

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 124 AND SENATE BILLS 213, 343 & 43

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

AN ACT

RELATING TO TAXATION; REDUCING INCOME TAX RATES OVER TWO
YEARS; ADDING ADDITIONAL EXEMPTIONS FOR CHILDREN TO THE LOW-
INCOME COMPREHENSIVE TAX REBATE; CHANGING CERTAIN FILING
REQUIREMENTS.

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

Section 1. Section 7-2-2 NMSA 1978 (being Laws 1986,
Chapter 20, Section 26, as amended) is amended to read:

"7-2-2. DEFINITIONS. -- For the purpose of the Income Tax
Act and unless the context requires otherwise:

A. "adjusted gross income" means adjusted gross
income as defined in Section 62 of the Internal Revenue Code,
as that section may be amended or renumbered;

B. "base income":

(1) means, for estates and trusts, that part

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1 of the estate's or trust's income defined as taxable income
2 and upon which the federal income tax is calculated in the
3 Internal Revenue Code for income tax purposes plus, for
4 taxable years beginning on or after January 1, 1991, the
5 amount of the net operating loss deduction allowed by Section
6 172(a) of the Internal Revenue Code, as that section may be
7 amended or renumbered, and taken by the taxpayer for that
8 year;

9 (2) means, for taxpayers other than estates
10 or trusts, that part of the taxpayer's income defined as
11 adjusted gross income plus, for taxable years beginning on or
12 after January 1, 1991, the amount of the net operating loss
13 deduction allowed by Section 172(a) of the Internal Revenue
14 Code, as that section may be amended or renumbered, and taken
15 by the taxpayer for that year; and

16 (3) includes, for all taxpayers, any other
17 income of the taxpayer not included in adjusted gross income
18 but upon which a federal tax is calculated pursuant to the
19 Internal Revenue Code for income tax purposes, except amounts
20 for which a calculation of tax is made pursuant to Section 55
21 of the Internal Revenue Code, as that section may be amended
22 or renumbered; "base income" also includes interest received
23 on a state or local bond;

24 C. "compensation" means wages, salaries,
25 commissions and any other form of remuneration paid to

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1 employees for personal services;

2 D. "department" means the taxation and revenue
3 department, the secretary of taxation and revenue or any
4 employee of the department exercising authority lawfully
5 delegated to that employee by the secretary;

6 E. "fiduciary" means a guardian, trustee,
7 executor, administrator, committee, conservator, receiver,
8 individual or corporation acting in any fiduciary capacity;

9 F. "filing status" means "married filing joint
10 returns", "married filing separate returns", "head of
11 household", "surviving spouse" and "single", as those terms
12 are generally defined for federal tax purposes;

13 G. "fiscal year" means any accounting period of
14 twelve months ending on the last day of any month other than
15 December;

16 H. "head of household" means "head of household"
17 as generally defined for federal income tax purposes;

18 I. "individual" means a natural person, an estate,
19 a trust or a fiduciary acting for a natural person, trust or
20 estate;

21 J. "Internal Revenue Code" means the United States
22 Internal Revenue Code of 1986, as amended;

23 K. "lump-sum amount" means an amount that, for the
24 purpose of determining liability for federal income tax, was
25 not included in adjusted gross income but upon which the five-

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1 year-averaging or the ten-year-averaging method of tax
2 computation provided in Section 402 of the Internal Revenue
3 Code, as that section may be amended or renumbered, was
4 applied;

5 L. "modified gross income" means all income of the
6 taxpayer and, if any, the taxpayer's spouse and dependents,
7 undiminished by losses and from whatever source derived,
8 including:

- 9 (1) compensation;
10 (2) net profit derived from business;
11 (3) gains derived from dealings in property;
12 (4) interest;
13 (5) net rents;
14 (6) royalties;
15 (7) dividends;
16 (8) alimony and separate maintenance
17 payments;
18 (9) annuities;
19 (10) income from life insurance and endowment
20 contracts;
21 (11) pensions;
22 (12) discharge of indebtedness;
23 (13) distributive share of partnership
24 income;
25 (14) income in respect of a decedent;

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- 1 (15) income from an interest in an estate or
- 2 trust;
- 3 (16) social security benefits;
- 4 (17) unemployment compensation benefits;
- 5 (18) workers' compensation benefits;
- 6 (19) public assistance and welfare benefits;
- 7 (20) cost-of-living allowances; and
- 8 (21) gifts;

M "modified gross income" does not include:

- 10 (1) payments for hospital, dental, medical or
- 11 drug expenses whether made to or on behalf of the taxpayer;
- 12 (2) the value of room and board provided by
- 13 federal, state or local governments or by private individuals
- 14 or agencies based upon financial need and not as a form of
- 15 compensation;
- 16 (3) payments made pursuant to a federal,
- 17 state or local government program directly or indirectly to a
- 18 third party on behalf of the taxpayer when identified to a
- 19 particular use or invoice by the payer; or
- 20 (4) payments made pursuant to Sections
- 21 7-2-14, [~~7-2-14.1~~] 7-2-18, 7-2-18.1 and 7-3-9 NMSA 1978;

22 N. "net income" means, for estates and trusts,
23 base income adjusted to exclude amounts that the state is
24 prohibited from taxing because of the laws or constitution of
25 this state or the United States and means, for taxpayers other

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1 than estates or trusts, base income adjusted to exclude:

2 (1) an amount equal to the standard deduction
3 allowed the taxpayer for the taxpayer's taxable year by
4 Section 63 of the Internal Revenue Code, as that section may
5 be amended or renumbered;

6 (2) an amount equal to the itemized
7 deductions, as defined in Section 63 of the Internal Revenue
8 Code, as that section may be amended or renumbered, allowed
9 the taxpayer for the taxpayer's taxable year less the amount
10 excluded pursuant to Paragraph (1) of this subsection;

11 (3) an amount equal to the product of the
12 exemption amount allowed for the taxpayer's taxable year by
13 Section 151 of the Internal Revenue Code, as that section may
14 be amended or renumbered, multiplied by the number of personal
15 exemptions allowed for federal income tax purposes;

16 (4) income from obligations of the United
17 States of America less expenses incurred to earn that income;

18 (5) other amounts that the state is
19 prohibited from taxing because of the laws or constitution of
20 this state or the United States;

21 (6) for taxable years that began prior to
22 January 1, 1991, an amount equal to the sum of:

23 (a) net operating loss carryback
24 deductions to that year from taxable years beginning prior to
25 January 1, 1991 claimed and allowed, as provided by the

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1 Internal Revenue Code; and

2 (b) net operating loss carryover
3 deductions to that year claimed and allowed; and

4 (7) for taxable years beginning on or after
5 January 1, 1991, an amount equal to the sum of any net
6 operating loss carryover deductions to that year claimed and
7 allowed, provided that the amount of any net operating loss
8 carryover from a taxable year beginning on or after January 1,
9 1991 may be excluded only as follows:

10 (a) in the case of a timely filed
11 return, in the taxable year immediately following the taxable
12 year for which the return is filed; or

13 (b) in the case of amended returns or
14 original returns not timely filed, in the first taxable year
15 beginning after the date on which the return or amended return
16 establishing the net operating loss is filed; and

17 (c) in either case, if the net
18 operating loss carryover exceeds the amount of net income
19 exclusive of the net operating loss carryover for the taxable
20 year to which the exclusion first applies, in the next four
21 succeeding taxable years in turn until the net operating loss
22 carryover is exhausted; in no event shall a net operating loss
23 carryover be excluded in any taxable year after the fourth
24 taxable year beginning after the taxable year to which the
25 exclusion first applies;

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1 0. "net operating loss" means any net operating
2 loss, as defined by Section 172(c) of the Internal Revenue
3 Code, as that section may be amended or renumbered, for a
4 taxable year as further increased by the income, if any, from
5 obligations of the United States for that year less related
6 expenses;

7 P. "net operating loss carryover" means the
8 amount, or any portion of the amount, of a net operating loss
9 for any taxable year that, pursuant to Paragraph (6) or (7) of
10 Subsection N of this section, may be excluded from base
11 income;

12 Q. "nonresident" means every individual not a
13 resident of this state;

14 R. "person" means any individual, estate, trust,
15 receiver, cooperative association, club, corporation, company,
16 firm, partnership, limited liability company, joint venture,
17 syndicate or other association; "person" also means, to the
18 extent permitted by law, any federal, state or other
19 governmental unit or subdivision or agency, department or
20 instrumentality thereof;

21 S. "resident" means an individual who is domiciled
22 in this state during any part of the taxable year; but any
23 individual who, on or before the last day of the taxable year,
24 changed his place of abode to a place without this state with
25 the bona fide intention of continuing actually to abide

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1 permanently without this state is not a resident for the
2 purposes of the Income Tax Act;

3 T. "secretary" means the secretary of taxation and
4 revenue or the secretary's delegate;

5 U. "state" means any state of the United States,
6 the District of Columbia, the commonwealth of Puerto Rico, any
7 territory or possession of the United States or any political
8 subdivision of a foreign country;

9 V. "state or local bond" means a bond issued by a
10 state other than New Mexico or by a local government other
11 than one of New Mexico's political subdivisions, the interest
12 from which is excluded from income for federal income tax
13 purposes under Section 103 of the Internal Revenue Code, as
14 that section may be amended or renumbered;

15 W. "surviving spouse" means "surviving spouse" as
16 generally defined for federal income tax purposes;

17 X. "taxable income" means net income less any
18 lump-sum amount;

19 Y. "taxable year" means the calendar year or
20 fiscal year upon the basis of which the net income is computed
21 under the Income Tax Act and includes, in the case of the
22 return made for a fractional part of a year under the
23 provisions of the Income Tax Act, the period for which the
24 return is made; [and]

25 Z. "taxpayer" means any individual subject to the

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1 tax imposed by the Income Tax Act; and

2 AA. "zero bracket amount" means the maximum amount
3 of taxable income in the first bracket of the tax rate table
4 for a filing status, for which bracket the amount of tax due
5 is zero. "

6 Section 2. Section 7-2-7 NMSA 1978 (being Laws 1994,
7 Chapter 5, Section 20, as amended) is amended to read:

8 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
9 Section 7-2-3 NMSA 1978 shall be at the following rates for
10 any taxable year beginning [~~on or after January 1, 1998~~] in
11 2001:

12 A. For married individuals filing separate returns:

| 13 If the taxable income is: | The tax shall be: |
|---|-----------------------------------|
| 14 [Not over \$4,000 | 1.7% of taxable income |
| 15 Over \$ 4,000 but not over \$ 8,000 | \$ 68.00 plus 3.2% of |
| | excess over \$ 4,000 |
| 17 Over \$ 8,000 but not over \$ 12,000 | \$ 196 plus 4.7% of |
| | excess over \$ 8,000 |
| 19 Over \$ 12,000 but not over \$ 20,000 | \$ 384 plus 6.0% of |
| | excess over \$ 12,000 |
| 21 Over \$ 20,000 but not over \$ 32,000 | \$ 864 plus 7.1% of |
| | excess over \$ 20,000 |
| 23 Over \$ 32,000 but not over \$ 50,000 | \$ 1,716 plus 7.9% of |
| | excess over \$ 32,000 |
| 25 Over \$ 50,000 | \$ 3,138 plus 8.2% of |

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| | | |
|----|--|-----------------------------------|
| 1 | | excess over \$ 50,000] |
| 2 | <u>Not over \$1,500</u> | <u>\$ 0</u> |
| 3 | <u>Over \$ 1,500 but not over \$ 5,000</u> | <u>2.0% of excess over</u> |
| 4 | | <u>\$1,500</u> |
| 5 | <u>Over \$ 5,000 but not over \$ 8,000</u> | <u>\$ 70.00 plus 3.2% of</u> |
| 6 | | <u>excess over \$5,000</u> |
| 7 | <u>Over \$ 8,000 but not over \$ 12,000</u> | <u>\$ 166 plus 4.7% of</u> |
| 8 | | <u>excess over \$8,000</u> |
| 9 | <u>Over \$ 12,000 but not over \$ 20,000</u> | <u>\$ 354 plus 6.0% of</u> |
| 10 | | <u>excess over \$12,000</u> |
| 11 | <u>Over \$ 20,000 but not over \$ 32,000</u> | <u>\$ 834 plus 7.1% of</u> |
| 12 | | <u>excess over \$20,000</u> |
| 13 | <u>Over \$ 32,000</u> | <u>\$ 1,686 plus 7.9% of</u> |
| 14 | | <u>excess over \$32,000.</u> |

B. For surviving spouses and married individuals filing joint returns:

| | | |
|----|--|-----------------------------------|
| 17 | If the taxable income is: | The tax shall be: |
| 18 | [Not over \$8,000 | 1.7% of taxable income |
| 19 | Over \$ 8,000 but not over \$ 16,000 | \$ 136 plus 3.2% of |
| 20 | | excess over \$ 8,000 |
| 21 | Over \$ 16,000 but not over \$ 24,000 | \$ 392 plus 4.7% of |
| 22 | | excess over \$ 16,000 |
| 23 | Over \$ 24,000 but not over \$ 40,000 | \$ 768 plus 6.0% of |
| 24 | | excess over \$ 24,000 |
| 25 | Over \$ 40,000 but not over \$ 64,000 | \$ 1,728 plus 7.1% of |

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1 ~~excess over \$ 40,000~~
2 ~~Over \$ 64,000 but not over \$100,000 \$ 3,432 plus 7.9% of~~
3 ~~excess over \$ 64,000~~
4 ~~Over \$100,000 \$ 6,276 plus 8.2% of~~
5 ~~excess over \$100,000]~~
6 Not over \$3,000 \$ 0
7 Over \$ 3,000 but not over \$ 10,500 2.0% of excess over
8 \$3,000
9 Over \$ 10,500 but not over \$ 16,000 \$ 150 plus 3.2% of
10 excess over \$10,500
11 Over \$ 16,000 but not over \$ 24,000 \$ 326 plus 4.7% of
12 excess over \$16,000
13 Over \$ 24,000 but not over \$ 40,000 \$ 702 plus 6.0% of
14 excess over \$24,000
15 Over \$ 40,000 but not over \$ 64,000 \$1,662 plus 7.1% of
16 excess over \$40,000
17 Over \$ 64,000 \$3,366 plus 7.9% of
18 excess over \$ 64,000.

19 C. For single individuals and for estates and
20 trusts:

21 If the taxable income is: The tax shall be:
22 [~~Not over \$5,500~~ ~~1.7% of taxable income~~
23 ~~Over \$ 5,500 but not over \$ 11,000~~ ~~\$ 93.50 plus 3.2% of~~
24 ~~excess over \$ 5,500~~
25 ~~Over \$ 11,000 but not over \$ 16,000~~ ~~\$ 269.50 plus 4.7% of~~

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| | | |
|----|--|------------------------------------|
| 1 | | excess over \$ 11,000 |
| 2 | Over \$ 16,000 but not over \$ 26,000 | \$ 504.50 plus 6.0% of |
| 3 | | excess over \$ 16,000 |
| 4 | Over \$ 26,000 but not over \$ 42,000 | \$1,104.50 plus 7.1% of |
| 5 | | excess over \$ 26,000 |
| 6 | Over \$ 42,000 but not over \$ 65,000 | \$2,240.50 plus 7.9% of |
| 7 | | excess over \$ 42,000 |
| 8 | Over \$ 65,000 | \$4,057.50 plus 8.2% of |
| 9 | | excess over \$ 65,000] |
| 10 | <u>Not over \$1,500</u> | <u>\$ 0</u> |
| 11 | <u>Over \$ 1,500 but not over \$ 6,000</u> | <u>2.0% of excess over</u> |
| 12 | | <u>\$1,500</u> |
| 13 | <u>Over \$ 6,000 but not over \$ 11,000</u> | <u>\$ 90.00 plus 3.2% of</u> |
| 14 | | <u>excess over \$6,000</u> |
| 15 | <u>Over \$ 11,000 but not over \$ 16,000</u> | <u>\$ 250 plus 4.7% of</u> |
| 16 | | <u>excess over \$11,000</u> |
| 17 | <u>Over \$ 16,000 but not over \$ 26,000</u> | <u>\$ 485 plus 6.0% of</u> |
| 18 | | <u>excess over \$16,000</u> |
| 19 | <u>Over \$ 26,000 but not over \$ 42,000</u> | <u>\$1,085 plus 7.1% of</u> |
| 20 | | <u>excess over \$26,000</u> |
| 21 | <u>Over \$ 42,000</u> | <u>\$2,221 plus 7.9% of</u> |
| 22 | | <u>excess over \$42,000.</u> |

D. For heads of household filing returns:

If the taxable income is: The tax shall be:

~~[Not over \$7,000 1.7% of taxable income~~

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1 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~
2 ~~excess over \$ 7,000~~
3 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~
4 ~~excess over \$ 14,000~~
5 ~~Over \$ 20,000 but not over \$ 33,000 \$ 625 plus 6.0% of~~
6 ~~excess over \$ 20,000~~
7 ~~Over \$ 33,000 but not over \$ 53,000 \$1,405 plus 7.1% of~~
8 ~~excess over \$ 33,000~~
9 ~~Over \$ 53,000 but not over \$ 83,000 \$2,825 plus 7.9% of~~
10 ~~excess over \$ 53,000~~
11 ~~Over \$83,000 \$5,195 plus 8.2% of~~
12 ~~excess over \$ 83,000]~~
13 Not over \$2,500 \$ 0
14 Over \$ 2,500 but not over \$ 8,000 2.0% of excess over
15 \$2,500
16 Over \$ 8,000 but not over \$ 14,000 \$ 110 plus 3.2% of
17 excess over \$8,000
18 Over \$ 14,000 but not over \$ 20,000 \$ 302 plus 4.7% of
19 excess over \$14,000
20 Over \$ 20,000 but not over \$ 33,000 \$ 584 plus 6.0% of
21 excess over \$20,000
22 Over \$ 33,000 but not over \$ 53,000 \$1,364 plus 7.1% of
23 excess over \$33,000
24 Over \$ 53,000 \$2,784 plus 7.9% of
25 excess over \$53,000.

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1 E. The tax on the sum of any lump-sum amounts
2 included in net income is an amount equal to five multiplied
3 by 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
7 an amount equal to the taxpayer's taxable income and twenty
8 percent of the taxpayer's lump-sum amounts included in net
9 income. "

10 Section 3. Section 7-2-7 NMSA 1978 (being Laws 1994,
11 Chapter 5, Section 20, as amended and as further amended by
12 Section 2 of this act) is repealed and a new Section 7-2-7
13 NMSA 1978 is enacted to read:

14 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES. --
15 The tax imposed by Section 7-2-3 NMSA 1978 shall be at the
16 following rates for any taxable year beginning on or after
17 January 1, 2002:

18 A. For married individuals filing separate
19 returns:

| | | |
|----|-------------------------------------|-----------------------|
| 20 | If the taxable income is: | The tax shall be: |
| 21 | Not over \$2,200 | \$ 0 |
| 22 | Over \$ 2,200 but not over \$ 5,100 | 2.0% of excess over |
| 23 | | \$2,200 |
| 24 | Over \$ 5,100 but not over \$ 8,000 | \$ 58.00 plus 3.0% of |
| 25 | | excess over \$5,100 |

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1 Over \$ 8,000 but not over \$ 12,000 \$ 145 plus 4.5% of
2 excess over \$8,000
3 Over \$ 12,000 but not over \$ 20,000 \$ 325 plus 6.0% of
4 excess over \$12,000
5 Over \$ 20,000 but not over \$ 50,000 \$ 805 plus 7.1% of
6 excess over \$20,000
7 Over \$ 50,000 \$ 2,935 plus 7.8% of
8 excess over \$50,000.

9 B. For surviving spouses and married individuals
10 filing joint returns:

| 11 If the taxable income is: | The tax shall be: |
|--|---|
| 12 Not over \$4,400 | \$ 0 |
| 13 Over \$ 4,400 but not over \$ 10,200 | 2.0% of excess over 14 \$4,400 |
| 15 Over \$ 10,200 but not over \$ 16,000 | \$ 116 plus 3.0% of 16 excess over \$10,200 |
| 17 Over \$ 16,000 but not over \$ 24,000 | \$ 290 plus 4.5% of 18 excess over \$16,000 |
| 19 Over \$ 24,000 but not over \$ 40,000 | \$ 650 plus 6.0% of 20 excess over \$24,000 |
| 21 Over \$ 40,000 but not over \$100,000 | \$1,610 plus 7.1% of 22 excess over \$40,000 |
| 23 Over \$100,000 | \$5,870 plus 7.8% of 24 excess over \$100,000. |

25 C. For single individuals and for estates and

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1 trusts:

| 2 If the taxable income is: | The tax shall be: |
|--|--|
| 3 Not over \$2,200 | \$ 0 |
| 4 Over \$ 2,200 but not over \$ 6,000 | 5 2.0% of excess over \$2,200 |
| 6 Over \$ 6,000 but not over \$ 11,000 | 7 \$ 76.00 plus 3.0% of excess over \$6,000 |
| 8 Over \$ 11,000 but not over \$ 16,000 | 9 \$ 226 plus 4.5% of excess over \$11,000 |
| 10 Over \$ 16,000 but not over \$ 26,000 | 11 \$ 451 plus 6.0% of excess over \$16,000 |
| 12 Over \$ 26,000 but not over \$ 65,000 | 13 \$1,051 plus 7.1% of excess over \$26,000 |
| 14 Over \$ 65,000 | 15 \$3,820 plus 7.8% of excess over \$65,000. |

16 D. For heads of household filing returns:

| 17 If the taxable income is: | The tax shall be: |
|--|---|
| 18 Not over \$3,300 | 19 \$ 0 |
| 20 Over \$ 3,300 but not over \$ 8,000 | 21 2.0% of excess over \$3,300 |
| 22 Over \$ 8,000 but not over \$ 14,000 | 23 \$ 94.00 plus 3.0% of excess over \$8,000 |
| 24 Over \$ 14,000 but not over \$ 20,000 | 25 \$ 274 plus 4.5% of excess over \$14,000 |
| 26 Over \$ 20,000 but not over \$ 33,000 | 27 \$ 544 plus 6.0% of |

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1 excess over \$20,000
2 Over \$ 33,000 but not over \$ 83,000 \$1,324 plus 7.1% of
3 excess over \$33,000
4 Over \$ 83,000 \$4,874 plus 7.8% of
5 excess over \$83,000.

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

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

11 (2) the amount of tax that would be due on
12 an amount equal to the taxpayer's taxable income and twenty
13 percent of the taxpayer's lump-sum amounts included in net
14 income."

15 Section 4. Section 7-2-12 NMSA 1978 (being Laws 1965,
16 Chapter 202, Section 10, as amended) is amended to read:

17 "7-2-12. TAXPAYER RETURNS--PAYMENT OF TAX.--

18 A. Every resident of this state and every
19 individual deriving income from any business transaction,
20 property or employment within this state and not exempt from
21 tax under the Income Tax Act ~~[who]~~ shall file a complete tax
22 return with the department in form and content as prescribed
23 by the secretary if the individual:

24 (1) is required by the laws of the United
25 States to file a federal income tax return ~~[shall file a~~

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1 ~~complete tax return with the department in form and content~~
2 ~~as prescribed by the secretary]~~ or files a federal income
3 tax return; and

4 (2) the taxpayer's taxable income exceeds
5 the zero bracket amount for the taxpayer's filing status.

6 B. Unless otherwise required under the Income
7 Tax Act or prescription of the secretary, in completing a
8 return for a taxable year, the taxpayer shall declare the
9 same filing status and number of personal exemptions as the
10 taxpayer declared for federal income tax purposes for that
11 same taxable year or, if the taxpayer was not required to
12 file a federal income tax return for the taxable year, the
13 filing status and number of personal exemptions that would
14 have been required or allowed for that taxpayer by the
15 Internal Revenue Code and regulations thereunder for the
16 taxable year.

17 C. The return required and the tax imposed on
18 individuals under the Income Tax Act are due and payment is
19 required on or before the fifteenth day of the fourth month
20 following the end of the taxable year."

21 Section 5. Section 7-2-14 NMSA 1978 (being Laws 1972,
22 Chapter 20, Section 2, as amended) is amended to read:

23 "7-2-14. LOW-INCOME COMPREHENSIVE TAX REBATE. --

24 A. Except as otherwise provided in Subsection B
25 of this section, any resident who files an individual New

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1 Mexico income tax return and who is not a dependent of
2 another individual may claim a tax rebate for a portion of
3 state and local taxes to which the resident has been subject
4 during the taxable year for which the return is filed. The
5 tax rebate may be claimed even though the resident has no
6 income taxable under the Income Tax Act. A husband and wife
7 who file separate returns for a taxable year in which they
8 could have filed a joint return may each claim only one-half
9 of the tax rebate that would have been allowed on a joint
10 return.

11 B. No claim for the tax rebate provided in this
12 section shall be filed by a resident who was an inmate of a
13 public institution for more than six months during the
14 taxable year for which the tax rebate could be claimed or
15 who was not physically present in New Mexico for at least
16 six months during the taxable year for which the tax rebate
17 could be claimed.

18 C. For the purposes of this section, the total
19 number of exemptions for which a tax rebate may be claimed
20 or allowed is determined by adding the number of federal
21 exemptions allowable for federal income tax purposes for
22 each individual included in the return who is domiciled in
23 New Mexico plus:

24 (1) two additional exemptions for each
25 individual domiciled in New Mexico included in the return

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1 who is sixty-five years of age or older; [~~plus~~]

2 (2) one additional exemption for each
3 individual domiciled in New Mexico included in the return
4 who, for federal income tax purposes, is blind; [~~plus one~~
5 exemption]

6 (3) two additional exemptions for each
7 minor child or stepchild of the resident; and

8 (4) three exemptions for each minor child
9 or stepchild of the resident who would be a dependent for
10 federal income tax purposes if the public assistance
11 contributing to the support of the child or stepchild was
12 considered to have been contributed by the resident.

13 D. The tax rebate provided for in this section
14 may be claimed in the amount shown in the following table:

| Modified gross | | And the total number | | | | | | |
|----------------|---------|----------------------|--------|--------|--------|--------|--------|--|
| income is: | | of exemptions is: | | | | | | |
| \$ | But Not | 1 | 2 | 3 | 4 | 5 | 6 or | |
| Over | Over | | | | | | More | |
| \$ 0 | \$ 500 | \$ 120 | \$ 160 | \$ 200 | \$ 240 | \$ 280 | \$ 320 | |
| 500 | 1,000 | 135 | 195 | 250 | 310 | 350 | 415 | |
| 1,000 | 1,500 | 135 | 195 | 250 | 310 | 350 | 435 | |
| 1,500 | 2,000 | 135 | 195 | 250 | 310 | 350 | 450 | |
| 2,000 | 2,500 | 135 | 195 | 250 | 310 | 350 | 450 | |
| 2,500 | 3,000 | 135 | 195 | 250 | 310 | 350 | 450 | |
| 3,000 | 3,500 | 135 | 195 | 250 | 310 | 350 | 450 | |

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SFC/SFC/SB 124, et al.

| | | | | | | | | |
|----|--------|--------|-----|-----|-----|-----|-----|-----|
| 1 | 3,500 | 4,000 | 135 | 195 | 250 | 310 | 355 | 450 |
| 2 | 4,000 | 4,500 | 135 | 195 | 250 | 310 | 355 | 450 |
| 3 | 4,500 | 5,000 | 125 | 190 | 240 | 305 | 355 | 450 |
| 4 | 5,000 | 5,500 | 115 | 175 | 230 | 295 | 355 | 430 |
| 5 | 5,500 | 6,000 | 105 | 155 | 210 | 260 | 315 | 410 |
| 6 | 6,000 | 7,000 | 90 | 130 | 170 | 220 | 275 | 370 |
| 7 | 7,000 | 8,000 | 80 | 115 | 145 | 180 | 225 | 295 |
| 8 | 8,000 | 9,000 | 70 | 105 | 135 | 170 | 195 | 240 |
| 9 | 9,000 | 10,000 | 65 | 95 | 115 | 145 | 175 | 205 |
| 10 | 10,000 | 11,000 | 60 | 80 | 100 | 130 | 155 | 185 |
| 11 | 11,000 | 12,000 | 55 | 70 | 90 | 110 | 135 | 160 |
| 12 | 12,000 | 13,000 | 50 | 65 | 85 | 100 | 115 | 140 |
| 13 | 13,000 | 14,000 | 50 | 65 | 85 | 100 | 115 | 140 |
| 14 | 14,000 | 15,000 | 45 | 60 | 75 | 90 | 105 | 120 |
| 15 | 15,000 | 16,000 | 40 | 55 | 70 | 85 | 95 | 110 |
| 16 | 16,000 | 17,000 | 35 | 50 | 65 | 80 | 85 | 105 |
| 17 | 17,000 | 18,000 | 30 | 45 | 60 | 70 | 80 | 95 |
| 18 | 18,000 | 19,000 | 25 | 35 | 50 | 60 | 70 | 80 |
| 19 | 19,000 | 20,000 | 20 | 30 | 40 | 50 | 60 | 65 |
| 20 | 20,000 | 21,000 | 15 | 25 | 30 | 40 | 50 | 55 |
| 21 | 21,000 | 22,000 | 10 | 20 | 25 | 35 | 40 | 45. |

E. If a taxpayer's modified gross income is zero, the taxpayer may claim a credit in the amount shown in the first row of the table appropriate for the taxpayer's number of exemptions.

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1 F. The tax rebates provided for in this section may
2 be deducted from the taxpayer's New Mexico income tax
3 liability for the taxable year. If the tax rebates exceed
4 the taxpayer's income tax liability, the excess shall be
5 refunded to the taxpayer.

6 G. For purposes of this section, "dependent" means
7 "dependent" as defined by Section 152 of the Internal Revenue
8 Code of 1986, as that section may be amended or renumbered,
9 but also includes any minor child or stepchild of the
10 resident who would be a dependent for federal income tax
11 purposes if the public assistance contributing to the support
12 of the child or stepchild was considered to have been
13 contributed by the resident. "

14 Section 6. APPLICABILITY. --

15 A. The provisions of Sections 1, 4 and 5 of this
16 act apply to taxable years beginning on or after January 1,
17 2001.

18 B. The provisions of Section 2 of this act apply to
19 taxable years beginning in 2001.

20 C. The provisions of Section 3 of this act apply to
21 taxable years beginning on or after January 1, 2002.

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