

1 SENATE BILL 274

2 54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

3 INTRODUCED BY

4 Clemente Sanchez and John Arthur Smith

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10 AN ACT

11 RELATING TO TAXATION; REPEALING AND REINSTATING A NEW TOP
12 INCOME TAX BRACKET SO THAT THE APPLICABILITY OF THE NEW BRACKET
13 IS DELAYED BY FIVE YEARS; REPEALING AND REINSTATING THE
14 CONTINGENCY THAT MUST OCCUR BEFORE THE NEW TOP BRACKET CAN TAKE
15 EFFECT.

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. Section 7-2-7 NMSA 1978 (being Laws 2005,
19 Chapter 104, Section 4) is amended to read:

20 "7-2-7. INDIVIDUAL INCOME TAX RATES.--

21 A. The tax imposed by Section 7-2-3 NMSA 1978 shall
22 be at the following rates:

23 (1) for ~~[any]~~ a taxable year beginning on or
24 after January 1, 2008 and prior to January 1, 2026:

25 ~~[A.]~~ (a) for married individuals filing

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1 separate returns:

| 2 | If the taxable income is: | The tax shall be: |
|---|------------------------------------|------------------------|
| 3 | Not over \$4,000 | 1.7% of taxable income |
| 4 | Over \$4,000 but not over \$8,000 | \$68.00 plus 3.2% of |
| 5 | | excess over \$4,000 |
| 6 | Over \$8,000 but not over \$12,000 | \$196 plus 4.7% of |
| 7 | | excess over \$8,000 |
| 8 | Over \$12,000 | \$384 plus 4.9% of |
| 9 | | excess over \$12,000; |

10 ~~(B-)~~ (b) for heads of household,
11 surviving spouses and married individuals filing joint returns:

| 12 | If the taxable income is: | The tax shall be: |
|----|-------------------------------------|----------------------------------|
| 13 | Not over \$8,000 | 1.7% of taxable income |
| 14 | Over \$8,000 but not over \$16,000 | \$136 plus 3.2% of |
| 15 | | excess over \$8,000 |
| 16 | Over \$16,000 but not over \$24,000 | \$392 plus 4.7% of |
| 17 | | excess over \$16,000 |
| 18 | Over \$24,000 | \$768 plus 4.9% of |
| 19 | | excess over \$24,000; <u>and</u> |

20 ~~(C-)~~ (c) for single individuals and for
21 estates and trusts:

| 22 | If the taxable income is: | The tax shall be: |
|----|------------------------------------|------------------------|
| 23 | Not over \$5,500 | 1.7% of taxable income |
| 24 | Over \$5,500 but not over \$11,000 | \$93.50 plus 3.2% of |
| 25 | | excess over \$5,500 |

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1 Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of
2 excess over \$11,000
3 Over \$16,000 \$504.50 plus 4.9% of
4 excess over \$16,000; and

5 (2) for a taxable year beginning on or after
6 January 1, 2026:

7 (a) for married individuals filing
8 separate returns:

| 9 <u>If the taxable income is:</u> | <u>The tax shall be:</u> |
|--|--------------------------------|
| 10 <u>Not over \$4,000</u> | <u>1.7% of taxable income</u> |
| 11 <u>Over \$4,000 but not over \$8,000</u> | <u>\$68.00 plus 3.2% of</u> |
| 12 | <u>excess over \$4,000</u> |
| 13 <u>Over \$8,000 but not over \$12,000</u> | <u>\$196 plus 4.7% of</u> |
| 14 | <u>excess over \$8,000</u> |
| 15 <u>Over \$12,000 but not over \$157,500</u> | <u>\$384 plus 4.9% of</u> |
| 16 | <u>excess over \$12,000</u> |
| 17 <u>Over \$157,500</u> | <u>\$7,513.50 plus 5.9% of</u> |
| 18 | <u>excess over \$157,500;</u> |

19 (b) for heads of household, surviving
20 spouses and married individuals filing joint returns:

| 21 <u>If the taxable income is:</u> | <u>The tax shall be:</u> |
|---|-------------------------------|
| 22 <u>Not over \$8,000</u> | <u>1.7% of taxable income</u> |
| 23 <u>Over \$8,000 but not over \$16,000</u> | <u>\$136 plus 3.2% of</u> |
| 24 | <u>excess over \$8,000</u> |
| 25 <u>Over \$16,000 but not over \$24,000</u> | <u>\$392 plus 4.7% of</u> |

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1 excess over \$16,000
2 Over \$24,000 but not over \$315,000 \$768 plus 4.9% of
3 excess over \$24,000
4 Over \$315,000 \$15,027 plus 5.9% of
5 excess over \$315,000; and

6 (c) for single individuals and for
7 estates and trusts:

| 8 <u>If the taxable income is:</u> | 9 <u>The tax shall be:</u> |
|--|--|
| 10 <u>Not over \$5,500</u> | 11 <u>1.7% of taxable income</u> |
| 12 <u>Over \$5,500 but not over \$11,000</u> | 13 <u>\$93.50 plus 3.2% of</u> 14 <u>excess over \$5,500</u> |
| 15 <u>Over \$11,000 but not over \$16,000</u> | 16 <u>\$269.50 plus 4.7% of</u> 17 <u>excess over \$11,000</u> |
| 18 <u>Over \$16,000 but not over \$210,000</u> | 19 <u>\$504.50 plus 4.9% of</u> 20 <u>excess over \$16,000</u> |
| 21 <u>Over \$210,000</u> | 22 <u>\$10,010.50 plus 5.9% of</u> 23 <u>excess over \$210,000.</u> |

24 ~~[D-]~~ B. The tax on the sum of any lump-sum amounts
25 included in net income is an amount equal to five multiplied by
the difference between:

- 26 (1) the amount of tax due on the taxpayer's
taxable income; and
- 27 (2) the amount of tax that would be due on an
amount equal to the taxpayer's taxable income and twenty
percent of the taxpayer's lump-sum amounts included in net

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underscoring material = new
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1 income."

2 SECTION 2. REPEAL.--Laws 2019, Chapter 270, Sections 12
3 and 61 are repealed.

4 SECTION 3. CONTINGENT EFFECTIVE DATE.--The effective date
5 of the provisions of this act is the date on which the
6 secretary of finance and administration certifies to the New
7 Mexico compilation commission and the director of the
8 legislative council service that fiscal year 2020 recurring
9 general fund revenues are less than five percent above fiscal
10 year 2019 recurring general fund revenues. If the
11 certification is not made prior to February 19, 2021, the
12 provisions of this act shall not take effect.