

underscored material = new
[bracketed material] = delete

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 12

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SPECIAL SESSION, 2008

INTRODUCED BY

Daniel R. Foley

AN ACT

RELATING TO TAXATION; ELIMINATING THE PERSONAL INCOME TAX BY
JANUARY 1, 2012; REPEALING THE INCOME TAX ACT.

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

Section 1. Section 7-2-3 NMSA 1978 (being Laws 1965,
Chapter 202, Section 3, as amended) is amended to read:

"7-2-3. IMPOSITION AND LEVY OF TAX.--Prior to January 1,
2012, a tax is imposed at the rates specified in the Income Tax
Act upon the net income of every resident individual and upon
the net income of every nonresident individual employed or
engaged in the transaction of business in, into or from this
state or deriving any income from any property or employment
within this state."

Section 2. Section 7-2-7 NMSA 1978 (being Laws 2005,
Chapter 104, Section 4) is amended to read:

underscored material = new
[bracketed material] = delete

1 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
2 Section 7-2-3 NMSA 1978 shall be at the following rates for any
3 taxable year beginning on or after January 1, ~~[2008]~~ 2009:

4 A. For married individuals filing separate returns:

| | | |
|----|---|------------------------------------|
| 5 | If the taxable income is: | The tax shall be: |
| 6 | Not over \$4,000 | 1.7% of taxable income |
| 7 | Over \$ 4,000 but not over \$ 8,000 | \$ 68.00 plus 3.2% of |
| 8 | | excess over \$ 4,000 |
| 9 | Over \$ 8,000 [but not over \$ 12,000] | \$ 196 plus 4.7% of |
| 10 | | excess over \$ 8,000 |
| 11 | [Over \$ 12,000] | [\$ 384 plus 4.9% of |
| 12 | | excess over \$ 12,000]. |

13 B. For heads of household, surviving spouses and
14 married individuals filing joint returns:

| | | |
|----|--|------------------------------------|
| 15 | If the taxable income is: | The tax shall be: |
| 16 | Not over \$8,000 | 1.7% of taxable income |
| 17 | Over \$ 8,000 but not over \$ 16,000 | \$ 136 plus 3.2% of |
| 18 | | excess over \$ 8,000 |
| 19 | Over \$ 16,000 [but not over \$ 24,000] | \$ 392 plus 4.7% of |
| 20 | | excess over \$ 16,000 |
| 21 | [Over \$ 24,000] | [\$ 768 plus 4.9% of |
| 22 | | excess over \$ 24,000]. |

23 C. For single individuals and for estates and
24 trusts:

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

.173713.1

underscored material = new
[bracketed material] = delete

1 Not over \$5,500 1.7% of taxable income
2 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
3 excess over \$ 5,500
4 Over \$ 11,000 [~~but not over \$ 16,000~~] \$ 269.50 plus 4.7% of
5 excess over \$ 11,000
6 [~~Over \$ 16,000~~] [~~\$ 504.50 plus 4.9% of~~
7 ~~excess over \$ 16,000~~].

8 D. The tax on the sum of any lump-sum amounts
9 included in net income is an amount equal to five multiplied by
10 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 an
14 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 Section 2 of
18 this act if it becomes law) is repealed and a new Section 7-2-7
19 NMSA 1978 is enacted to read:

20 "[NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The tax
21 imposed by Section 7-2-3 NMSA 1978 shall be at the following
22 rates for any taxable year beginning on or after January 1,
23 2010:

24 A. For married individuals filing separate returns:

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

.173713.1

1 Not over \$ 4,000 1.7% of taxable income;
2 and
3 Over \$ 4,000 \$ 68.00 plus 3.2% of
4 excess over \$ 4,000.

5 B. For heads of household, surviving spouses and
6 married individuals filing joint returns:

7 If the taxable income is: The tax shall be:
8 Not over \$ 8,000 1.7% of taxable income;
9 and
10 Over \$ 8,000 \$ 136 plus 3.2% of excess
11 over \$ 8,000.

12 C. For single individuals and for estates and
13 trusts:

14 If the taxable income is: The tax shall be:
15 Not over \$5,500 1.7% of taxable income;
16 and
17 Over \$ 5,500 \$ 93.50 plus 3.2% of
18 excess over \$ 5,500.

19 D. The tax on the sum of any lump-sum amounts
20 included in net income is an amount equal to five multiplied by
21 the difference between:

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

24 (2) the amount of tax that would be due on an
25 amount equal to the taxpayer's taxable income and twenty

underscoring material = new
[bracketed material] = delete

1 percent of the taxpayer's lump-sum amounts included in net
2 income."

3 Section 4. Section 7-2-7 NMSA 1978 (being Section 3 of
4 this act if it becomes law) is repealed and a new Section 7-2-7
5 NMSA 1978 is enacted to read:

6 "[NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--

7 A. The tax imposed by Section 7-2-3 NMSA 1978 shall
8 be one and seven-tenths percent of taxable income for any
9 taxable year beginning on or after January 1, 2011 for married
10 individuals filing separately, heads of households, surviving
11 spouses, married individuals filing joint returns, single
12 individuals and for estates and trusts.

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

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

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

22 Section 5. DELAYED REPEAL.--Sections 7-2-1 through 7-2-36
23 NMSA 1978 (being Laws 1965, Chapter 202, Section 1, Laws 1986,
24 Chapter 20, Section 26, Laws 1965, Chapter 202, Sections 3 and
25 4, Laws 1985, Chapter 114, Section 1, Laws 1995, Chapter 42,

.173713.1

underscored material = new
~~[bracketed material]~~ = delete

1 Section 1, Laws 1995, Chapter 93, Section 8, Laws 2002, Chapter
2 58, Section 1, Laws 2005, Chapter 104, Sections 5 and 6, Laws
3 2006, Chapter 50, Section 1, Laws 2007, Chapter 45, Section 11,
4 Laws 1980, Chapter 102, Section 1, Laws 2005 (1st S.S.),
5 Chapter 3, Sections 3 and 4, Laws 1965, Chapter 202, Sections 7
6 through 10, Laws 1990, Chapter 23, Section 1, Laws 1996,
7 Chapter 17, Section 1, Laws 1965, Chapter 202, Section 11, Laws
8 1972, Chapter 20, Section 2, Laws 1994, Chapter 111, Sections 1
9 through 3, Laws 1977, Chapter 196, Section 1, Laws 1981,
10 Chapter 170, Section 1, Laws 1984, Chapter 34, Section 1, Laws
11 1994, Chapter 115, Section 1, Laws 1998, Chapter 92, Section 2,
12 Laws 2000, Chapter 64, Section 1 and Laws 2000, Chapter 78,
13 Section 1, Laws 2001, Chapter 73, Section 1, Laws 2003, Chapter
14 331, Section 7, Laws 2005, Chapter 267, Section 1, Laws 2006,
15 Chapter 93, Section 1, Laws 2007, Chapter 45, Sections 9 and
16 10, Laws 2007, Chapter 172, Section 1, Laws 2007, Chapter 204,
17 Sections 2 and 3, Laws 2007, Chapter 204, Section 5, Laws 2007,
18 Chapter 204, Section 7, Laws 2007, Chapter 361, Section 2, Laws
19 1965, Chapter 202, Sections 13 and 14, Laws 1981, Chapter 37,
20 Section 32, Laws 1965, Chapter 202, Section 18, Laws 1981,
21 Chapter 343, Sections 1 and 2, Laws 1992, Chapter 108, Section
22 4, Laws 1987, Chapter 257, Sections 2 and 3, Laws 1987, Chapter
23 265, Sections 1 and 2, Laws 2005, Chapter 56, Section 2, Laws
24 2005, Chapter 87, Section 2, Laws 2005, Chapter 220, Section 2,
25 Laws 1992, Chapter 108, Section 1, Laws 1999, Chapter 47,

.173713.1

1 Section 5, Laws 1997, Chapter 259, Section 8, Laws 1999,
2 Chapter 205, Section 1, Laws 2000 (2nd S.S.), Chapter 7,
3 Section 1 and Laws 2005, Chapter 113, Section 1, as amended or
4 repealed and reenacted) are repealed effective January 1, 2012.

5 Section 6. EFFECTIVE DATES.--

6 A. The effective date of the provisions of Sections
7 1 and 2 of this act is January 1, 2009.

8 B. The effective date of the provisions of Section
9 3 of this act is January 1, 2010.

10 C. The effective date of the provisions of Section
11 4 of this act is January 1, 2011.

12 - 7 -
13
14
15
16
17
18
19
20
21
22
23
24
25