

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

HOUSE BILL 698

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Larry A. Larranaga

AN ACT

RELATING TO TAXATION; PROVIDING A TAX CREDIT FOR SMALL
BUSINESSES THAT PAY AT LEAST SIXTY PERCENT OF EMPLOYEE HEALTH
INSURANCE PREMIUMS; ENACTING SECTIONS OF THE NMSA 1978.

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 CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
PAID BY SMALL BUSINESS EMPLOYERS. --

A. A taxpayer who files an individual New Mexico
income tax return, who is engaged in a small business and who
paid at least sixty percent of the health insurance premiums
for one or more employees of the taxpayer in the taxable year
for which the return is filed may claim a credit in an amount
equal to ten percent of the aggregate amount of the health

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 insurance premiums paid by the taxpayer in the taxable year.

2 B. A husband and wife who file separate returns for
3 a taxable year in which they could have filed a joint return
4 may each claim only one-half of the credit pursuant to
5 Subsection A of this section that would have been allowed on a
6 joint return.

7 C. A taxpayer who otherwise qualifies for and
8 claims a credit pursuant to Subsection A of this section and
9 who is a member of a partnership or business association that
10 is the employer paying the employee health insurance premiums
11 may claim a credit only in proportion to the taxpayer's
12 interest in the partnership or association. The total credit
13 claimed by all members of the partnership or association shall
14 not exceed an amount equal to ten percent of the aggregate
15 amount of qualifying employee health insurance premiums paid by
16 the partnership or association in the taxable year.

17 D. The credit provided in this section may only be
18 deducted from the taxpayer's income tax liability for the
19 taxable year for which the credit is claimed.

20 E. As used in this section:

21 (1) "health insurance premium" means the
22 amount paid by a small business to an insurer or other person
23 that provides coverage for health care services, including
24 preventive care, emergency care, inpatient and outpatient
25 hospital and physician care, diagnostic laboratory and

. 142510. 1

underscored material = new
[bracketed material] = delete

1 diagnostic and therapeutic radiological services, and that
2 meets the applicable requirements of the New Mexico Insurance
3 Code; and

4 (2) "small business" means a person or legal
5 entity employing fifty or fewer employees in New Mexico who
6 files an income tax return under the Income Tax Act. "

7 Section 2. A new section of the Corporate Income and
8 Franchise Tax Act is enacted to read:

9 "[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
10 PAID BY SMALL BUSINESS EMPLOYER. --

11 A. A taxpayer that files a corporate income tax
12 return and that is engaged in a small business and paid at
13 least sixty percent of the health insurance premiums for one or
14 more employees of the taxpayer in the taxable year for which
15 the return is filed may claim a credit in an amount equal to
16 ten percent of the aggregate amount of the health insurance
17 premiums paid by the taxpayer in the taxable year.

18 B. The credit provided in this section may only be
19 deducted from the taxpayer's corporate income tax liability for
20 the taxable year for which the credit is claimed.

21 C. As used in this section:

22 (1) "health insurance premium" means the
23 amount paid by a small business to an insurer or other person
24 that provides coverage for health care services, including
25 preventive care, emergency care, inpatient and outpatient

. 142510. 1

1 hospital and physician care, diagnostic laboratory and
2 diagnostic and therapeutic radiological services, and that
3 meets the applicable requirements of the New Mexico Insurance
4 Code; and

5 (2) "small business" means a corporation
6 employing fifty or fewer employees in New Mexico that files a
7 corporate income tax return under the Corporate Income and
8 Franchise Tax Act. "

9 Section 3. APPLICABILITY. --The provisions of this act
10 apply to taxable years beginning on or after January 1, 2004.