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SENATE BILL 129

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

William E. Sharer

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE INCOME TAX ACT; CREATING THE ARMED FORCES RETIREMENT OR RETAINER PAY TAX CREDIT.

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]~~ ARMED FORCES RETIREMENT OR RETAINER PAY CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return, who is not a dependent of another individual and who is an armed forces retiree may claim a credit against the tax liability imposed by the Income Tax Act. The tax credit provided by this section may be referred to as the "armed forces retirement or retainer pay tax credit".

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1 B. The purpose of the armed forces retirement or
2 retainer pay tax credit is to encourage armed forces retirees
3 to move to New Mexico and utilize the expertise of armed forces
4 retirees in New Mexico's work force.

5 C. The department may allow an armed forces
6 retirement or retainer pay tax credit to be claimed against a
7 taxpayer's tax liability for the taxable year imposed pursuant
8 to the Income Tax Act in an amount that shall not exceed one
9 thousand dollars (\$1,000) and equal to the following
10 percentages of military retirement or retainer pay:

11 (1) beginning January 1, 2013, twenty-five
12 percent;

13 (2) beginning January 1, 2014, fifty percent;

14 (3) beginning January 1, 2015, seventy-five
15 percent; and

16 (4) beginning on or after January 1, 2016, one
17 hundred percent.

18 D. That portion of an armed forces retirement or
19 retainer pay tax credit approved by the department that exceeds
20 a taxpayer's income tax liability in the taxable year in which
21 the armed forces retirement or retainer pay tax credit is
22 claimed shall not be refunded to the taxpayer. No portion of
23 the armed forces retirement or retainer pay tax credit shall be
24 carried forward, refunded or transferred to another taxpayer.

25 E. The taxpayer shall submit to the department

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1 information required by the secretary establishing that the
2 taxpayer is an armed forces retiree pursuant to this section.

3 F. The department shall adopt rules establishing
4 procedures to certify armed forces retirees for purposes of
5 obtaining an armed forces retirement or retainer pay tax
6 credit.

7 G. The department shall compile an annual report
8 that includes the number of taxpayers approved by the
9 department to receive an armed forces retirement or retainer
10 pay tax credit. Notwithstanding any other section of law to
11 the contrary, the department may disclose the number of
12 applicants for the armed forces retirement or retainer pay tax
13 credit, the amount of each credit approved, the number of
14 taxpayers receiving the credit who are employed in the state of
15 New Mexico and any other information required by the
16 legislature or the department to aid in evaluating the
17 effectiveness of the armed forces retirement or retainer pay
18 tax credit.

19 H. Acceptance by a taxpayer of an armed forces
20 retirement or retainer pay tax credit pursuant to this section
21 is authorization by the taxpayer receiving the credit for the
22 department to reveal information to the legislature necessary
23 to analyze the effectiveness of the armed forces retirement or
24 retainer pay tax credit.

25 I. An appropriate legislative committee shall

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1 review the effectiveness of the armed forces retirement or
2 retainer pay tax credit every five years beginning in 2018.

3 J. As used in this section, "armed forces retiree"
4 means a former member of the armed forces of the United States
5 who has qualified by years of service or disability to separate
6 from military service with lifetime benefits."

7 SECTION 2. APPLICABILITY.--The provisions of this act
8 apply to taxable years beginning on or after January 1, 2013.

9 SECTION 3. EFFECTIVE DATE.--The effective date of the
10 provisions of this act is January 1, 2013.