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SENATE BILL 606

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY
William E. Sharer

AN ACT

RELATING TO TAXATION; PROVIDING FOR INCOME TAX AND CORPORATE
INCOME TAX CREDITS FOR THE PROVISION OF EMPLOYER-SPONSORED
HEALTH INSURANCE.

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] INCOME TAX--CREDIT FOR COSTS OF PROVIDING
EMPLOYER-SPONSORED HEALTH INSURANCE.--

A. A taxpayer who files an individual New Mexico
income tax return may claim, and the department may allow, a
tax credit in an amount not to exceed thirty percent of the
cost of employer-sponsored health insurance provided to the
taxpayer's employees employed in New Mexico or their dependents
during the taxable year for which the credit is claimed if the

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1 taxpayer employs an average of fifty or fewer employees during
2 that taxable year and if a credit for providing employer-
3 sponsored health insurance to those employees or their
4 dependents is not claimed pursuant to the Corporate Income and
5 Franchise Tax Act.

6 B. A taxpayer who otherwise qualifies and claims a
7 credit pursuant to this section and who is a member of a
8 partnership, S corporation or business association that is the
9 employer paying the employee health insurance premiums may
10 claim a credit only in proportion to the taxpayer's interest in
11 the partnership, S corporation or business association.

12 C. A husband and wife who file separate returns for
13 a taxable year in which they could have filed a joint return
14 may each claim only one-half of the credit that would have been
15 allowed on a joint return.

16 D. A credit provided in this section may only be
17 deducted from the taxpayer's income tax liability for the
18 taxable year for which the credit is claimed.

19 E. For the purposes of this section, "employer-
20 sponsored health insurance" means health insurance for which an
21 employer completely or partially pays the costs of that
22 insurance for its employees or their dependents."

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

25 "[NEW MATERIAL] CORPORATE INCOME TAX--CREDIT FOR COSTS OF

.161291.1

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1 PROVIDING EMPLOYER-SPONSORED HEALTH INSURANCE.--

2 A. A taxpayer that files a corporate income tax
3 return may claim, and the department may allow, a tax credit in
4 an amount not to exceed thirty percent of the cost of employer-
5 sponsored health insurance provided to the taxpayer's employees
6 employed in New Mexico or their dependents during the taxable
7 year for which the credit is claimed if the taxpayer employs an
8 average of fifty or fewer employees during that taxable year
9 and if a credit for providing employer-sponsored health
10 insurance to those employees or their dependents is not claimed
11 pursuant to the Income Tax Act.

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

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

22 D. For the purposes of this section, "employer-
23 sponsored health insurance" means health insurance for which an
24 employer completely or partially pays the costs of that
25 insurance for its employees or their dependents."

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1 Section 3. APPLICABILITY.--The provisions of this act
2 apply to taxable years beginning on or after January 1, 2006.

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