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SENATE BILL 127

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

INTRODUCED BY

Sue Wilson Beffort

FOR THE WATER AND NATURAL RESOURCES COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING A PERSONAL INCOME TAX CREDIT
AND A CORPORATE INCOME TAX CREDIT FOR EXPENSES OF PURCHASING
AND INSTALLING DRIP IRRIGATION SYSTEMS.

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] TAX CREDIT-- AGRICULTURAL WATER
CONSERVATION EXPENSES. --

A. A taxpayer may claim a credit against his income
tax liability equal to seventy-five percent of his incurred
expenses, not to exceed a maximum annual credit of one thousand
dollars (\$1,000), for expenses of purchasing and installing a
drip irrigation system after January 1, 2004. The credit may
be claimed for the taxable year in which the expenses are

1 incurred if the taxpayer in that year:

2 (1) owned or leased a water right appurtenant
3 to the land on which a drip irrigation system was installed;

4 (2) files an individual New Mexico income tax
5 return; and

6 (3) is not a dependent of another individual.

7 B. A taxpayer who is considered for federal income
8 tax purposes as a co-owner of the land on which an installment
9 of a drip irrigation system is made may claim the pro rata
10 share of the credit allowed pursuant to this section based on
11 the co-owner's ownership interest. The total of the credits
12 allowed all the taxpayers considered co-owners may not exceed
13 the amount that would have been allowed a sole owner of the
14 land.

15 C. A husband and wife who file separate income tax
16 returns for a taxable year in which they could have filed a
17 joint return may each claim only one-half of the credit that
18 would have been allowed on a joint return.

19 D. If the allowable tax credit in a taxable year
20 exceeds the income taxes otherwise due from a taxpayer pursuant
21 to the Income Tax Act, or if there are no income taxes due from
22 the taxpayer, the taxpayer may carry forward the amount of the
23 credit not used in that year to offset the taxpayer's liability
24 for income taxes pursuant to the Income Tax Act for not more
25 than five consecutive taxable years.

underscored material = new
[bracketed material] = delete

1 E. The soil and water conservation commission shall
2 adopt rules to assist the department in determining which
3 irrigation systems constitute drip systems and qualify for the
4 credit available under this section. "

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

7 " [NEW MATERIAL] TAX CREDIT-- AGRICULTURAL WATER
8 CONSERVATION EXPENSES. --

9 A. A taxpayer may claim a credit against his
10 corporate income tax liability equal to seventy-five percent of
11 his incurred expenses, not to exceed a maximum annual credit of
12 one thousand dollars (\$1,000), for expenses of purchasing and
13 installing a drip irrigation system after January 1, 2004. The
14 credit may be claimed for the taxable year in which the
15 expenses are incurred if the taxpayer in that year:

16 (1) owned or leased a water right appurtenant
17 to the land on which a drip irrigation system was installed;
18 and

19 (2) files a New Mexico corporate income tax
20 return.

21 B. A taxpayer who is considered for federal income
22 tax purposes as a co-owner of the land on which installment of
23 a drip irrigation system is made may claim the pro rata share
24 of the credit allowed pursuant to this section based on the co-
25 owner's ownership interest. The total of the credits allowed

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underscored material = new
[bracketed material] = delete

1 all the taxpayers considered co-owners may not exceed the
2 amount that would have been allowed a sole owner of the land.

3 C. If the allowable tax credit in a taxable year
4 exceeds the income taxes otherwise due from a taxpayer pursuant
5 to the Corporate Income and Franchise Tax Act, or if there are
6 no taxes due pursuant to the Corporate Income and Franchise Tax
7 Act, the taxpayer may carry forward the amount of the credit
8 not used in that year to offset the taxpayer's liability for
9 income taxes pursuant to the Corporate Income and Franchise Tax
10 Act for not more than five consecutive tax years.

11 D. The soil and water conservation commission shall
12 adopt rules to assist the department in determining which
13 irrigation systems constitute drip systems and qualify for the
14 credit available under this section. "

15 Section 3. APPLICABILITY. -- The provisions of this act
16 apply to taxable years beginning on and after January 1, 2004.