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SENATE BILL 132

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

H. Diane Snyder

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR  
EMPLOYERS FOR A PORTION OF EMPLOYEE HEALTH INSURANCE PREMIUM  
EXPENSES PAID BY THE EMPLOYER.

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]~~ CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS  
PAID BY EMPLOYER. --

A. A taxpayer who is an employer of fifty or fewer  
employees in the taxable year and who files an individual New  
Mexico income tax return may claim a credit in an amount equal  
to fifty percent of the value of employee health insurance  
premiums paid by the taxpayer in the taxable year for each of  
the first five taxable years during which the taxpayer pays

underscored material = new  
[bracketed material] = delete

1 employee health insurance premiums.

2 B. A taxpayer who is an employer of fifty or fewer  
3 employees and who files an individual New Mexico income tax  
4 return may claim a credit in an amount equal to thirty-five  
5 percent of the value of the insurance premiums paid by the  
6 taxpayer in a taxable year that is not one of the first five  
7 taxable years during which the taxpayer pays employee health  
8 insurance premiums.

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

13 D. A taxpayer who otherwise qualifies and claims a  
14 credit pursuant to this section and who is a member of a  
15 partnership, S corporation or business association that is the  
16 employer paying the employee health insurance premiums may  
17 claim a credit only in proportion to the taxpayer's interest in  
18 the partnership, S corporation or business association.

19 E. The credit provided in this section may only be  
20 deducted from the taxpayer's income tax liability for the  
21 taxable year for which the credit is claimed."

22 Section 2. A new section of the Corporate Income and  
23 Franchise Tax Act is enacted to read:

24 "[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS  
25 PAID BY EMPLOYER. --

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underscored material = new  
[bracketed material] = delete

1           A. A taxpayer that is an employer of fifty or fewer  
2 employees in a taxable year and that files a corporate income  
3 tax return may claim a credit in an amount equal to fifty  
4 percent of the value of employee health insurance premiums paid  
5 by the taxpayer in a taxable year for each of the first five  
6 taxable years during which the taxpayer pays employee health  
7 insurance premiums.

8           B. A taxpayer that is an employer of fifty or fewer  
9 employees and that files a corporate income tax return may  
10 claim a credit in an amount equal to thirty-five percent of the  
11 value of the insurance premiums paid by the taxpayer in a  
12 taxable year that is not one of the first five taxable years  
13 during which the taxpayer pays employee health insurance  
14 premiums.

15           C. A taxpayer that otherwise qualifies and claims a  
16 credit pursuant to this section and that is a member of a  
17 partnership, limited liability corporation or business  
18 association that is the employer paying the employee health  
19 insurance premiums may claim a credit only in proportion to the  
20 taxpayer's interest in the partnership, limited liability  
21 corporation or business association.

22           D. The credit provided in this section may only be  
23 deducted from the taxpayer's corporate income tax liability for  
24 the taxable year for which the credit is claimed. "

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

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apply to taxable years on or after January 1, 2004.