

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SENATE BILL

**55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

INTRODUCED BY

Bill B. O'Neill

AN ACT

RELATING TO TAXATION; ADDING A NEW PERSONAL INCOME TAX BRACKET.

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

SECTION 1. That version of Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4, as amended by Laws 2019, Chapter 270, Section 12) that is to take effect on or before February 19, 2021 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, [~~2021~~] 2022:

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
Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of excess over \$4,000

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1	Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess
2		over \$8,000
3	Over \$12,000 but not over \$157,500	\$384 plus 4.9% of excess
4		over \$12,000
5	Over \$157,500 <u>but not over \$187,500</u>	\$7,513.50 plus 5.9% of
6		excess over \$157,500
7	<u>Over \$187,500</u>	<u>\$9,283.50 plus 8.2% of</u>
8		<u>excess over \$187,500.</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 excess
14		over \$8,000
15	Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess
16		over \$16,000
17	Over \$24,000 but not over \$315,000	\$768 plus 4.9% of excess
18		over \$24,000
19	Over \$315,000 <u>but not over \$375,000</u>	\$15,027 plus 5.9% of
20		excess over \$315,000
21	<u>Over \$375,000</u>	<u>\$18,567 plus 8.2% of</u>
22		<u>excess over \$375,000.</u>

23           C. For single individuals and for estates and  
24 trusts:

25           If the taxable income is:           The tax shall be:

underscored material = new  
[bracketed material] = delete

1	Not over \$5,500	1.7% of taxable income
2	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
3		excess over \$5,500
4	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
5		excess over \$11,000
6	Over \$16,000 but not over \$210,000	\$504.50 plus 4.9% of
7		excess over \$16,000
8	Over \$210,000 <u>but not over \$250,000</u>	\$10,010.50 plus 5.9% of
9		excess over \$210,000
10	<u>Over \$250,000</u>	<u>\$12,370.50 plus 8.2% of</u>
11		<u>excess over \$250,000.</u>

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

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

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