## 45TH LEGISLATURE - S

## **HOUSE BILL 422**

45th legislature - STATE OF NEW MEXICO - first session, 2001

INTRODUCED BY

Judy Vanderstar Russell

## AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR

CERTAIN CONTRIBUTIONS MADE FOR ELEMENTARY AND SECONDARY SCHOOL

TUITION SCHOLARSHIPS FOR LOW-INCOME STUDENTS.

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] TUITION SCHOLARSHIP TAX CREDIT. --

A. A taxpayer who files an individual New Mexico income tax return and is not a dependent of another taxpayer may claim a credit for contributions made to an accredited elementary or secondary school in New Mexico for tuition scholarships solely for low-income students enrolled in the school. The credit may be claimed in an amount equal to the contributions made for such tuition scholarships during the .133383.2

taxable year for which the credit is claimed, not to exceed five hundred dollars (\$500). The credit provided in this subsection shall be known as the "tuition scholarship tax credit".

- B. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tuition scholarship tax credit that would have been allowed on a joint return.
- C. The credits provided in this section may only be deducted from the taxpayer's New Mexico income tax liability for the taxable year.
- D. Taxpayers having income both within and without this state shall apportion the credits in this section in accordance with rules of the secretary.
- E. A tuition scholarship for a low-income student shall not exceed ninety-five percent of the cost of tuition to attend the school. A taxpayer who claims a credit may not designate an individual student as the intended beneficiary of the taxpayer's contribution. The school shall provide a receipt to the taxpayer.
- F. Receipt of taxpayer contributions for tuition scholarships by an accredited elementary or secondary school does not authorize state involvement or entanglement with religious instruction or other operations of the school.
  - G. As used in this section:

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(1) "dependent" means "dependent" as defined
in Section 152 of the Internal Revenue Code, but also includes
any minor child or stepchild of the taxpayer who would be a
dependent for federal income tax purposes if the public
assistance contributing to the support of the child or
stepchild was considered to have been contributed by the
taxpaver:

- (2) "low-income student" means a student whose family income is at or below one hundred eighty-five percent of the federal poverty level; and
- (3) "federal poverty level" means the level of income defining poverty by family size published annually in the federal register by the United States department of health and human services.

Section 2. APPLICABILITY.--The provisions of Section 1 of this act apply to taxable years beginning on or after January 1, 2001.

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