

FORTY- SEVENTH LEGISLATURE
FIRST SPECIAL SESSION, 2005

HB 10/a

October 7, 2005

Madam President:

Your FINANCE COMMITTEE, to whom has been referred

HOUSE BILL 10

has had it under consideration and reports same with recommendation that it DO PASS, amended as follows:

1. On page 1, line 12, after "YEAR;", insert "PROVIDING AN EXEMPTION FROM INCOME TAX FOR THE 2005 TAXABLE YEAR REBATE; REDUCING INCOME TAX RATES FOR CERTAIN TAXPAYERS DURING THE 2005 AND 2006 TAXABLE YEARS; REPEALING LAWS 2005, CHAPTER 104, SECTION 3; PROVIDING FOR A DEDUCTION FROM GROSS RECEIPTS FOR RETAIL SALES OF CERTAIN TANGIBLE PERSONAL PROPERTY DURING A LIMITED PERIOD;".

2. On page 1, between lines 15 and 16, insert the following new sections to read:

"Section 1. Section 7-2-7 NMSA 1978 (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:

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 [6.0% 5.7% of excess over \$ 12,000.

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B. For 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 [6.0%] <u>5.7%</u> 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 [6.0%] <u>5.7%</u> 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 [6.0%] <u>5.7%</u> of excess over \$ 20,000.

E. 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:

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(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 2. Section 7-2-7 NMSA 1978 (being Laws 2003, Chapter 2, Section 5, as amended) 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~~] on or after January 1, 2006 and ending on or before December 31, 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 excess over \$ 8,000
Over \$ 12,000	\$ 384 plus [5.8%] <u>5.3%</u> 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 [5.8%] <u>5.3%</u> of excess over \$ 24,000.

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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. 8%] <u>5. 3%</u> 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. "".

3. Renumber the succeeding sections accordingly.

4. On page 2, lines 9 through 21, strike Subsection C in its entirety and insert in lieu thereof the following new subsection:

"C. Except as otherwise provided in Subsection D of this section, the tax rebate provided for in this section is allowed for the amount shown in the following tables:

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(3) For married individuals filing separate returns:

If taxable income is: And the total number of exemptions is:

Over	But not over	1	2	3	4	5	6 or more
\$0	\$4, 000	\$80	\$125	\$155	\$175	\$190	\$200
\$4, 000	\$8, 000	\$75	\$115	\$145	\$160	\$170	\$175
\$8, 000	\$12, 000	\$70	\$105	\$130	\$140	\$145	\$150
\$12, 000		\$0	\$0	\$0	\$0	\$0	\$0. "

5. On page 4, between lines 12 and 13, insert the following new sections:

"Section 4. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] EXEMPTION--2005 TAXABLE YEAR REBATE.--The tax rebate made for the 2005 taxable year is exempt from state income tax. "

Section 5. TEMPORARY PROVISION--DEDUCTION--GROSS RECEIPTS TAX--SALES OF TANGIBLE PERSONAL PROPERTY--LIMITED PERIOD.--Receipts from the sale at retail of any item of tangible personal property may be deducted from gross receipts if the sale of the property occurs during the period beginning at 12:01 a.m. on December 2, 2005 and ending at midnight on December 4, 2005 and if the sales price of the item is less than five hundred dollars (\$500). "

6. Renumber the succeeding sections accordingly.

7. On page 4, line 16, strike "Section 1" and insert in lieu

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thereof "Section 3".

8. On page 4, between lines 18 and 19, insert the following new section to read:

"Section 6. REPEAL. --Laws 2005, Chapter 104, Section 3 is repealed. "

9. Renumber the succeeding sections accordingly.

10. On page 4, line 19, after "of" insert "Section 3 of".

Respectfully submitted,

Joseph A. Fidel, Chair man

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 10 For 0 Against

Yes: 10

No: 0

Excused: None

Absent: None

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