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HOUSE BILL 310

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

Bill McCamley

AN ACT

RELATING TO TAXATION; CREATING A NEW TOP INCOME TAX BRACKET AND RATE; LIMITING THE CAPITAL GAINS DEDUCTION FROM NET INCOME; INCREASING THE MOTOR VEHICLE EXCISE TAX; REPEALING AN OUTDATED VERSION OF SECTION 7-2-7 NMSA 1978 (BEING LAWS 2005 (1ST S.S.), CHAPTER 3, SECTION 2).

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~~]:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income

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1	Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of
2		excess over \$4,000
3	Over \$8,000 but not over \$12,000	\$196 plus 4.7% of
4		excess over \$8,000
5	Over \$12,000 <u>but not over \$75,000</u>	\$384 plus 4.9% of
6		excess over \$12,000
7	<u>Over \$75,000</u>	<u>\$3,741 plus 5.9% of</u>
8		<u>excess over \$75,000.</u>

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

11	If the taxable income is:	The tax shall be:
12	Not over \$8,000	1.7% of taxable income
13	Over \$8,000 but not over \$16,000	\$136 plus 3.2% of
14		excess over \$8,000
15	Over \$16,000 but not over \$24,000	\$392 plus 4.7% of
16		excess over \$16,000
17	Over \$24,000 <u>but not over \$150,000</u>	\$768 plus 4.9% of
18		excess over \$24,000
19	<u>Over \$150,000</u>	<u>\$5,942 plus 5.9% of</u>
20		<u>excess over \$150,000.</u>

21 C. For single individuals and for estates and
22 trusts:

23	If the taxable income is:	The tax shall be:
24	Not over \$5,500	1.7% of taxable income
25	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of

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1 excess over \$5,500
2 Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of
3 excess over \$11,000
4 Over \$16,000 but not over \$100,000 \$504.50 plus 4.9% of
5 excess over \$16,000
6 Over \$100,000 \$4,620.50 plus 5.9% of
7 excess over \$100,000.

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

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

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

17 SECTION 2. Section 7-2-34 NMSA 1978 (being Laws 1999,
18 Chapter 205, Section 1, as amended) is amended to read:

19 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

20 A. Except as provided in Subsection C of this
21 section, a taxpayer may claim a deduction from net income in an
22 amount equal to ~~[the greater of:~~

23 ~~(1)]~~ the taxpayer's net capital gain income for
24 the taxable year for which the deduction is being claimed, but
25 not to exceed one thousand dollars (\$1,000) ~~[or~~

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1 ~~(2) the following percentage of the taxpayer's~~
2 ~~net capital gain income for the taxable year for which the~~
3 ~~deduction is being claimed:~~

4 ~~(a) for a taxable year beginning in~~
5 ~~2003, ten percent;~~

6 ~~(b) for a taxable year beginning in~~
7 ~~2004, twenty percent;~~

8 ~~(c) for a taxable year beginning in~~
9 ~~2005, thirty percent;~~

10 ~~(d) for a taxable year beginning in~~
11 ~~2006, forty percent; and~~

12 ~~(e) for taxable years beginning on or~~
13 ~~after January 1, 2007, fifty percent].~~

14 B. ~~[A husband and wife]~~ Married individuals who
15 file separate returns for a taxable year in which they could
16 have filed a joint return may each claim only one-half of the
17 deduction provided by this section that would have been allowed
18 on the joint return.

19 C. A taxpayer may not claim the deduction provided
20 in Subsection A of this section if the taxpayer has claimed the
21 credit provided in Section 7-2D-8.1 NMSA 1978.

22 D. As used in this section, "net capital gain"
23 means "net capital gain" as defined in Section 1222 (11) of the
24 Internal Revenue Code."

25 SECTION 3. Section 7-14-4 NMSA 1978 (being Laws 1988,

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1 Chapter 73, Section 14) is amended to read:

2 "7-14-4. DETERMINATION OF AMOUNT OF MOTOR VEHICLE EXCISE
3 TAX.--The rate of the motor vehicle excise tax is [~~three~~] five
4 percent and is applied to the price paid for the vehicle. If
5 the price paid does not represent the value of the vehicle in
6 the condition that existed at the time it was acquired, the tax
7 rate shall be applied to the reasonable value of the vehicle in
8 such condition at such time. However, allowances granted for
9 vehicle trade-ins may be deducted from the price paid or the
10 reasonable value of the vehicle purchased."

11 SECTION 4. REPEAL.--Section 7-2-7 NMSA 1978 (being Laws
12 2005 (1st S.S.), Chapter 3, Section 2) is repealed.

13 SECTION 5. APPLICABILITY.--The provisions of Sections 1
14 and 2 of this act apply to taxable years beginning on or after
15 January 1, 2018.

16 SECTION 6. DELAYED EFFECTIVE DATE.--The effective date of
17 the provisions of Sections 1 and 2 of this act is January 1,
18 2018.

19 SECTION 7. EFFECTIVE DATE.--The effective date of the
20 provisions of Section 3 of this act is July 1, 2017.