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

INTRODUCED BY

Joseph J. Carraro

AN ACT

RELATING TO TAXATION: REDUCING INCOME TAX RATES FOR LOW AND MODERATE INCOME TAXPAYERS OVER A FOUR-YEAR PERIOD.

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

That version of Section 7-2-7 NMSA 1978 that Section 1. became effective January 1, 2004 (being Laws 2003, Chapter 2, Section 3) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES. -- The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning in 2004:

For married individuals filing separate returns:

If the taxable income is: The tax shall be: Not over \$4,000 $[\frac{1.7\%}{1.5\%}]$ 1.5% of taxable income Over \$ 4,000 but not over \$ 8,000 \$[68.00] <u>60.00</u> plus [3.2%] 3.0% of excess over \$ 4,000

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0ver \$ 8,000 but not over \$ 12,000	\$ [196] <u>180</u> plus [4.7%]
	4.5% of
	excess over \$ 8,000
Over \$ 12,000 but not over \$ 20,000	\$[384] <u>360</u> plus [6.0%] <u>5.5%</u> of
	excess over \$ 12,000
0ver \$ 20,000	\$[864] <u>800</u> plus 6.8% of
	excess over \$ 20,000.
B. For surviving spouses	and married individuals filing
joint returns:	
If the taxable income is:	The tax shall be:
Not over \$8,000	$[\frac{1.7\%}{1.5\%}]$ of taxable income
Over \$ 8,000 but not over \$ 16,000	\$[136] <u>120</u> plus [3.2%] <u>3.0%</u> of
	excess over \$ 8,000
Over \$ 16,000 but not over \$ 24,000	\$[392] <u>360</u> plus [4.7%] <u>4.5%</u> of
	excess over \$ 16,000
Over \$ 24,000 but not over \$ 40,000	\$[768] <u>720</u> plus [6.0%] <u>5.5%</u> of
	excess over \$ 24,000
0ver \$ 40,000	\$[1,728] <u>1,600</u> plus 6.8% of
	excess over \$ 40,000.
C. For single individuals	and for estates and trusts:
If the taxable income is:	The tax shall be:
Not over \$5,500	[1.7%] <u>1.5%</u> of taxable income
	0[00 50] 00 50 50 50 00]
0ver \$ 5,500 but not over \$ 11,000	\$[93. 50] <u>82. 50</u> plus [3. 2%]
Over \$ 5,500 but not over \$ 11,000	3.0% of excess over \$ 5,500
Over \$ 5,500 but not over \$ 11,000 Over \$ 11,000 but not over \$ 16,000	3.0% of excess over \$ 5,500
	Over \$ 12,000 but not over \$ 20,000 Over \$ 20,000 B. For surviving spouses joint returns: If the taxable income is: Not over \$8,000 Over \$ 8,000 but not over \$ 16,000 Over \$ 16,000 but not over \$ 24,000 Over \$ 24,000 but not over \$ 40,000 C. For single individuals If the taxable income is:

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1		4.5% of excess over \$ 11,000
2	Over \$ 16,000 but not over \$ 26,000	\$[504.50] <u>472.50</u> plus [6.0%]
3		5. 5% of excess over \$ 16,000
4	0ver \$ 26,000	\$[1, 104. 50] <u>1, 022. 50</u> plus 6. 8%
5		of excess over \$ 26,000.
6	D. For heads of household	filing returns:
7	If the taxable income is:	The tax shall be:
8	Not over \$7,000	[1.7%] <u>1.5%</u> of taxable income
9	Over \$ 7,000 but not over \$ 14,000	\$[119] <u>105</u> plus [3. 2%] <u>3. 0%</u> of
10		excess over \$ 7,000
11	0ver \$ 14,000 but not over \$ 20,000	\$[343] <u>315</u> plus [4.7%] <u>4.5%</u> of
12		excess over \$ 14,000
13	Over \$ 20,000 but not over \$ 33,000	\$[625] <u>585</u> plus [6.0%] <u>5.5%</u> of
14		excess over \$ 20,000
15	0ver \$ 33,000	\$[1,405] <u>1,300</u> plus 6.8% of
16		excess over \$ 33,000.
17	E. The tax on the sum of	any lump-sum amounts included in
18	net income is an amount equal to five	multiplied by the difference
19	between:	
20	(1) the amount of ta	ax due on the taxpayer's taxable
21	income; and	
22	(2) the amount of ta	ax that would be due on an amount
23	equal to the taxpayer's taxable incom	me and twenty percent of the
24	taxpayer's lump-sum amounts included	in net income."
25	Section 2. That version of Section 2.	tion 7-2-7 NMSA 1978 that is to

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become effective January 1, 2005 (being Laws 2003, Chapter 2, Section 4) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES. -- The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning in 2005:

For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	$[\frac{1.7\%}{1.0\%}]$ of taxable income
0ver \$ 4,000 but not over \$ 8,000	\$[68.00] <u>40.00</u> plus [3.2 %] <u>2.5%</u>
	of excess over \$ 4,000
0ver \$ 8,000 but not over \$ 12,000	\$[196] <u>140</u> plus [4.7%] <u>4.0%</u> of
	excess over \$ 8,000
0ver \$ 12,000	\$[384] <u>300</u> plus 6.0% of
	excess over \$ 12,000.

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

If the taxable income is:	The tax shall be:
Not over \$8,000	$[\frac{1.7\%}{1.0\%}]$ of taxable income
Over \$ 8,000 but not over \$ 16,000	\$[136] <u>80.00</u> plus [3.2%] <u>2.5%</u> of
	excess over \$ 8,000
Over \$ 16,000 but not over \$ 24,000	\$[392] <u>280</u> plus [4.7%] <u>4.0%</u> of
	excess over \$ 16,000
0ver \$ 24,000	\$[768] <u>600</u> plus 6.0% of
	excess over \$ 24,000.

For single individuals and for estates and trusts:

_	Tr the tunable lineone is.	The can sharr be.
2	Not over \$5,500	$[\frac{1.7\%}{1.0\%}]$ of taxable income
3	Over \$ 5,500 but not over \$ 11,000	\$[93. 50] <u>55. 00</u> plus [3. 2%] <u>2. 5%</u>
4		of excess over \$ 5,500
5	Over \$ 11,000 but not over \$ 16,000	\$[269. 50] <u>192. 50</u> plus [4. 7%] <u>4. 0%</u>
6		of excess over \$ 11,000
7	0ver \$ 16,000	\$[504.50] <u>392.50</u> plus 6.0% of
8		excess over \$ 16,000.
9	D. For heads of household	l filing returns:
10	If the taxable income is:	The tax shall be:
11	Not over \$7,000	$[\frac{1.7\%}{1.0\%}]$ of taxable income
12	Over \$ 7,000 but not over \$ 14,000	\$[119] <u>70.00</u> plus [3.2%] <u>2.5%</u> of
13		excess over \$ 7,000
14	0ver \$ 14,000 but not over \$ 20,000	\$[343] <u>245</u> plus [4.7%] <u>4.0%</u> of
15		excess over \$ 14,000
16	0ver \$ 20,000	\$[625] <u>485</u> plus 6.0% of
17		excess over \$ 20,000.
18	E. The tax on the sum of	any lump-sum amounts included in net
19	income is an amount equal to five mul	tiplied by the difference between:
20	(1) the amount of ta	ax due on the taxpayer's taxable
21	income; and	
22	(2) the amount of ta	ax that would be due on an amount
23	equal to the taxpayer's taxable incom	me and twenty percent of the
24	taxpayer's lump-sum amounts included	in net income."
25	Section 3. That version of Sec	tion 7-2-7 NMSA 1978 that is to
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If the taxable income is:

The tax shall be:

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1	If the taxable income is:	The tax shall be:
2	Not over \$5,500	$[\frac{1.7\%}{}]$. 5% of taxable income
3	Over \$ 5,500 but not over \$ 11,000	\$[93.50] <u>27.50</u> plus [3.2%] <u>2.0%</u> of
4		excess over \$ 5,500
5	Over \$ 11,000 but not over \$ 16,000	\$[269.50] <u>137.50</u> plus [4.7%]
6		<u>4.0%</u> of excess over \$ 11,000
7	0ver \$ 16,000	\$[504.50] <u>337.50</u> plus 5.3% of
8		excess over \$ 16,000.
9	D. For heads of household	filing returns:
10	If the taxable income is:	The tax shall be:
11	Not over \$7,000	$[\frac{1.7\%}{}]$. 5% of taxable income
12	0ver \$ 7,000 but not over \$ 14,000	\$[119] <u>35.00</u> plus [3.2%] <u>2.0%</u>
13		of excess over \$ 7,000
14	Over \$ 14,000 but not over \$ 20,000	\$[343] <u>175</u> plus [4.7%] <u>4.0%</u> of
15		excess over \$ 14,000
16	0ver \$ 20,000	\$[625] <u>415</u> plus 5.3% of
17		excess over \$ 20,000.
18	E. The tax on the sum of	any lump-sum amounts included in net
19	income is an amount equal to five mul	tiplied by the difference between:
20	(1) the amount of ta	ax due on the taxpayer's taxable
21	income; and	
22	(2) the amount of ta	x that would be due on an amount
23	equal to the taxpayer's taxable incom	e and twenty percent of the
24	taxpayer's lump-sum amounts included	in net income."
25	Section 4. That version of Sect	tion 7-2-7 NMSA 1978 that is to
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1	become effective January 1, 2007 (being	ng Laws 2003, Chapter 2, Section 6)
2	is amended to read:	
3	"7-2-7. INDIVIDUAL INCOME TAX R	ATESThe tax imposed by Section
4	7-2-3 NMSA 1978 shall be at the follow	wing rates for any taxable year
5	beginning on or after January 1, 2007	
6	A. For married individuals	s filing separate returns:
7	If the taxable income is:	The tax shall be:
8	Not over \$4,000	[1.7% of taxable income] §0
9	Over \$4,000 but not over	[\$ 68.00 plus 3.2% of
10	\$[8,000] <u>12,000</u>	excess over \$ 4,000]
11		2.0% of taxable income
12	[0ver \$ 8,000 but not over \$ 12,000]	[\$ 196 plus 4.7% of
13		excess over \$ 8,000]
14	0ver \$ 12,000	\$[384] <u>160</u> plus 4.9% of
15		excess over \$ 12,000.
16	B. For surviving spouses a	and married individuals filing joint
17	returns:	
18	If the taxable income is:	The tax shall be:
19	Not over \$8,000	[1.7% of taxable income] <u>\$0</u>
20	Over \$8,000 but not over	[\$136 plus 3.2% of
21	\$[16, 000] <u>24, 000</u>	excess over \$ 8,000]
22		2.0% of taxable income
23	[0ver \$ 16,000 but not over \$ 24,000]	[\$ 392 plus 4.7% of
24		excess over \$ 16,000]
25	0ver \$ 24,000	\$[768] <u>320</u> plus 4.9% of
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2	C. For single individuals	and for estates and trusts:
3	If the taxable income is:	The tax shall be:
4	Not over \$5,500	[1.7% of taxable income] §0
5	Over \$5,500 but not over	[\$ 93.50 plus 3.2% of
6	\$[11,000] <u>16,000</u>	excess over \$ 5,500]
7		2.0% of taxable income
8	[0ver \$ 11,000 but not over \$ 16,000]	[\$ 269.50 plus 4.7% of
9		excess over \$ 11,000]
10	0ver \$ 16,000	\$[504.50] <u>110</u> plus 4.9% of
11		excess over \$ 16,000.
12	D. For heads of household	filing returns:
13	If the taxable income is:	The tax shall be:
14	Not over \$7,000	[1.7% of taxable income] §0
15	Over \$7,000 but not over	[\$ 119 plus 3.2% of
16	\$[14, 000] <u>20, 000</u>	excess over \$ 7,000]
17		2.0% taxable income
18	[0ver \$ 14,000 but not over \$ 20,000]	[\$ 343 plus 4.7% of
19		excess over \$ 14,000]
20	0ver \$ 20,000	\$[625] <u>140</u> plus 4.9% of
21		excess over \$ 20,000.
22	E. The tax on the sum of a	any lump-sum amounts included in net
23	income is an amount equal to five mult	tiplied by the difference between:
24	(1) the amount of ta	x due on the taxpayer's taxable
25	income; and	
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excess over \$ 24,000.

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

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