

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

SENATE BILL 627

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Carlos R. Cisneros

AN ACT

RELATING TO TAXATION; AMENDING THE INCOME TAX ACT TO PROVIDE
TAX RELIEF TO SINGLE PARENT HOUSEHOLDS AND CERTAIN INDIVIDUALS
WHO ARE OVER SIXTY-FIVE OR BLIND; AMENDING THE OIL AND GAS
EMERGENCY SCHOOL TAX ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-5.2 NMSA 1978 (being Laws 1985,
Chapter 114, Section 1, as amended) is amended to read:

"7-2-5.2. EXEMPTION--INCOME OF PERSONS SIXTY-FIVE AND
OLDER OR BLIND.--Any individual sixty-five years of age or
older or who, for federal income tax purposes, is blind may
claim an exemption in an amount specified in Subsections A
through C of this section not to exceed eight thousand dollars
(\$8,000) of income includable except for this exemption in net
income. Individuals having income both within and without this

.150508.3GR

underscoring material = new
~~[bracketed material] = delete~~

underscored material = new
[bracketed material] = delete

1 state shall apportion this exemption in accordance with
2 regulations of the secretary.

3 A. For married individuals filing separate returns
4 [~~for any taxable year beginning on or after January 1, 1987~~]:

5 The maximum amount of
6 If adjusted exemption allowable under
7 gross income is: this section shall be:

8 Not over \$15,000	\$8,000
9 Over \$15,000 but not over \$16,500	\$7,000
10 Over \$16,500 but not over \$18,000	\$6,000
11 Over \$18,000 but not over \$19,500	\$5,000
12 Over \$19,500 but not over \$21,000	\$4,000
13 Over \$21,000 but not over \$22,500	\$3,000
14 Over \$22,500 [but not over \$24,000]	\$2,000 <u>\$2,500</u>
15 [Over \$24,000 but not over \$25,500]	\$1,000
16 Over \$25,500	0).

17 B. For heads of household, surviving spouses and
18 married individuals filing joint returns [~~for any taxable year~~
19 ~~beginning on or after January 1, 1987~~]:

20 The maximum amount of
21 If adjusted exemption allowable under
22 gross income is: this section shall be:

23 Not over \$30,000	\$8,000
24 Over \$30,000 but not over \$33,000	\$7,000
25 Over \$33,000 but not over \$36,000	\$6,000

.150508.3GR

underscored material = new
[bracketed material] = delete

1	Over \$36,000 but not over \$39,000	\$5,000
2	Over \$39,000 but not over \$42,000	\$4,000
3	Over \$42,000 but not over \$45,000	\$3,000
4	Over \$45,000 [but not over \$48,000]	\$2,000 <u>\$2,500</u>
5	[Over \$48,000 but not over \$51,000	\$1,000
6	Over \$51,000	0].

7 C. For single individuals [~~for any taxable year~~
8 ~~beginning on or after January 1, 1987~~]:

9 The maximum amount of
10 If adjusted exemption allowable under
11 gross income is: this section shall be:

12	Not over \$18,000	\$8,000
13	Over \$18,000 but not over \$19,500	\$7,000
14	Over \$19,500 but not over \$21,000	\$6,000
15	Over \$21,000 but not over \$22,500	\$5,000
16	Over \$22,500 but not over \$24,000	\$4,000
17	Over \$24,000 but not over \$25,500	\$3,000
18	Over \$25,500 [but not over \$27,000]	\$2,000 <u>\$2,500</u>
19	[Over \$27,000 but not over \$28,500	\$1,000
20	Over \$28,500	0]."

21 Section 2. Section 7-2-7 NMSA 1978 (being Laws 2003,
22 Chapter 2, Section 3) is amended to read:

23 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
24 Section 7-2-3 NMSA 1978 shall be at the following rates for any
25 taxable year beginning in 2004:

.150508.3GR

underscored material = new
[bracketed material] = delete

1 taxable income; and

2 (2) the amount of tax that would be due on an
3 amount equal to the taxpayer's taxable income and twenty percent
4 of the taxpayer's lump-sum amounts included in net income."

5 Section 3. Section 7-2-7 NMSA 1978 (being Laws 2003,
6 Chapter 2, Section 4), which is to become effective January 1,
7 2005, is amended to read:

8 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
9 Section 7-2-3 NMSA 1978 shall be at the following rates for any
10 taxable year beginning in 2005:

11 A. For married individuals filing separate returns:

12 If the taxable income is:	The tax shall be:
13 Not over \$4,000	1.7% of taxable income
14 Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of
15	excess over \$ 4,000
16 Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of
17	excess over \$ 8,000
18 Over \$ 12,000	\$ 384 plus 6.0% of
19	excess over \$ 12,000.

20 B. For heads of household, surviving spouses and
21 married individuals filing joint returns:

22 If the taxable income is:	The tax shall be:
23 Not over \$8,000	1.7% of taxable income
24 Over \$ 8,000 but not over \$ 16,000	\$ 136 plus 3.2% of
25	excess over \$ 8,000

.150508.3GR

underscored material = new
[bracketed material] = delete

1 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of
2 excess over \$ 16,000
3 Over \$ 24,000 \$ 768 plus 6.0% of
4 excess over \$ 24,000.

5 C. For single individuals and for estates and
6 trusts:

7 If the taxable income is: The tax shall be:
8 Not over \$5,500 1.7% of taxable income
9 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
10 excess over \$ 5,500
11 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of
12 excess over \$ 11,000
13 Over \$ 16,000 \$ 504.50 plus 6.0% of
14 excess over \$ 16,000.

15 ~~[D. For heads of household filing returns:~~
16 ~~—— If the taxable income is: —— The tax shall be:~~
17 ~~Not over \$7,000 —— 1.7% of taxable income~~
18 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~
19 ~~—— excess over \$ 7,000~~
20 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~
21 ~~—— excess over \$ 14,000~~
22 ~~Over \$ 20,000 —— \$ 625 plus 6.0% of~~
23 ~~—— excess over \$ 20,000.~~

24 ~~E.]~~ D. The tax on the sum of any lump-sum amounts
25 included in net income is an amount equal to five multiplied by
.150508.3GR

underscored material = new
[bracketed material] = delete

1 the difference between:

2 (1) the amount of tax due on the taxpayer's
3 taxable income; and

4 (2) the amount of tax that would be due on an
5 amount equal to the taxpayer's taxable income and twenty percent
6 of the taxpayer's lump-sum amounts included in net income."

7 Section 4. Section 7-2-7 NMSA 1978 (being Laws 2003,
8 Chapter 2, Section 5), which is to become effective January 1,
9 2006, is amended to read:

10 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by
11 Section 7-2-3 NMSA 1978 shall be at the following rates for any
12 taxable year beginning in 2006:

13 A. For married individuals filing separate returns:

14 If the taxable income is:	The tax shall be:
15 Not over \$4,000	1.7% of taxable income
16 Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of 17 excess over \$ 4,000
18 Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of 19 excess over \$ 8,000
20 Over \$ 12,000	\$ 384 plus 5.3% of 21 excess over \$ 12,000.

22 B. For heads of household, surviving spouses and
23 married individuals filing joint returns:

24 If the taxable income is:	The tax shall be:
25 Not over \$8,000	1.7% of taxable income

.150508.3GR

underscored material = new
[bracketed material] = delete

1 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of
2 excess over \$ 8,000
3 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of
4 excess over \$ 16,000
5 Over \$ 24,000 \$ 768 plus 5.3% of
6 excess over \$ 24,000.

7 C. For single individuals and for estates and
8 trusts:

9 If the taxable income is: The tax shall be:
10 Not over \$5,500 1.7% of taxable income
11 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
12 excess over \$ 5,500
13 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of
14 excess over \$ 11,000
15 Over \$ 16,000 \$ 504.50 plus 5.3% of
16 excess over \$ 16,000.

17 ~~[D. For heads of household filing returns:~~
18 ~~—— If the taxable income is: —— The tax shall be:~~
19 ~~Not over \$7,000 —— 1.7% of taxable income~~
20 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~
21 ~~—— excess over \$ 7,000~~
22 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~
23 ~~—— excess over \$ 14,000~~
24 ~~Over \$ 20,000 —— \$ 625 plus 5.3% of~~
25 ~~—— excess over \$ 20,000.~~

.150508.3GR

underscored material = new
[bracketed material] = delete

1 If the taxable income is: The tax shall be:
2 Not over \$8,000 1.7% of taxable income
3 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of
4 excess over \$ 8,000
5 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of
6 excess over \$ 16,000
7 Over \$ 24,000 \$ 768 plus 4.9% of
8 excess over \$ 24,000.

9 C. For single individuals and for estates and
10 trusts:

11 If the taxable income is: The tax shall be:
12 Not over \$5,500 1.7% of taxable income
13 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
14 excess over \$ 5,500
15 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of
16 excess over \$ 11,000
17 Over \$ 16,000 \$ 504.50 plus 4.9% of
18 excess over \$ 16,000.

19 ~~[D. For heads of household filing returns:~~

20 ~~—— If the taxable income is: The tax shall be:~~
21 ~~Not over \$7,000 1.7% of taxable income~~
22 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~
23 ~~excess over \$ 7,000~~
24 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~
25 ~~excess over \$ 14,000~~

.150508.3GR

underscored material = new
[bracketed material] = delete

1 ~~Over \$ 20,000~~ ~~_____ \$ 625 plus 4.9% of~~
2 ~~_____ excess over \$ 20,000.~~

3 ~~E.]~~ D. The tax on the sum of any lump-sum amounts
4 included in net income is an amount equal to five multiplied by
5 the difference between:

6 (1) the amount of tax due on the taxpayer's
7 taxable income; and

8 (2) the amount of tax that would be due on an
9 amount equal to the taxpayer's taxable income and twenty percent
10 of the taxpayer's lump-sum amounts included in net income."

11 Section 6. Section 7-31-4 NMSA 1978 (being Laws 1959,
12 Chapter 54, Section 4, as amended) is amended to read:

13 "7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY
14 DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN
15 LIABILITY.--

16 A. There is levied and shall be collected by the
17 department a privilege tax on the business of every person
18 severing products in this state. The measure of the tax shall
19 be:

20 (1) on oil and on oil and other liquid
21 hydrocarbons removed from natural gas at or near the wellhead,
22 except as provided in Paragraphs (4) and (5) of this subsection,
23 [~~three and fifteen hundredths~~] four percent of the taxable value
24 determined pursuant to Section 7-31-5 NMSA 1978;

25 (2) on carbon dioxide, [~~three and fifteen~~

.150508.3GR

underscored material = new
[bracketed material] = delete

1 ~~hundredths]~~ four percent of the taxable value determined
2 pursuant to Section 7-31-5 NMSA 1978;

3 (3) on natural gas, except as provided in
4 Paragraphs (6) and (7) of this subsection, four percent of the
5 taxable value determined pursuant to Section 7-31-5 NMSA 1978;

6 (4) on the oil and on other liquid hydrocarbons
7 removed from natural gas at or near the wellhead from a stripper
8 well property, [~~one and fifty-eight hundredths]~~ two percent of
9 the taxable value determined pursuant to Section 7-31-5 NMSA
10 1978; provided that the average annual taxable value of oil was
11 equal to or less than fifteen dollars (\$15.00) per barrel in the
12 calendar year preceding July 1 of the fiscal year in which the
13 tax rate is to be imposed;

14 (5) on the oil and on other liquid hydrocarbons
15 removed from natural gas at or near the wellhead from a stripper
16 well property, [~~two and thirty-six hundredths]~~ three percent of
17 the taxable value determined pursuant to Section 7-31-5 NMSA
18 1978; provided that the average annual taxable value of oil was
19 greater than fifteen dollars (\$15.00) per barrel but not more
20 than eighteen dollars (\$18.00) per barrel in the calendar year
21 preceding July 1 of the fiscal year in which the tax rate is to
22 be imposed;

23 (6) on the natural gas removed from a stripper
24 well property, two percent of the taxable value determined
25 pursuant to Section 7-31-5 NMSA 1978; provided that the average

.150508.3GR

underscored material = new
[bracketed material] = delete

1 annual taxable value of natural gas was equal to or less than
2 one dollar fifteen cents (\$1.15) per thousand cubic feet in the
3 calendar year preceding July 1 of the fiscal year in which the
4 tax rate is to be imposed; and

5 (7) on the natural gas removed from a stripper
6 well property, three percent of the taxable value determined
7 pursuant to Section 7-31-5 NMSA 1978; provided that the average
8 annual taxable value of natural gas was greater than one dollar
9 fifteen cents (\$1.15) per thousand cubic feet but not more than
10 one dollar thirty-five cents (\$1.35) per thousand cubic feet in
11 the calendar year preceding July 1 of the fiscal year in which
12 the tax rate is to be imposed.

13 B. Every interest owner, for the purpose of levying
14 this tax, is deemed to be in the business of severing products
15 and is liable for this tax to the extent of his interest in the
16 value of the products or to the extent of his interest as may be
17 measured by the value of the products.

18 C. Any Indian tribe, Indian pueblo or Indian is
19 liable for this tax to the extent authorized or permitted by
20 law."

21 Section 7. APPLICABILITY.--The provisions of Section 1 of
22 this act apply to taxable years beginning on or after January 1,
23 2004.

24 Section 8. EFFECTIVE DATE.--The effective date of the
25 provisions of Section 6 of this act is July 1, 2004.

.150508.3GR