

HOUSE BILL

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; PROVIDING A FLAT FIVE PERCENT INCOME TAX
RATE; PROVIDING A FLAT FIVE PERCENT CORPORATE INCOME TAX RATE.

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) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX [RATES] RATE.--For a
taxable year that begins on or after January 1, 2018, 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,
2008:

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~~

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1 ~~over \$4,000~~

2 ~~Over \$8,000 but not over \$12,000 \$196 plus 4.7% of~~

3 ~~excess over \$8,000~~

4 ~~Over \$12,000 \$384 plus 4.9% of excess~~

5 ~~over \$12,000.~~

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

8 ~~If the taxable income is: The tax shall be:~~

9 ~~Not over \$8,000 1.7% of taxable income~~

10 ~~Over \$8,000 but not over \$16,000 \$136 plus 3.2% of~~

11 ~~excess over \$8,000~~

12 ~~Over \$16,000 but not over \$24,000 \$392 plus 4.7% of~~

13 ~~excess over \$16,000~~

14 ~~Over \$24,000 \$768 plus 4.9% of excess~~

15 ~~over \$24,000.~~

16 ~~C. For single individuals and for estates and~~
17 ~~trusts:~~

18 ~~If the taxable income is: The tax shall be:~~

19 ~~Not over \$5,500 1.7% of taxable income~~

20 ~~Over \$5,500 but not over \$11,000 \$93.50 plus 3.2% of~~

21 ~~excess over \$5,500~~

22 ~~Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of~~

23 ~~excess over \$11,000~~

24 ~~Over \$16,000 \$504.50 plus 4.9% of~~

25 ~~excess over \$16,000.~~

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

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

6 ~~(2) the amount of tax that would be due on an~~
7 ~~amount equal to the taxpayer's taxable income and twenty~~
8 ~~percent of the taxpayer's lump-sum amounts included in net~~
9 ~~income] five percent of taxable income."~~

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

12 "7-2A-5. CORPORATE INCOME TAX RATES.--The corporate
13 income tax imposed on corporations by Section 7-2A-3 NMSA 1978
14 shall be at the rates specified in the following tables:

15 A. For taxable years beginning prior to January 1,
16 2014:

17 If the net income is:	The tax shall be:
18 Not over \$500,000	4.8% of net income
19 Over \$500,000 but not	
20 over \$1,000,000	\$24,000 plus
21	6.4% of excess
22	over \$500,000
23 Over \$1,000,000	\$56,000
24	plus 7.6% of excess
25	over \$1,000,000.

1 B. For taxable years beginning on or after January 1,
2 2014 and prior to January 1, 2015:

3	If the net income is:	The tax shall be:
4	Not over \$500,000	4.8% of net income
5	Over \$500,000 but not	
6	over \$1,000,000	\$24,000 plus
7		6.4% of excess
8		over \$500,000
9	Over \$1,000,000	\$56,000
10		plus 7.3% of excess
11		over \$1,000,000.

12 C. For taxable years beginning on or after January 1,
13 2015 and prior to January 1, 2016:

14	If the net income is:	The tax shall be:
15	Not over \$500,000	4.8% of net income
16	Over \$500,000 but not	
17	over \$1,000,000	\$24,000 plus
18		6.4% of excess
19		over \$500,000
20	Over \$1,000,000	\$56,000
21		plus 6.9% of excess
22		over \$1,000,000.

23 D. For taxable years beginning on or after January 1,
24 2016 and prior to January 1, 2017:

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

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Not over \$500,000	4.8% of net income
Over \$500,000 but not over \$1,000,000	\$24,000 plus 6.4% of excess over \$500,000
Over \$1,000,000	\$56,000 plus 6.6% of excess over \$1,000,000.

E. For taxable years beginning on or after January 1, 2017 and prior to January 1, 2018:

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

F. For taxable years beginning on or after January 1, 2018,

If the net income is:	The tax shall be:
Not over \$500,000	4.8% of net income
Over \$500,000	\$24,000 plus 5.9% of excess over \$500,000] <u>the</u>
<u>tax shall be five percent of net income."</u>	