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HOUSE BILL 275

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Elaine Sena Cortez and Mark B. Murphy and Jay C. Block  
and Rod Montoya and John Block

AN ACT

RELATING TO TAXATION; CREATING A FLAT INDIVIDUAL INCOME TAX  
RATE OF ZERO PERCENT; PROVIDING THAT PERSONAL INCOME TAX  
RETURNS ARE NOT REQUIRED BUT MAY BE FILED.

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

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]~~ zero  
percent of taxable income for any taxable year beginning on or  
after January 1, ~~[2025]~~ 2026.

~~[A. For married individuals filing joint returns,  
heads of household and surviving spouses:~~

<del>For taxable income:</del>	<del>The tax shall be:</del>
<del>Not over \$8,000</del>	<del>1.5% of taxable income</del>

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1 ~~Over \$8,000 but not over \$25,000~~ ~~\$120 plus 3.2% of excess~~  
2 ~~over \$8,000~~  
3 ~~Over \$25,000 but not over \$50,000~~ ~~\$664 plus 4.3% of excess~~  
4 ~~over \$25,000~~  
5 ~~Over \$50,000 but not over \$100,000~~ ~~\$1,739 plus 4.7% of~~  
6 ~~excess over \$50,000~~  
7 ~~Over \$100,000 but not over \$315,000~~ ~~\$4,089 plus 4.9% of~~  
8 ~~excess over \$100,000~~  
9 ~~Over \$315,000~~ ~~\$14,624 plus 5.9% of~~  
10 ~~excess over \$315,000.~~

11 ~~B. For single individuals and for estates and~~  
12 ~~trusts:~~

13 ~~For taxable income:~~

~~The tax shall be:~~

14 ~~Not over \$5,500~~ ~~1.5% of taxable income~~  
15 ~~Over \$5,500 but not over \$16,500~~ ~~\$82.50 plus 3.2% of~~  
16 ~~excess over \$5,500~~  
17 ~~Over \$16,500 but not over \$33,500~~ ~~\$434.50 plus 4.3% of~~  
18 ~~excess over \$16,500~~  
19 ~~Over \$33,500 but not over \$66,500~~ ~~\$1,165.50 plus 4.7% of~~  
20 ~~excess over \$33,500~~  
21 ~~Over \$66,500 but not over \$210,000~~ ~~\$2,716.50 plus 4.9% of~~  
22 ~~excess over \$66,500~~  
23 ~~Over \$210,000~~ ~~\$9,748 plus 5.9% of~~  
24 ~~excess over \$210,000.~~

25 ~~C. For married individuals filing separate returns:~~

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1	<del>For taxable income:</del>	<del>The tax shall be:</del>
2	<del>Not over \$4,000</del>	<del>1.5% of taxable income</del>
3	<del>Over \$4,000 but not over \$12,500</del>	<del>\$60.00 plus 3.2% of</del>
4		<del>excess over \$4,000</del>
5	<del>Over \$12,500 but not over \$25,000</del>	<del>\$332 plus 4.3% of excess</del>
6		<del>over \$12,500</del>
7	<del>Over \$25,000 but not over \$50,000</del>	<del>\$869.50 plus 4.7% of</del>
8		<del>excess over \$25,000</del>
9	<del>Over \$50,000 but not over \$157,500</del>	<del>\$2,044.50 plus 4.9% of</del>
10		<del>excess over \$50,000</del>
11	<del>Over \$157,500</del>	<del>\$7,312 plus 5.9% of</del>
12		<del>excess over \$157,500.</del>

13 D. ~~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 2. Section 7-2-12 NMSA 1978 (being Laws 1965,  
23 Chapter 202, Section 10, as amended) is amended to read:

24 "7-2-12. TAXPAYER RETURNS [PAYMENT OF TAX].--

25 A. [Every] A resident of this state and [every] an

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[bracketed material] = delete

1 individual deriving income from any business transaction,  
2 property or employment within this state and not exempt from  
3 tax under the Income Tax Act who is required by the laws of the  
4 United States to file a federal income tax return [~~shall~~] may  
5 file a complete tax return with the department in form and  
6 content as prescribed by the secretary. Except as provided in  
7 Subsection B of this section, a resident or any individual who  
8 [~~is required by the provisions of the Income Tax Act to file~~]  
9 elects to file a return [~~or pay a tax~~] shall do so on or before  
10 the due date of the resident's or individual's federal income  
11 tax return for the taxable year [~~file the return and pay the~~  
12 ~~tax imposed for that year~~].

13 B. When the department approves electronic media  
14 for use by a taxpayer whose taxable year is a calendar year,  
15 the taxpayer who uses electronic media for both filing and  
16 payment must submit the required return and the tax imposed on  
17 residents and individuals under the Income Tax Act on or before  
18 the last day of the month in which the resident's or  
19 individual's federal income tax return is originally due for  
20 the taxable year. The due date provided in this subsection  
21 does not apply to residents or individuals who have received a  
22 filing extension from New Mexico or an automatic extension from  
23 the federal internal revenue service for the same taxable  
24 year."

25 SECTION 3. APPLICABILITY.--The provisions of this act

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

1 apply to taxable years beginning on or after January 1, 2026.

2 SECTION 4. EFFECTIVE DATE.--The effective date of the  
3 provisions of this act is January 1, 2026.

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