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SENATE BILL 871

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

INTRODUCED BY

Sue Wilson Beffort

AN ACT

RELATING TO TAXATION; PROVIDING A REFUNDABLE TAX CREDIT FOR
THE PURCHASE OF HEALTH INSURANCE; ENACTING A SECTION OF THE
INCOME TAX ACT.

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] HEALTH INSURANCE TAX CREDIT. --

A. Except as otherwise provided in Subsection B of
this section, a resident who files an individual New Mexico
income tax return and who is not a dependent of another
individual may claim a refundable tax credit for a portion of
the health insurance premium the resident has paid during the
taxable year for which the return is filed. The tax credit
may be claimed even though the resident has no income taxable

underscored material = new
[bracketed material] = delete

1 under the Income Tax Act. A husband and wife who file
2 separate returns for a taxable year in which they could have
3 filed a joint return may each claim only one-half of the
4 credit that would have been allowed on a joint return.

5 B. A claim for the tax credit provided in this
6 section shall not be filed by a resident who, during the
7 taxable year:

8 (1) was enrolled in a program funded in whole
9 or in part by Title 19 or Title 21 of the federal Social
10 Security Act for which the resident did not pay a health
11 insurance premium;

12 (2) claimed the health insurance premium as a
13 federal itemized deduction, as defined in Section 63 of the
14 Internal Revenue Code; or

15 (3) claimed the health insurance premium as a
16 deduction pursuant to Section 7-2-35 NMSA 1978.

17 C. If a resident has coverage under an employer-
18 sponsored health coverage plan and lives in a household that
19 is below one hundred percent of the federal poverty level, a
20 refundable tax credit may be claimed in an amount not to
21 exceed two thousand five hundred dollars (\$2,500) or fifty
22 percent of the resident's health coverage premium
23 contribution, whichever is greater. If a resident does not
24 have coverage offered under an employer-sponsored health
25 coverage plan and lives in a household that is below two

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1 hundred percent of the federal poverty level, a refundable tax
2 credit may be claimed in an amount not to exceed two thousand
3 five hundred dollars (\$2,500) or fifty percent of the
4 resident's health coverage premium contribution, whichever is
5 greater.

6 D. The tax credit provided in this section may be
7 applied against the resident's income tax liability for the
8 taxable year in which the credit is claimed. If the amount of
9 the credit exceeds the resident's income tax liability, the
10 excess shall be refunded to the resident.

11 E. For the purposes of this section, the department
12 shall use the federal poverty guidelines published by the
13 federal department of health and human services that are in
14 effect on December 31 of the taxable year. The department
15 shall use the number of federal exemptions allowable for
16 federal income tax purposes in determining the federal poverty
17 guidelines for the respective size of the family unit.

18 F. For the purposes of this section, "health
19 insurance premium" means the amount paid by a resident in the
20 taxable year for the purchase of a group or individual policy
21 that provides coverage for medical services and supplies on an
22 indemnity, prepaid, managed care or other basis. "