

FIFTY-FIFTH LEGISLATURE
FIRST SESSION, 2021

HB 291/a

March 13, 2021

Mr. President:

Your **TAX, BUSINESS AND TRANSPORTATION COMMITTEE**, to whom has been referred

**HOUSE TAXATION & REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 291**

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 1, strike lines 18 through 22 in their entirety, strike line 23 up to the period and insert in lieu thereof "INCREASING THE CORPORATE INCOME TAX RATE OVER FIVE YEARS; REQUIRING WITHHOLDERS OF THE WITHHOLDING TAX TO PROVIDE TO WITHHOLDEES INFORMATION REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS FROM THE TAXATION AND REVENUE DEPARTMENT".

2. On pages 2 through 4, strike Section 1 in its entirety and insert in lieu thereof the following new section:

"SECTION 1. Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4, 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, [~~2021~~] 2022:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of excess over \$4,000
Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess over \$8,000
Over \$12,000 but not over [\$157,500] <u>\$75,000</u>	\$384 plus 4.9% of excess over \$12,000
<u>Over \$75,000 but not over \$157,500</u>	<u>\$3,471 plus 5.5% of excess over</u>

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	<u>\$75,000</u>
Over \$157,500 <u>but not over \$207,500</u>	[\$7,513.50] <u>\$8,008.50</u> plus 5.9% of excess over \$157,500
Over \$207,500 <u>but not over \$311,000</u>	<u>\$10,958.50</u> plus 6.2% of excess over \$207,500
Over <u>\$311,000</u>	<u>\$17,375.50</u> plus 6.5% of excess over \$311,000.

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

If the taxable income is:	The tax shall be:
Not over \$8,000	1.7% of taxable income
Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess over \$8,000
Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess over \$16,000
Over \$24,000 but not over [\$315,000] <u>\$150,000</u>	\$768 plus 4.9% of excess over \$24,000
Over <u>\$150,000 but not over \$315,000</u>	<u>\$6,942</u> plus 5.5% of excess over <u>\$150,000</u>
Over \$315,000 <u>but not over \$415,000</u>	[\$15,027] <u>\$16,017</u> plus 5.9% of excess over \$315,000
Over <u>\$415,000 but not over \$622,000</u>	<u>\$21,917</u> plus 6.2% of excess over \$415,000
Over <u>\$622,000</u>	<u>\$34,751</u> plus 6.5% of excess over \$622,000.

C. For single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over \$5,500	1.7% of taxable income
Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of excess over \$5,500
Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of excess over \$11,000
Over \$16,000 but not over	\$504.50 plus 4.9% of

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[\$210,000] <u>\$100,000</u>	excess over \$16,000
<u>Over \$100,000 but not over \$210,000</u>	<u>\$4,620.50 plus 5.5% of excess over \$100,000</u>
Over \$210,000 <u>but not over \$280,000</u>	[\$10,010.50] <u>\$10,670.50</u> plus 5.9% of excess over \$210,000
<u>Over \$280,000 but not over \$415,000</u>	<u>\$14,800.50 plus 6.2% of excess over \$280,000</u>
<u>Over \$415,000</u>	<u>\$23,170.50 plus 6.5% of excess over \$415,000.</u>

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

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

(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 income."".

3. On page 10, line 4, after "percent", insert "for taxable years beginning on or after January 1, 2021, and twenty-five percent for taxable years beginning on or after January 1, 2023," and on line 12, after "percent", insert "for taxable years beginning on or after January 1, 2021, and twenty-five percent for taxable years beginning on or after January 1, 2023,".

4. On pages 13 through 18, strike Section 5 in its entirety and insert in lieu thereof the following new sections:

"SECTION 5. Section 7-2A-5 NMSA 1978 (being Laws 1981, Chapter 37, Section 38, as amended) is amended to read:

"7-2A-5. CORPORATE INCOME TAX RATES.--The corporate income tax imposed on corporations by Section 7-2A-3 NMSA 1978 shall be:

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A. For taxable years beginning prior to January 1, 2022:

If the taxable income is:	The tax shall be:
Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 5.9% of excess over \$500,000.

B. For taxable years beginning on or after January 1, 2022
and prior to January 1, 2023:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$500,000</u>	<u>4.8% of taxable income</u>
<u>Over \$500,000</u>	<u>\$24,000 plus 6.2% of excess over \$500,000.</u>

C. For taxable years beginning on or after January 1, 2023
and prior to January 1, 2024:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$500,000</u>	<u>4.8% of taxable income</u>
<u>Over \$500,000</u>	<u>\$24,000 plus 6.6% of excess over \$500,000.</u>

D. For taxable years beginning on or after January 1, 2024
and prior to January 1, 2025:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$500,000</u>	<u>4.8% of taxable income</u>
<u>Over \$500,000</u>	<u>\$24,000 plus 6.9% of excess over \$500,000.</u>

E. For taxable years beginning on or after January 1, 2025
and prior to January 1, 2026:

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<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$500,000</u>	<u>4.8% of taxable income</u>
<u>Over \$500,000</u>	<u>\$24,000 plus 7.3% of excess over \$500,000.</u>

F. For taxable years beginning on or after January 1, 2026:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$500,000</u>	<u>4.8% of taxable income</u>
<u>Over \$500,000</u>	<u>\$24,000 plus 7.6% of excess over \$500,000."</u>

SECTION 6. Section 7-3-8 NMSA 1978 (being Laws 1961, Chapter 243, Section 9, as amended) is amended to read:

"7-3-8. [~~COPY OF THE~~] ANNUAL STATEMENT OF WITHHOLDING AND INFORMATION REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS TO BE [~~FURNISHED THE WITHHOLDEE~~] PROVIDED TO WITHHOLDEES.--[~~A copy of the annual statement of withholding shall be furnished to the withholder by the withholder~~] On or before January 31 of the year following that for which the annual statement of withholding is made pursuant to Section 7-3-7 NMSA 1978, a withholder shall provide to a withholder:

A. a copy of the annual statement of withholding; and

B. information regarding state assistance for low-income New Mexicans, including information regarding refundable tax rebates and credits for low-income filers provided by the state, such as the low-income comprehensive tax rebate and the working families tax credit. The information shall be provided in English and in Spanish on a form and in a manner required by the department, and the department shall make the information available on the department's website."".

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5. On page 18, strike Sections 6 and 7 in their entirety and insert in lieu thereof the following new sections:

"SECTION 7. APPLICABILITY.--

A. The provisions of Sections 2 and 3 of this act apply to taxable years beginning on or after January 1, 2021.

B. The provisions of Section 4 of this act apply to taxable years beginning on or after January 1, 2022.

SECTION 8. EFFECTIVE DATE.--The effective date of the provisions of Sections 1, 4 and 5 of this act is January 1, 2022."

6. Renumber sections to correspond with these amendments.,
and thence referred to the **FINANCE COMMITTEE.**

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Respectfully submitted,

BENNY SHENDO JR., CHAIRMAN

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 4 Against

Yes: 7

No: Brandt, Griggs, Kernan, Sanchez

Excused: None

Absent: None

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