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**HOUSE BILL 844**

**47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005**

**INTRODUCED BY**

**Mimi Stewart**

**AN ACT**

**RELATING TO TAXATION; AMENDING THE INCOME TAX ACT TO PROVIDE  
TAX RELIEF TO HEADS OF HOUSEHOLD.**

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

**Section 1. Section 7-2-7 NMSA 1978 (being Laws 2003,  
Chapter 2, Section 4) is amended to read:**

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

**A. For married individuals filing separate returns:**

<b>If the taxable income is:</b>	<b>The tax shall be:</b>
<b>Not over \$4,000</b>	<b>1.7% of taxable income</b>
<b>Over \$ 4,000 but not over \$ 8,000</b>	<b>\$ 68.00 plus 3.2% of excess over \$ 4,000</b>
<b>Over \$ 8,000 but not over \$ 12,000</b>	<b>\$ 196 plus 4.7% of</b>

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1 excess over \$ 8,000  
2 Over \$ 12,000 \$ 384 plus 6.0% of  
3 excess over \$ 12,000.

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

6 If the taxable income is:	The tax shall be:
7 Not over \$8,000	1.7% of taxable income
8 Over \$ 8,000 but not over \$ 16,000	\$ 136 plus 3.2% of
9	excess over \$ 8,000
10 Over \$ 16,000 but not over \$ 24,000	\$ 392 plus 4.7% of
11	excess over \$ 16,000
12 Over \$ 24,000	\$ 768 plus 6.0% of
13	excess over \$ 24,000.

14 C. For single individuals and for estates and  
15 trusts:

16 If the taxable income is:	The tax shall be:
17 Not over \$5,500	1.7% of taxable income
18 Over \$ 5,500 but not over \$ 11,000	\$ 93.50 plus 3.2% of
19	excess over \$ 5,500
20 Over \$ 11,000 but not over \$ 16,000	\$ 269.50 plus 4.7% of
21	excess over \$ 11,000
22 Over \$ 16,000	\$ 504.50 plus 6.0% of
23	excess over \$ 16,000.

24 ~~D. For heads of household filing returns:~~

25 ~~If the taxable income is: The tax shall be:~~

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1 ~~Not over \$7,000~~ ~~1.7% of taxable income~~  
2 ~~Over \$ 7,000 but not over \$ 14,000~~ ~~\$ 119 plus 3.2% of~~  
3 ~~excess over \$ 7,000~~  
4 ~~Over \$ 14,000 but not over \$ 20,000~~ ~~\$ 343 plus 4.7% of~~  
5 ~~excess over \$ 14,000~~  
6 ~~Over \$ 20,000~~ ~~\$ 625 plus 6.0% of~~  
7 ~~excess over \$ 20,000.~~

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

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

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

17 Section 2. Section 7-2-7 NMSA 1978 (being Laws 2003,  
18 Chapter 2, Section 5), which is to become effective January 1,  
19 2006, is amended to read:

20 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by  
21 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
22 taxable year beginning in 2006:

23 A. For married individuals filing separate returns:

24 If the taxable income is:	The tax shall be:
25 Not over \$4,000	1.7% of taxable income

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1 Over \$ 4,000 but not over \$ 8,000 \$ 68.00 plus 3.2% of  
2 excess over \$ 4,000  
3 Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of  
4 excess over \$ 8,000  
5 Over \$ 12,000 \$ 384 plus 5.3% of  
6 excess over \$ 12,000.

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

9 If the taxable income is: The tax shall be:  
10 Not over \$8,000 1.7% of taxable income  
11 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of  
12 excess over \$ 8,000  
13 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of  
14 excess over \$ 16,000  
15 Over \$ 24,000 \$ 768 plus 5.3% of  
16 excess over \$ 24,000.

17 C. For single individuals and for estates and  
18 trusts:

19 If the taxable income is: The tax shall be:  
20 Not over \$5,500 1.7% of taxable income  
21 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of  
22 excess over \$ 5,500  
23 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of  
24 excess over \$ 11,000  
25 Over \$ 16,000 \$ 504.50 plus 5.3% of

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excess over \$ 16,000.

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

~~If the taxable income is: The tax shall be:~~

<del>Not over \$7,000</del>	<del>1.7% of taxable income</del>
<del>Over \$ 7,000 but not over \$ 14,000</del>	<del>\$ 119 plus 3.2% of</del>
	<del>excess over \$ 7,000</del>
<del>Over \$ 14,000 but not over \$ 20,000</del>	<del>\$ 343 plus 4.7% of</del>
	<del>excess over \$ 14,000</del>
<del>Over \$ 20,000</del>	<del>\$ 625 plus 5.3% of</del>
	<del>excess over \$ 20,000.</del>

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

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

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

Section 3. Section 7-2-7 NMSA 1978 (being Laws 2003, Chapter 2, Section 6), which is to become effective January 1, 2007, is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, 2007:

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1                   A. For married individuals filing separate returns:

2	If the taxable income is:	The tax shall be:
3	Not over \$4,000	1.7% of taxable income
4	Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of
5		excess over \$ 4,000
6	Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of
7		excess over \$ 8,000
8	Over \$ 12,000	\$ 384 plus 4.9% of
9		excess over \$ 12,000.

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

12	If the taxable income is:	The tax shall be:
13	Not over \$8,000	1.7% of taxable income
14	Over \$ 8,000 but not over \$ 16,000	\$ 136 plus 3.2% of
15		excess over \$ 8,000
16	Over \$ 16,000 but not over \$ 24,000	\$ 392 plus 4.7% of
17		excess over \$ 16,000
18	Over \$ 24,000	\$ 768 plus 4.9% of
19		excess over \$ 24,000.

20                   C. For single individuals and for estates and  
21 trusts:

22	If the taxable income is:	The tax shall be:
23	Not over \$5,500	1.7% of taxable income
24	Over \$ 5,500 but not over \$ 11,000	\$ 93.50 plus 3.2% of
25		excess over \$ 5,500

underscored material = new  
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1 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of  
2 excess over \$ 11,000  
3 Over \$ 16,000 \$ 504.50 plus 4.9% of  
4 excess over \$ 16,000.

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

6 ~~If the taxable income is: The tax shall be:~~

7 ~~Not over \$7,000 1.7% of taxable income~~  
8 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~  
9 ~~excess over \$ 7,000~~  
10 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~  
11 ~~excess over \$ 14,000~~  
12 ~~Over \$ 20,000 \$ 625 plus 4.9% of~~  
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14 ~~E.]~~ D. The tax on the sum of any lump-sum amounts  
15 included in net income is an amount equal to five multiplied by  
16 the difference between:

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

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