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HOUSE BILL 332

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Thomas A. Anderson

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE INCOME TAX ACT; CREATING THE ARMED FORCES RETAINER PAY INCOME 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 RETAINER PAY INCOME TAX 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 retainer pay income tax credit".

B. The purpose of the armed forces retainer pay

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1 income tax credit is to encourage armed forces retirees to move
2 to New Mexico and to utilize the expertise of armed forces
3 retirees in New Mexico's work force.

4 C. The department may allow an armed forces
5 retainer pay income tax credit in an amount not to exceed one
6 thousand dollars (\$1,000).

7 D. That portion of an armed forces retainer pay
8 income tax credit approved by the department that exceeds a
9 taxpayer's income tax liability in the taxable year in which
10 the armed forces retainer pay income tax credit is claimed
11 shall not be refunded to the taxpayer. No portion of the armed
12 forces retainer pay income tax credit shall be carried forward,
13 refunded or transferred to another taxpayer.

14 E. The taxpayer shall submit to the department
15 information required by the secretary establishing that the
16 taxpayer is an armed forces retiree pursuant to this section.

17 F. The department shall adopt rules establishing
18 procedures to certify armed forces retirees for purposes of
19 obtaining an armed forces retainer pay income tax credit.

20 G. Married individuals filing separate returns for
21 a taxable year for which they could have filed a joint return
22 may each claim only one-half of the armed forces retainer pay
23 income tax credit that would have been claimed on a joint
24 return.

25 H. A taxpayer allowed a tax credit pursuant to this

.195924.2

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1 section shall report the amount of the credit to the department
2 in a manner required by the department.

3 I. The department shall compile an annual report on
4 the armed forces retainer pay income tax credit that shall
5 include the number of taxpayers approved by the department to
6 receive the credit, the aggregate amount of credits approved
7 and any other information necessary to evaluate the
8 effectiveness of the credit. Beginning in 2018 and every three
9 years thereafter that the credit is in effect, the department
10 shall compile and present the annual reports to the revenue
11 stabilization and tax policy committee and the legislative
12 finance committee with an analysis of the effectiveness and
13 cost of the tax credit and whether the tax credit is performing
14 the purpose for which it was created.

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

19 SECTION 2. APPLICABILITY.--The provisions of this act
20 apply to taxable years beginning on or after January 1, 2014.