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HOUSE BILL 368

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Edward C. Sandoval

AN ACT

RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX EXEMPTION FOR
EARNED INCOME OF ARMED FORCES RETIREES.

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--EARNED INCOME OF ARMED FORCES
RETIREE.--

A. An individual who is an armed forces retiree may
claim an exemption in an amount equal to fifty percent of
earned income includable, except for this exemption, in net
income; provided that the exemption shall not exceed fifty
thousand dollars (\$50,000) in a taxable year.

B. As used in this section:

(1) "armed forces retiree" means a former

underscoring material = new
[bracketed material] = delete

1 member of the armed forces of the United States who has
2 qualified by years of service or disability to separate from
3 military service with lifetime benefits; and

4 (2) "earned income" means compensation, net
5 earnings from self-employment and net income from a sole
6 proprietorship or pass-through entity in which the taxpayer is
7 an active participant."

8 Section 2. APPLICABILITY.--The provisions of this act
9 apply to taxable years beginning on or after January 1, 2007.