HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILLS 410, 582, 844 & 1086

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

AN ACT

RELATING TO TAXATION; PERMITTING AN INCOME TAX EXEMPTION FOR LOW- AND MIDDLE-INCOME TAXPAYERS; EXTENDING A PHASE-IN OF INCOME TAX RATE REDUCTIONS; PROVIDING INCOME TAX RELIEF TO HEADS OF HOUSEHOLD; PROVIDING FOR AN INCOME TAX EXEMPTION FOR CERTAIN MEDICAL CARE EXPENSES OF INDIVIDUALS SIXTY-FIVE YEARS OF AGE OR OLDER; PROVIDING FOR A GROSS RECEIPTS TAX OR A GOVERNMENTAL GROSS RECEIPTS TAX CREDIT FOR THE SALE OF SERVICES FOR RESALE IN THE ORDINARY COURSE OF BUSINESS THAT ARE NOT DEDUCTIBLE; RAISING THE PRIVILEGE TAX IMPOSED PURSUANT TO THE OIL AND GAS EMERGENCY SCHOOL TAX ACT ON THE SEVERANCE OF OIL AND CERTAIN OTHER HYDROCARBONS REMOVED FROM NATURAL GAS; INCREASING THE OIL AND GAS SEVERANCE TAX FOR CERTAIN TRANSACTIONS; REMOVING CERTAIN LIMITATIONS ON THE IMPOSITION OF THE OIL AND GAS SEVERANCE TAX; PROVIDING FOR ADJUSTED DISTRIBUTIONS; AMENDING, REPEALING AND ENACTING SECTIONS OF THE

NMSA 1978.

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

Section 1. A new section of the Tax Administration Act is enacted to read:

"[NEW MATERIAL] DISTRIBUTION ADJUSTMENT--TAX ADMINISTRATION SUSPENSE FUND--CREDIT FOR CERTAIN SALES OF SERVICES FOR RESALE.--Distributions from the tax administration suspense fund of revenue attributable to the gross receipts tax or to the governmental gross receipts tax shall be adjusted for credits issued pursuant to the Gross Receipts and Compensating Tax Act for receipts from the sale of services for resale."

Section 2. Section 7-2-7 NMSA 1978 (being Laws 2003, Chapter 2, Section 5) 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 2006:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over $4,000	1.7% of taxable income
Over $ 4,000 but not over $ 8,000	$ 68.00 plus 3.2% of excess over $ 4,000
Over $ 8,000 but not over $ 12,000	$ 196 plus 4.7% of excess over $ 8,000
Over $ 12,000	$ 384 plus [~~5.3%~~] 5.8% of

excess over $ 12,000.

B. For heads of household, surviving spouses and married individuals filing joint returns:

If the taxable income is:	The tax shall be:
Not over $8,000	1.7% of taxable income
Over $ 8,000 but not over $ 16,000	$ 136 plus 3.2% of excess over $ 8,000
Over $ 16,000 but not over $ 24,000	$ 392 plus 4.7% of excess over $ 16,000
Over $ 24,000	$ 768 plus [~~5.3%~~] 5.8% of excess over $ 24,000.

C. For single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over $5,500	1.7% of taxable income
Over $ 5,500 but not over $ 11,000	$ 93.50 plus 3.2% of excess over $ 5,500
Over $ 11,000 but not over $ 16,000	$ 269.50 plus 4.7% of excess over $ 11,000
Over $ 16,000	$ 504.50 plus [~~5.3%~~] 5.8% of excess over $ 16,000.

[~~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~~
~~Over $ 7,000 but not over $ 14,000~~	~~$ 119 plus 3.2% of~~

	~~excess over $ 7,000~~
~~Over $ 14,000 but not over $ 20,000~~	~~$ 343 plus 4.7% of~~
	~~excess over $ 14,000~~
~~Over $ 20,000~~	~~$ 625 plus 5.3% of~~
	~~excess over $ 20,000.~~

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

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

(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."

Section 3. Section 7-2-7 NMSA 1978 (being Laws 2003, Chapter 2, Section 6) 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 on or after January 1, 2007:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over $4,000	1.7% of taxable income
Over $ 4,000 but not over $ 8,000	$ 68.00 plus 3.2% of
	excess over $ 4,000
Over $ 8,000 but not over $ 12,000	$ 196 plus 4.7% of

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	excess over $ 8,000
Over $ 12,000	$ 384 plus [~~4.9%~~] 5.3% of excess over $ 12,000.

B. For heads of household, surviving spouses and married individuals filing joint returns:

If the taxable income is:	The tax shall be:
Not over $8,000	1.7% of taxable income
Over $ 8,000 but not over $ 16,000	$ 136 plus 3.2% of excess over $ 8,000
Over $ 16,000 but not over $ 24,000	$ 392 plus 4.7% of excess over $ 16,000
Over $ 24,000	$ 768 plus [~~4.9%~~] 5.3% of excess over $ 24,000.

C. For single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over $5,500	1.7% of taxable income
Over $ 5,500 but not over $ 11,000	$ 93.50 plus 3.2% of excess over $ 5,500
Over $ 11,000 but not over $ 16,000	$ 269.50 plus 4.7% of excess over $ 11,000
Over $ 16,000	$ 504.50 plus [~~4.9%~~] 5.3% of excess over $ 16,000.

[~~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~~
~~Over $ 7,000 but not over $ 14,000 $ 119 plus 3.2% of excess over $ 7,000~~
~~Over $ 14,000 but not over $ 20,000 $ 343 plus 4.7% of excess over $ 14,000~~
~~Over $ 20,000 $ 625 plus 4.9% of excess over $ 20,000.~~

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

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

(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."

Section 4. Section 7-2-7 NMSA 1978 (being Laws 2003, Chapter 2, Section 6, as amended by Section 2 of this act if it becomes law) is repealed and a new Section 7-2-7 NMSA 1978 is enacted to read:

"7-2-7. [NEW MATERIAL] 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 on or after January 1, 2008:

A. For married individuals filing separate returns:

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If the taxable income is:	The tax shall be:
Not over $4,000	1.7% of taxable income
Over $ 4,000 but not over $ 8,000	$ 68.00 plus 3.2% of excess over $ 4,000
Over $ 8,000 but not over $ 12,000	$ 196 plus 4.7% of excess over $ 8,000
Over $ 12,000	$ 384 plus 4.9% of excess over $ 12,000.

B. For heads of household, surviving spouses and married individuals filing joint returns:

If the taxable income is:	The tax shall be:
Not over $8,000	1.7% of taxable income
Over $ 8,000 but not over $ 16,000	$ 136 plus 3.2% of excess over $ 8,000
Over $ 16,000 but not over $ 24,000	$ 392 plus 4.7% of excess over $ 16,000
Over $ 24,000	$ 768 plus 4.9% of excess over $ 24,000.

C. For single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over $5,500	1.7% of taxable income
Over $ 5,500 but not over $ 11,000	$ 93.50 plus 3.2% of excess over $ 5,500
Over $ 11,000 but not over $ 16,000	$ 269.50 plus 4.7% of

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	excess over $ 11,000
Over $ 16,000	$ 504.50 plus 4.9% of excess over $ 16,000.

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

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

(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."

Section 5. 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 of the secretary.

B. For a married individual filing a separate

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return with adjusted gross income up to twenty-two thousand dollars ($22,000):

(1) if the adjusted gross income is not over twelve thousand dollars ($12,000), 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 twelve thousand dollars ($12,000) but not over twenty-two thousand dollars ($22,000), 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) thirty percent of the amount obtained by subtracting twelve thousand dollars ($12,000) from the adjusted gross income.

C. For single individuals with adjusted gross income up to twenty-nine thousand five hundred dollars ($29,500):

(1) if the adjusted gross income is not over sixteen thousand dollars ($16,000), 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 sixteen thousand dollars ($16,000) but not over twenty-nine

thousand five hundred dollars ($29,500), 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) twenty-two and one-half percent of the amount obtained by subtracting sixteen thousand dollars ($16,000) from the adjusted gross income.

D. For married individuals filing joint returns, surviving spouses or for heads of households with adjusted gross income up to forty-four thousand dollars ($44,000):

(1) if the adjusted gross income is not over twenty-four thousand dollars ($24,000), 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 twenty-four thousand dollars ($24,000) but not over forty-four thousand dollars ($44,000), 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) fifteen percent of the amount obtained by subtracting twenty-four thousand dollars ($24,000) from the adjusted gross income.

E. For the purposes of this section, "federal exemption" means an exemption allowable for federal income tax purposes for an individual included in the return who is domiciled in New Mexico."

Section 6. A new section of the Income Tax Act is enacted to read:

"[<u>NEW MATERIAL</u>] EXEMPTION--UNREIMBURSED OR UNCOMPENSATED MEDICAL CARE EXPENSES OF INDIVIDUALS SIXTY-FIVE YEARS OF AGE OR OLDER.--

A. Any individual sixty-five years of age or older may claim an additional exemption from income includable, except for this exemption, in net income in an amount equal to three thousand dollars ($3,000) for medical care expenses paid by the individual for that individual or for the individual's spouse or dependent during the taxable year if those medical care expenses exceed twenty-eight thousand dollars ($28,000) and if the medical care expenses are not reimbursed or compensated for by insurance or otherwise.

B. As used in this section:

(1) "dependent" means "dependent as" defined in Section 152 of the Internal Revenue Code;

(2) "health care facility" means a hospital, outpatient facility, diagnostic and treatment center, rehabilitation center, freestanding hospice or other similar facility at which medical care is provided;

(3) "medical care" means the diagnosis, cure, mitigation, treatment or prevention of disease or for the purpose of affecting any structure or function of the body;

(4) "medical care expenses" means amounts paid for:

(a) the diagnosis, cure, mitigation, treatment or prevention of disease or for the purpose of affecting any structure or function of the body if provided by a physician or in a health care facility;

(b) prescribed drugs or insulin;

(c) qualified long-term care services as defined in Section 7702B(c) of the Internal Revenue Code;

(d) insurance covering medical care, including amounts paid as premiums under Part B of Title 18 of the Social Security Act or for a qualified long-term care insurance contract defined in Section 7702B(b) of the Internal Revenue Code, if the insurance or other amount is paid from income included in the taxpayer's adjusted gross income for the taxable year;

(e) specialized treatment or the use of special therapeutic devices if the treatment or device is prescribed by a physician and the patient can show that the expense was incurred primarily for the prevention or alleviation of a physical or mental defect or illness; and

(f) care in an institution other than a

hospital, such as a sanitarium or rest home, if the principal reason for the presence of the person in the institution is to receive the medical care available; provided that if the meals and lodging are furnished as a necessary part of such care, the cost of the meals and lodging are "medical care expenses";

(5) "physician" means a medical doctor, osteopathic physician, dentist, podiatrist, chiropractic physician or psychologist licensed or certified to practice in New Mexico; and

(6) "prescribed drug" means a drug or biological that requires a prescription of a physician for its use by an individual."

Section 7. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX--GOVERNMENTAL GROSS RECEIPTS TAX--CERTAIN SALES FOR RESALE.--

A. A taxpayer may claim a credit against gross receipts tax or governmental gross receipts tax due for each reporting period beginning after June 2005 in an amount equal to ten percent of the receipts from selling a service for resale multiplied by:

(1) three and seven hundred seventy-five thousandths percent if the taxpayer's business location is within a municipality; or

(2) five percent if the taxpayer's business

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location is in the unincorporated area of a county.

B. A taxpayer may claim a credit pursuant to Subsection A of this section only if:

(1) the buyer resells the service in the ordinary course of business;

(2) the resale is not subject to the gross receipts tax or the governmental gross receipts tax; and

(3) the buyer delivers to the seller documentation in a form prescribed by the department clarifying that the service is purchased for resale in the ordinary course of business.

C. A credit permitted pursuant to this section does not apply to receipts from selling a service to a governmental entity or to a person who is a prime contractor that operates a facility in New Mexico designated as a national laboratory by and act of congress."

Section 8. Section 7-29-4 NMSA 1978 (being Laws 1980, Chapter 62, Section 5, as amended) is amended to read:

"7-29-4. OIL AND GAS SEVERANCE TAX IMPOSED--COLLECTION--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--

A. There is imposed and shall be collected by the department a tax on all products that are severed and sold, except as provided in Subsection B of this section. The measure of the tax and the rates are:

(1) on natural gas severed and sold, except

as provided in Paragraphs (4), (6) and (7) of this subsection, three and three-fourths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978;

(2) on oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead, except as provided in Paragraphs (3), (5), (8) and (9) of this subsection, three and three-fourths percent of taxable value determined pursuant to Section 7-29-4.1 NMSA 1978;

(3) on oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead produced from a qualified enhanced recovery project, one and seven-eighths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-eight dollars ($28.00) per barrel;

(4) on the natural gas from a well workover project that is certified by the oil conservation division of the energy, minerals and natural resources department in its approval of the well workover project, [~~two and forty-five hundredths~~] <u>two and seventy-five hundredths</u> percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978 [~~provided that the annual average price of west Texas~~

~~intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-four dollars ($24.00) per barrel~~];

(5) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a well workover project that is certified by the oil conservation division of the energy, minerals and natural resources department in its approval of the well workover project, [~~two and forty-five hundredths~~] two and seventy-five hundredths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978 [~~provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-four dollars ($24.00) per barrel~~];

(6) on the natural gas from a stripper well property, one and seven-eighths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided the average annual taxable value of natural gas was equal to or less than one dollar fifteen cents ($1.15) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year

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in which the tax rate is to be imposed;

(7) on the natural gas from a stripper well property, two and thirteen-sixteenths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the average annual taxable value of natural gas was greater than one dollar fifteen cents ($1.15) per thousand cubic feet but not more than one dollar thirty-five cents ($1.35) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(8) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, one and seven-eighths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the average annual taxable value of oil was equal to or less than fifteen dollars ($15.00) per barrel in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(9) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, two and thirteen-sixteenths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978, provided that the average annual taxable value of oil was greater than fifteen dollars ($15.00) per barrel but not more than eighteen dollars ($18.00) per barrel

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in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed; and

(10) on carbon dioxide, three and three-fourths percent of the taxable value determined pursuant to Section 7-29-4.1 NMSA 1978.

B. The tax imposed in Subsection A of this section shall not be imposed on:

(1) natural gas severed and sold from a production restoration project during the first ten years of production following the restoration of production, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to each fiscal year in which the tax exemption is to be effective, was less than twenty-four dollars ($24.00) per barrel; and

(2) oil and other liquid hydrocarbons removed from natural gas at or near the wellhead from a production restoration project during the first ten years of production following the restoration of production, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to each fiscal year in which the tax exemption is to be effective, was less than twenty-four dollars

($24.00) per barrel.

C. Every interest owner shall be liable for the tax to the extent of his interest in such products. Any Indian tribe, Indian pueblo or Indian shall be liable for the tax to the extent authorized or permitted by law.

D. The tax imposed by this section may be referred to as the "oil and gas severance tax"."

Section 9. Section 7-31-4 NMSA 1978 (being Laws 1959, Chapter 54, Section 4, as amended) is amended to read:

"7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--

A. There is levied and shall be collected by the department a privilege tax on the business of every person severing products in this state. The measure of the tax shall be:

(1) on oil and on oil and other liquid hydrocarbons removed from natural gas at or near the wellhead, except as provided in Paragraphs (4) and (5) of this subsection [~~three and fifteen hundredths~~]:

(a) four percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on December 31 prior to the fiscal year in which the tax rate is to be imposed, was twenty-five dollars ($25.00) or more per barrel; and

(b) three and fifteen hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on December 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-five dollars ($25.00) per barrel;

(2) on carbon dioxide, three and fifteen hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978;

(3) on natural gas, except as provided in Paragraphs (6) and (7) of this subsection, four percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978;

(4) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, one and fifty-eight hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of oil was equal to or less than fifteen dollars ($15.00) per barrel in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(5) on the oil and on other liquid hydrocarbons removed from natural gas at or near the wellhead from a stripper well property, two and thirty-six hundredths percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of oil was greater than fifteen dollars ($15.00) per barrel but not more than eighteen dollars ($18.00) per barrel in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed;

(6) on the natural gas removed from a stripper well property, two percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of natural gas was equal to or less than one dollar fifteen cents ($1.15) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed; and

(7) on the natural gas removed from a stripper well property, three percent of the taxable value determined pursuant to Section 7-31-5 NMSA 1978, provided that the average annual taxable value of natural gas was greater than one dollar fifteen cents ($1.15) per thousand cubic feet but not more than one dollar thirty-five cents ($1.35) per thousand cubic feet in the calendar year preceding July 1 of the fiscal year in which the tax rate is to be imposed.

B. Every interest owner, for the purpose of levying this tax, is deemed to be in the business of severing products and is liable for this tax to the extent of his interest in the value of the products or to the extent of his interest as may be measured by the value of the products.

C. Any Indian tribe, Indian pueblo or Indian is liable for this tax to the extent authorized or permitted by law."

Section 10. APPLICABILITY.--

A. The provisions of Section 6 of this act apply to taxable years beginning on or after January 1, 2005.

B. The provisions of Sections 8 and 9 of this act apply to oil and natural gas production occurring on or after July 1, 2005.

C. The provisions of Section 5 of this act apply to taxable years on or after January 1, 2006.

Section 11. EFFECTIVE DATE.--

A. The effective date of the provisions of Sections 1 and 7 of this act is July 1, 2005.

B. The effective date of the provisions of Section 2 of this act is January 1, 2006.

C. The effective date of the provisions of Section 3 of this act is January 1, 2007.

D. The effective date of the provisions of Section 4 of this act is January 1, 2008.