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HOUSE BILL 126

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

Miguel P. Garcia

AN ACT

RELATING TO TAXATION; REDUCING THE INCOME TAX RATE FOR CERTAIN
INCOME LEVELS; CREATING NEW INCOME TAX BRACKETS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-2-7 NMSA 1978 (being Laws 2005,
Chapter 104, Section 4) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
Section 7-2-3 NMSA 1978 shall be at the following rates for any
taxable year beginning on or after January 1, [~~2008~~] 2016:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	[1.7%] <u>1.4%</u> of taxable income
Over \$ 4,000 but not over \$ 8,000	[\$ 68.00 plus 3.2%] <u>\$56.00 plus 2.9%</u> of

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1 excess over \$ 4,000
2 Over \$ 8,000 but not over \$ 12,000 [~~\$ 196 plus 4.7%~~] \$172
3 plus 4.4% of excess over
4 \$ 8,000
5 Over \$ 12,000 but not over \$125,000 [~~\$ 384 plus 4.9%~~] \$348
6 plus 4.6% of excess over
7 \$ 12,000
8 Over \$125,000 but not over \$250,000 \$5,546 plus 6% of excess
9 over \$125,000
10 Over \$250,000 \$13,046 plus 7.1% of
11 excess over \$250,000.

12 B. For heads of household, surviving spouses and
13 married individuals filing joint returns:

14 If the taxable income is: The tax shall be:
15 Not over \$8,000 [~~1.7%~~] 1.4% of taxable
16 income
17 Over \$ 8,000 but not over \$ 16,000 [~~\$ 136 plus 3.2%~~] \$112
18 plus 2.9% of excess over
19 \$ 8,000
20 Over \$ 16,000 but not over \$ 24,000 [~~\$ 392 plus 4.7%~~] \$344
21 plus 4.4% of excess over
22 \$ 16,000
23 Over \$ 24,000 but not over \$250,000 [~~\$ 768 plus 4.9%~~] \$696
24 plus 4.6% of excess over
25 \$ 24,000

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1 Over \$250,000 but not over \$500,000 \$11,092 plus 6% of excess
2 over \$250,000
3 Over \$500,000 \$26,092 plus 7.1% of
4 excess over \$500,000.

5 C. For single individuals and for estates and
6 trusts:

7 If the taxable income is: The tax shall be:
8 Not over \$5,500 [~~1.7%~~] 1.4% of taxable
9 income

10 Over \$ 5,500 but not over \$ 11,000 [~~\$ 93.50 plus 3.2%~~]
11 \$77.00 plus 2.9% of
12 excess over \$ 5,500

13 Over \$ 11,000 but not over \$ 16,000 [~~\$ 269.50 plus 4.7%~~]
14 \$236.50 plus 4.4% of
15 excess over \$ 11,000

16 Over \$ 16,000 but not over \$175,000 [~~\$ 504.50 plus 4.9%~~]
17 \$456.50 plus 4.6% of
18 excess over \$ 16,000

19 Over \$175,000 but not over \$350,000 \$7,770.50 plus 6% of
20 excess over \$175,000
21 Over \$350,000 \$18,270.50 plus 7.1% of
22 excess over \$350,000.

23 D. The tax on the sum of any lump-sum amounts
24 included in net income is an amount equal to five multiplied by
25 the difference between:

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1 (1) the amount of tax due on the taxpayer's
2 taxable income; and

3 (2) the amount of tax that would be due on an
4 amount equal to the taxpayer's taxable income and twenty
5 percent of the taxpayer's lump-sum amounts included in net
6 income."

7 SECTION 2. EFFECTIVE DATE.--The effective date of the
8 provisions of this act is January 1, 2017.