2 taxable year for which the credit is claimed but shall not
3 exceed five hundred dollars (\$500) in any taxable year. The
4 credit provided in this subsection shall be known as the
5 "tuition scholarship tax credit".

6 B. The tuition scholarship tax credit shall not be
7 allowed for a contribution that is designated by the taxpayer
8 to benefit a particular individual or that is included in the
9 taxpayer's itemized deductions, as defined in Section 63 of
10 the Internal Revenue Code, for the taxable year.

11 C. A husband and wife who file separate returns
12 for a taxable year in which they could have filed a joint
13 return may each claim only one-half of the tuition scholarship
14 tax credit that would have been allowed on a joint return.

15 D. The tuition scholarship tax credit provided in
16 this section may only be deducted from the taxpayer's New
17 Mexico income tax liability for the taxable year.

18 E. The department shall provide a format for a
19 standardized receipt to be issued by a school tuition
20 organization to indicate the tuition scholarship tax credit
21 value of a contribution to the school tuition organization.
22 The department may require a taxpayer claiming the tuition
23 scholarship tax credit to submit a copy of the receipt with
24 the taxpayer's claim for the credit.

25 F. As used in this section:

1 (1) "low-income family" means a family whose
2 income is at or below one hundred eighty-five percent of the
3 federal poverty guideline amount corresponding to a household
4 of an equal number of persons as listed in the poverty
5 guidelines published during the applicable year;

6 (2) "poverty guidelines" means the poverty
7 guidelines published annually in the federal register by the
8 United States department of health and human services;

9 (3) "qualified school" means an accredited
10 nongovernmental elementary or secondary school in New Mexico;

11 (4) "school tuition organization" means an
12 organization that:

13 (a) demonstrates to the department that
14 it has been granted exemption from the federal income tax as
15 an organization described in Section 501(c)(3) of the Internal
16 Revenue Code;

17 (b) provides financial assistance for
18 the education of children in the form of educational
19 scholarships or tuition grants to students allowing them to
20 attend any qualified school of their parents' choice; and

21 (c) expends one hundred percent of its
22 tax-credit-qualifying revenues for educational scholarships or
23 tuition grants for children of low-income families enrolled in
24 a qualified school; and

25 (4) "tax-credit-qualifying revenue" means a

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1 contribution to a school tuition organization for which a
2 receipt pursuant to Subsection E of this section has been
3 issued by the organization to the donor of the contribution."

4 Section 2. APPLICABILITY.--The provisions of this act
5 apply to taxable years beginning on or after January 1, 2002.

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