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SENATE BILL 423

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

INTRODUCED BY

Ramsay L. Gorham

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
CONTRIBUTIONS MADE TO ELIGIBLE PUBLIC SCHOOLS FOR THE SUPPORT
OF AN EXTRACURRICULAR ACTIVITY.

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] EXTRACURRICULAR ACTIVITY CONTRIBUTION 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 an eligible
public school located in this state for the support of an
extracurricular activity if a receipt has been received from
the school certifying that the contribution will be used for

underscored material = new
[bracketed material] = delete

1 an extracurricular activity for one or more children enrolled
2 in the school. The credit may be claimed in an amount equal
3 to the total contributions made during the taxable year for
4 which the credit is claimed but shall not exceed two hundred
5 fifty dollars (\$250) in any taxable year. The credit provided
6 in this subsection shall be known as the "extracurricular
7 activity tax credit".

8 B. The extracurricular activity tax credit shall
9 not be allowed for a contribution that is included in the
10 taxpayer's itemized deductions, as defined in Section 170 of
11 the Internal Revenue Code, for the taxable year.

12 C. A husband and wife who file separate returns
13 for a taxable year may each claim only one-half of the
14 extracurricular activity tax credit that would have been
15 allowed on a joint return.

16 D. The extracurricular activity tax credit
17 provided in this section may only be deducted from the
18 taxpayer's New Mexico income tax liability for the taxable
19 year in which the contribution is made.

20 E. The department shall provide a format for a
21 standardized receipt to be issued by an eligible school to
22 indicate the extracurricular activity tax credit value of a
23 contribution to the school. The department may require a
24 taxpayer claiming the extracurricular activity tax credit to
25 submit a copy of the receipt with the taxpayer's claim for

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1 credit.

2 F. As used in this section:

3 (1) "eligible school" means a public middle
4 school or junior high school, a public elementary school that
5 enrolls students in grade six or a public high school that
6 enrolls students in grade nine;

7 (2) "extracurricular activity" means a
8 competitive sport or other activity that supports academic,
9 social, leadership or other skills and that provides
10 opportunities for youth, including academic decathlon,
11 cheerleading, drill team, chess, journalism, mock trial,
12 music, art, drama, science fair, speech, student council,
13 homework club or other activity approved by the state
14 department of public education; and

15 (3) "tax credit qualifying revenue" means a
16 contribution to an eligible school for which a receipt
17 pursuant to Subsection E of this section has been issued by
18 the school to the donor of the contribution. "

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

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