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SENATE BILL 415

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
CONTRIBUTIONS MADE TO CERTAIN ORGANIZATIONS FOR TUITION
SCHOLARSHIPS FOR CHILDREN.

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 a contribution made to a school tuition
organization if a receipt has been received from the
organization certifying that the contribution will be used for
educational scholarships or tuition grants for one or more
children. The credit may be claimed in an amount equal to the

underscored material = new
[bracketed material] = delete

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

6 B. The tuition scholarship tax credit shall not be
7 allowed for a contribution that is included in the taxpayer's
8 itemized deductions, as defined in Section 63 of the Internal
9 Revenue Code, for the taxable year.

10 C. A husband and wife who file separate returns
11 for a taxable year in which they could have filed a joint
12 return may each claim only one-half of the tuition scholarship
13 tax credit that would have been allowed on a joint return.

14 D. The tuition scholarship tax credit provided in
15 this section may only be deducted from the taxpayer's New
16 Mexico income tax liability for the taxable year in which the
17 contribution is made.

18 E. The department shall provide a format for a
19 standardized receipt to be issued by a school tuition
20 organization to indicate the tuition scholarship tax credit
21 value of a contribution to the school tuition organization.
22 The department may require a taxpayer claiming the tuition
23 scholarship tax credit to submit a copy of the receipt with
24 the taxpayer's claim for the credit.

25 F. As used in this section:

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1 (1) "qualified school" means an accredited
2 nongovernmental elementary or secondary school in New Mexico;

3 (2) "school tuition organization" means an
4 organization that:

5 (a) demonstrates to the department that
6 it has been granted exemption from the federal income tax as
7 an organization described in Section 501(c)(3) of the Internal
8 Revenue Code;

9 (b) provides financial assistance for
10 the education of children in the form of educational
11 scholarships or tuition grants to students allowing them to
12 attend any qualified school of their parents' choice; and

13 (c) expends one hundred percent of its
14 tax-credit-qualifying revenues for educational scholarships or
15 tuition grants for children enrolled in a qualified school;
16 and

17 (3) "tax-credit-qualifying revenue" means a
18 contribution to a school tuition organization for which a
19 receipt pursuant to Subsection E of this section has been
20 issued by the organization to the donor of the contribution."

21 Section 2. APPLICABILITY.--The provisions of this act
22 apply to taxable years beginning on or after January 1, 2002.