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HOUSE BILL 422

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Judy Vanderstar Russell

AN ACT

**RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
CERTAIN CONTRIBUTIONS MADE FOR ELEMENTARY AND SECONDARY SCHOOL
TUITION SCHOLARSHIPS FOR LOW-INCOME STUDENTS.**

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

**Section 1. A new section of the Income Tax Act is
enacted to read:**

" [NEW MATERIAL] TUITION SCHOLARSHIP TAX CREDIT. --

**A. A taxpayer who files an individual New Mexico
income tax return and is not a dependent of another taxpayer
may claim a credit for contributions made to an accredited
elementary or secondary school in New Mexico for tuition
scholarships solely for low-income students enrolled in the
school. The credit may be claimed in an amount equal to the
contributions made for such tuition scholarships during the**

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1 taxable year for which the credit is claimed, not to exceed
2 five hundred dollars (\$500). The credit provided in this
3 subsection shall be known as the "tuition scholarship tax
4 credit".

5 B. A husband and wife who file separate returns
6 for a taxable year in which they could have filed a joint
7 return may each claim only one-half of the tuition scholarship
8 tax credit that would have been allowed on a joint return.

9 C. The credits provided in this section may only
10 be deducted from the taxpayer's New Mexico income tax
11 liability for the taxable year.

12 D. Taxpayers having income both within and without
13 this state shall apportion the credits in this section in
14 accordance with rules of the secretary.

15 E. A tuition scholarship for a low-income student
16 shall not exceed ninety-five percent of the cost of tuition to
17 attend the school. A taxpayer who claims a credit may not
18 designate an individual student as the intended beneficiary of
19 the taxpayer's contribution. The school shall provide a
20 receipt to the taxpayer.

21 F. Receipt of taxpayer contributions for tuition
22 scholarships by an accredited elementary or secondary school
23 does not authorize state involvement or entanglement with
24 religious instruction or other operations of the school.

25 G. As used in this section:

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