HOUSE BILL 410

47TH LEGISLATURE - **STATE OF NEW MEXICO** - **FIRST SESSION, 2005**

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; PERMITTING AN INCOME TAX EXEMPTION FOR LOW- AND MIDDLE-INCOME TAXPAYERS.

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] EXEMPTION FOR LOW- AND MIDDLE-INCOME TAXPAYERS.--

A. An individual may claim an exemption in an amount specified in Subsections B through D of this section not to exceed an amount equal to the number of federal exemptions multiplied by three thousand dollars ($3,000) of income includable, except for this exemption, in net income. Individuals having income both within and without this state shall apportion this exemption in accordance with regulations

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of the secretary.

B.   For a married individual filing a separate return with adjusted gross income up to thirty-two thousand five hundred dollars ($32,500):

(1)   if the adjusted gross income is not over twelve thousand five hundred dollars ($12,500), the amount of the exemption pursuant to this section shall be three thousand dollars ($3,000) for each federal exemption; and

(2)   if the adjusted gross income is over twelve thousand five hundred dollars ($12,500) but not over thirty-two thousand five hundred dollars ($32,500), the amount of the exemption pursuant to this section for each federal exemption shall be calculated as follows:

(a)   three thousand dollars ($3,000); less

(b)   seven and one-half percent of the amount obtained by subtracting twelve thousand five hundred dollars ($12,500) from the adjusted gross income.

C.   For single individuals with adjusted gross income up to thirty-five thousand dollars ($35,000):

(1)   if the adjusted gross income is not over fifteen thousand dollars ($15,000), the amount of the exemption pursuant to this section shall be three thousand dollars ($3,000) for each federal exemption; and

(2)   if the adjusted gross income is over

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1   fifteen thousand dollars ($15,000) but not over thirty-five

2   thousand dollars ($35,000), the amount of the exemption

3   pursuant to this section for each federal exemption shall be

4   calculated as follows:

5   (a)   three thousand dollars ($3,000);

6   less

7   (b)   fifteen percent of the amount

8   obtained by subtracting fifteen thousand dollars ($15,000) from

9   the adjusted gross income.

10   D.   For married individuals filing joint returns or

11   for heads of households with adjusted gross income up to sixty-

12   five thousand dollars ($65,000):

13   (1)   if the adjusted gross income is not over

14   twenty-five thousand dollars ($25,000), the amount of the

15   exemption pursuant to this section shall be three thousand

16   dollars ($3,000) for each federal exemption; and

17   (2)   if the adjusted gross income is over

18   twenty-five thousand dollars ($25,000) but not over sixty-five

19   thousand dollars ($65,000), the amount of the exemption

20   pursuant to this section for each federal exemption shall be

21   calculated as follows:

22   (a)   three thousand dollars ($3,000);

23   less

24   (b)   seven and one-half percent of the

25   amount obtained by subtracting twenty-five thousand dollars

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1   ($25,000) from the adjusted gross income.

2   E.   For the purposes of this section, "federal

3   exemption" means an exemption allowable for federal income tax

4   purposes for an individual included in the return who is

5   domiciled in New Mexico."

6   Section 2.   APPLICABILITY.--The provisions of this act

7   apply to taxable years beginning on or after January 1, 2005.

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