



NEW MEXICO  
LEGISLATIVE  
FINANCE  
COMMITTEE

# Personal Income Taxes

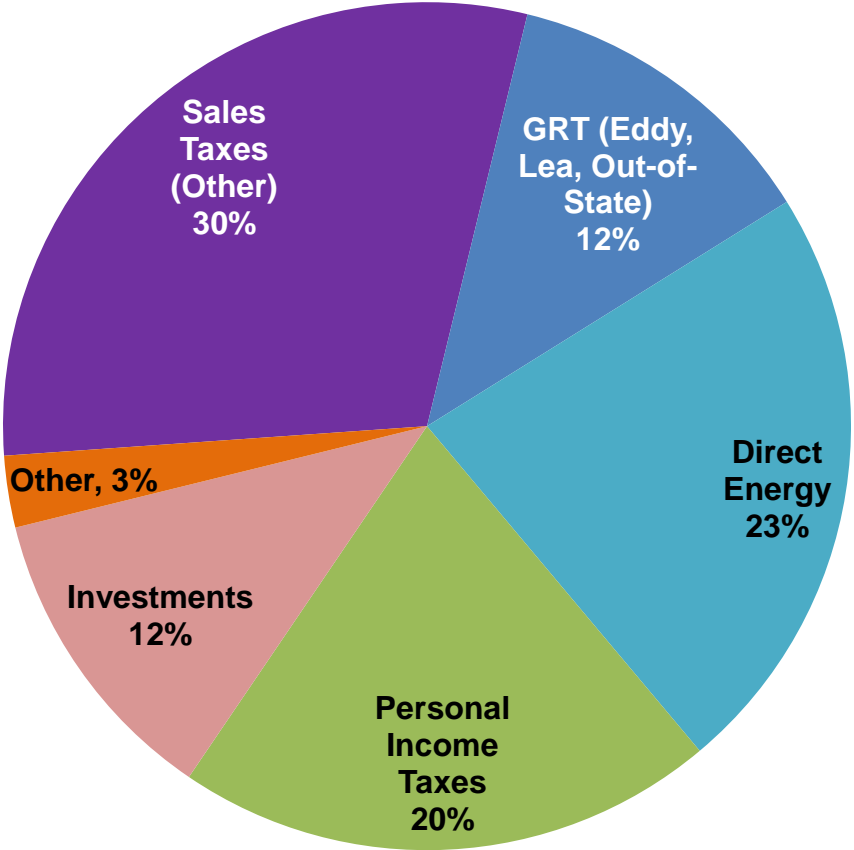
Presentation to the Revenue Stabilization & Tax  
Policy Committee

Dawn Iglesias, Chief Economist, LFC

July 26, 2019

Personal income taxes (PIT) account for about 20 percent of general fund recurring revenue in FY19.

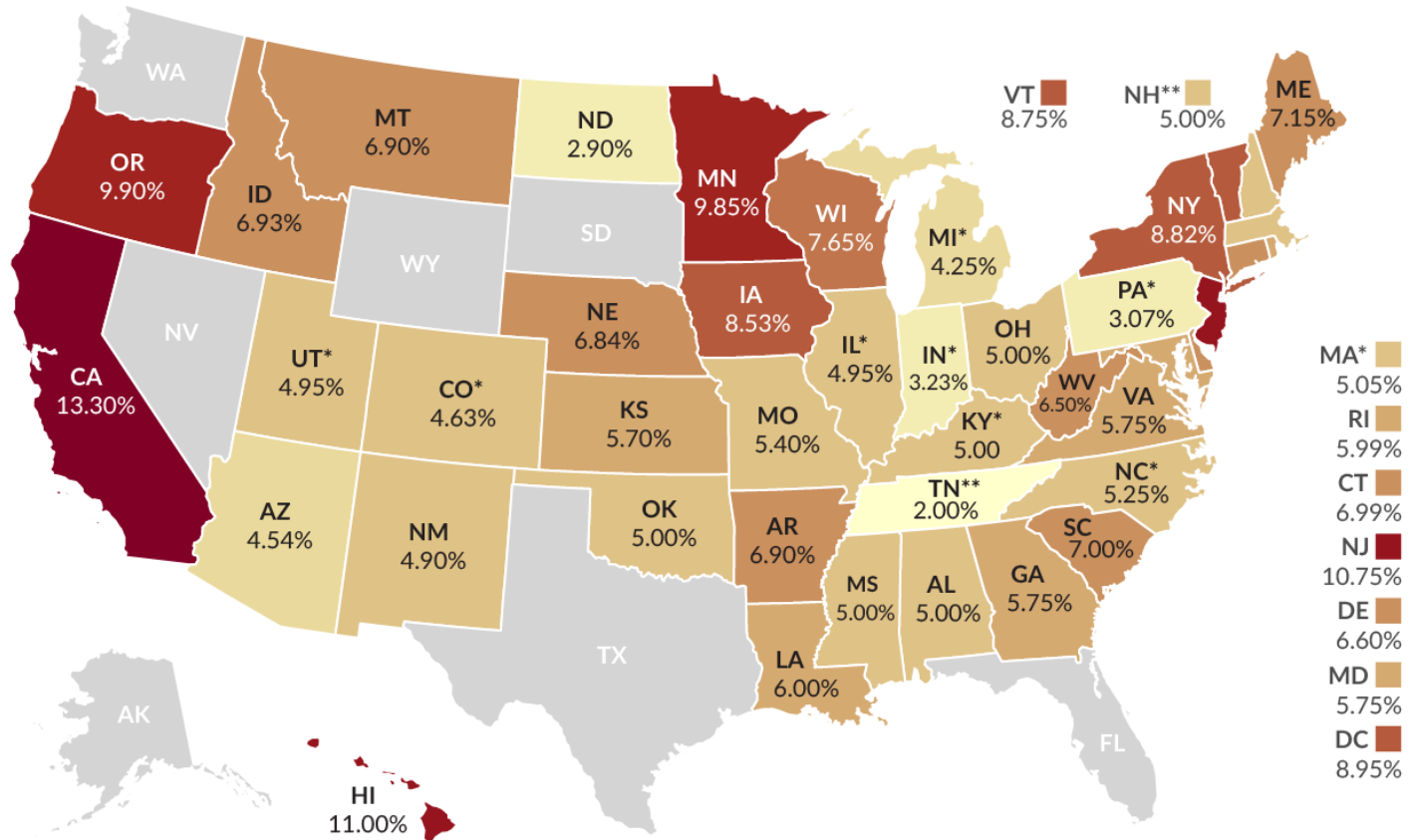
**Estimated FY19  
General Fund Revenue Sources**



Source: Dec. 2018 Consensus Revenue Estimate

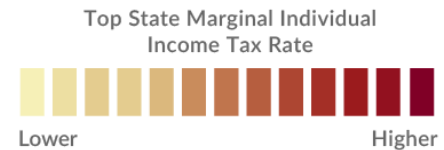
# How High Are Income Tax Rates in Your State?

Top State Marginal Individual Income Tax Rates, 2019



Note: (\*) State has a flat income tax. (\*\*) State only taxes interest and dividends income. Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective marginal tax rates, which would include the effects of phase-outs of various tax preferences. Local income taxes are not included.

Source: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg BNA.



# HB 6 CHANGES SHIFTED PIT CONTRIBUTIONS TO THE GENERAL FUND TO HIGHER INCOME EARNERS

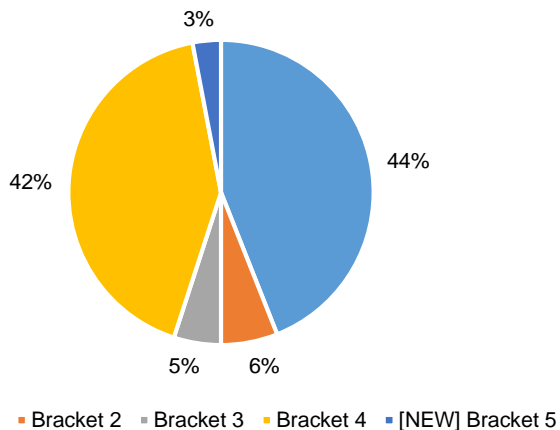
## General Fund Impacts:

(in millions)	FY19	FY20	FY21	FY22	FY23
Add top rate of 5.9%	-	-	\$20	\$40	\$41
Increase working families tax credit from 10% to 17%	-	(\$37)	(\$39)	(\$39)	(\$41)
Create dependent deduction (\$4k for each dependent beyond the first)	-	(\$26)	(\$27)	(\$28)	(\$28)
Change PIT deduction for capital gains from 50% to 40%	-	\$10	\$10	\$10	\$10
<b>Total PIT Revenue Change</b>	<b>-</b>	<b>(\$53)</b>	<b>(\$36)</b>	<b>(\$17)</b>	<b>(\$18)</b>

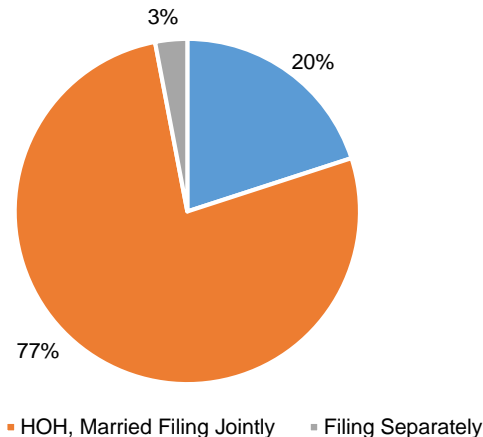
\*\*Effective only if FY20 revenues are less than 5 percent above FY19 revenues

# NEW TOP BRACKET AFFECTS ABOUT 3 PERCENT OF TAXPAYERS

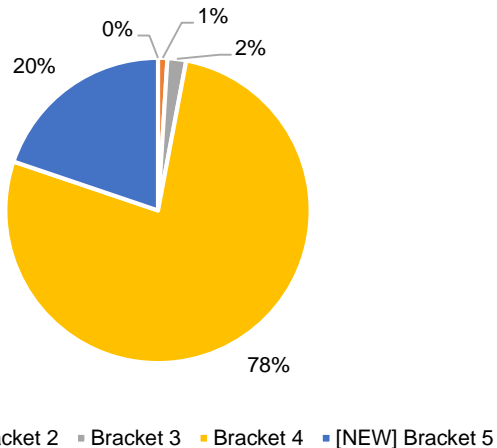
**Estimated Percentage of Taxpayers Per Bracket**



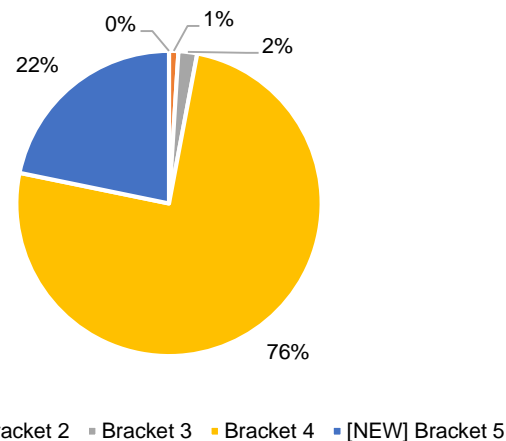
**Estimated Tax Payer Filing Status for New Bracket**



**(Pre-New Bracket) Estimated Percentage of PIT Revenue**



**(Post-New Bracket) Estimated Percentage of PIT Revenue**



Source: Taxation and Revenue Department