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SENATE BILL 284

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

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR CONTRIBUTIONS MADE TO CERTAIN ORGANIZATIONS FOR TUITION SCHOLARSHIPS FOR STUDENTS IN NONGOVERNMENTAL SCHOOLS; PROVIDING AN INCOME TAX CREDIT FOR CONTRIBUTIONS MADE TO PUBLIC SCHOOLS FOR SUPPORT OF AN EXTRACURRICULAR ACTIVITY.

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] TUITION SCHOLARSHIP TAX CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return and is not a dependent of another taxpayer may claim a credit for a contribution made to a school tuition organization if a receipt has been received from the organization certifying that the contribution will be used for

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1 educational scholarships or tuition grants for one or more
2 children. The credit may be claimed in an amount equal to the
3 total contributions made during the taxable year for which the
4 credit is claimed but shall not exceed five hundred dollars
5 (\$500) in any taxable year. The credit provided in this
6 subsection shall be known as the "tuition scholarship tax
7 credit".

8 B. The tuition scholarship tax credit shall not be
9 allowed for a contribution that is included in the taxpayer's
10 itemized deductions, as defined in Section 63 of the Internal
11 Revenue Code, for the taxable year.

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 tuition scholarship tax
15 credit that would have been allowed on a joint return.

16 D. The tuition scholarship tax credit provided in
17 this section may only be deducted from the taxpayer's New
18 Mexico income tax liability for the taxable year in which the
19 contribution is made.

20 E. The department shall provide a format for a
21 standardized receipt to be issued by a school tuition
22 organization to indicate the tuition scholarship tax credit
23 value of a contribution to the school tuition organization.
24 The department may require a taxpayer claiming the tuition
25 scholarship tax credit to submit a copy of the receipt with the

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1 taxpayer's claim for the credit.

2 F. As used in this section:

3 (1) "qualified school" means an accredited
4 nongovernmental elementary or secondary school in New Mexico;

5 (2) "school tuition organization" means an
6 organization that:

7 (a) demonstrates to the department that
8 it has been granted exemption from the federal income tax as an
9 organization described in Section 501(c)(3) of the Internal
10 Revenue Code;

11 (b) provides financial assistance for
12 the education of children in the form of educational
13 scholarships or tuition grants to students allowing them to
14 attend any qualified school of their parents' choice; and

15 (c) expends one hundred percent of its
16 tax-credit-qualifying revenues for educational scholarships or
17 tuition grants for children enrolled in a qualified school; and

18 (3) "tax-credit-qualifying revenue" means a
19 contribution to a school tuition organization for which a
20 receipt pursuant to Subsection E of this section has been
21 issued by the organization to the donor of the contribution."

22 Section 2. A new section of the Income Tax Act is enacted
23 to read:

24 "[NEW MATERIAL] EXTRACURRICULAR ACTIVITY CONTRIBUTION TAX
25 CREDIT.--

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1 A. A taxpayer who files an individual New Mexico
2 income tax return and is not a dependent of another taxpayer
3 may claim a credit for a contribution made to an eligible
4 public school located in this state for the support of an
5 extracurricular activity if a receipt has been received from
6 the school certifying that the contribution will be used for an
7 extracurricular activity for one or more children enrolled in
8 the school. The credit may be claimed in an amount equal to
9 the total contributions made during the taxable year for which
10 the credit is claimed but shall not exceed two hundred fifty
11 dollars (\$250) in any taxable year. The credit provided in
12 this subsection shall be known as the "extracurricular activity
13 tax credit".

14 B. The extracurricular activity tax credit shall
15 not be allowed for a contribution that is included in the
16 taxpayer's itemized deductions, as defined in Section 170 of
17 the Internal Revenue Code, for the taxable year.

18 C. A husband and wife who file separate returns for
19 a taxable year may each claim only one-half of the
20 extracurricular activity tax credit that would have been
21 allowed on a joint return.

22 D. The extracurricular activity tax credit provided
23 in this section may only be deducted from the taxpayer's New
24 Mexico income tax liability for the taxable year in which the
25 contribution is made.

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