

1 SENATE BILL 344

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Bill Tallman

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10 AN ACT

11 RELATING TO TAXATION; INCREASING THE TAX IMPOSED BY THE INCOME
12 TAX ACT FOR CERTAIN INCOME LEVELS; LIMITING THE CAPITAL GAINS
13 DEDUCTION; DISTRIBUTING A PORTION OF THE TAX IMPOSED BY THE
14 INCOME TAX ACT TO PRE-KINDERGARTEN PROGRAMS; REPEALING AN
15 OUTDATED VERSION OF SECTION 7-2-7 NMSA 1978 (BEING LAWS 2005
16 (1ST S.S.), CHAPTER 3, SECTION 2); MAKING AN APPROPRIATION.

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

19 SECTION 1. A new section of the Tax Administration Act is
20 enacted to read:

21 "[NEW MATERIAL] DISTRIBUTION--INCOME TAX--PUBLIC
22 PRE-KINDERGARTEN FUND AND CHILDREN, YOUTH AND FAMILIES
23 PRE-KINDERGARTEN FUND.--

24 A. A distribution pursuant to Section 7-1-6.1 NMSA
25 1978 shall be made to the public pre-kindergarten fund in an

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1 amount equal to five and two-tenths percent of the net receipts
2 attributable to the tax imposed by Section 7-2-3 NMSA 1978.

3 B. A distribution pursuant to Section 7-1-6.1 NMSA
4 1978 shall be made to the children, youth and families pre-
5 kindergarten fund in an amount equal to five and two-tenths
6 percent of the net receipts attributable to the tax imposed by
7 Section 7-2-3 NMSA 1978."

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

10 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
11 Section 7-2-3 NMSA 1978 shall be at the following rates for any
12 taxable year beginning on or after January 1, 2008:

13 A. For married individuals filing separate returns:

14 If the taxable income is:	The tax shall be:
15 Not over \$4,000	1.7% of taxable income
16 Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of 17 excess over \$4,000
18 Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess 19 over \$8,000
20 Over \$12,000 <u>but not over \$125,000</u>	\$384 plus 4.9% of excess 21 over \$12,000
22 <u>Over \$125,000</u>	<u>\$5,921 plus 8.2% of</u> 23 <u>excess over \$125,000.</u>

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

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1	If the taxable income is:	The tax shall be:
2	Not over \$8,000	1.7% of taxable income
3	Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess
4		over \$8,000
5	Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess
6		over \$16,000
7	Over \$24,000 <u>but not over \$250,000</u>	\$768 plus 4.9% of excess
8		over \$24,000
9	<u>Over \$250,000</u>	<u>\$11,842 plus 8.2% of</u>
10		<u>excess over \$250,000.</u>

11 C. For single individuals and for estates and
12 trusts:

13	If the taxable income is:	The tax shall be:
14	Not over \$5,500	1.7% of taxable income
15	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
16		excess over \$5,500
17	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
18		excess over \$11,000
19	Over \$16,000 <u>but not over</u>	
20	<u>\$166,666.67</u>	\$504.50 plus 4.9% of
21		excess over \$16,000
22	<u>Over \$166,666.67</u>	<u>\$7,887.17 plus 8.2% of</u>
23		<u>excess over \$166,666.67.</u>

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

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

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

8 SECTION 3. Section 7-2-34 NMSA 1978 (being Laws 1999,
9 Chapter 205, Section 1, as amended) is amended to read:

10 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

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

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

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

20 ~~(a) for a taxable year beginning in~~
21 ~~2003, ten percent;~~

22 ~~(b) for a taxable year beginning in~~
23 ~~2004, twenty percent;~~

24 ~~(c) for a taxable year beginning in~~
25 ~~2005, thirty percent;~~

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