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SENATE BILL 425

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

INTRODUCED BY

Leonard Lee Rawson

AN ACT

RELATING TO TAXATION; EXEMPTING CERTAIN RETIREMENT INCOME FROM TAXATION.

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]~~ EXEMPTION-- RETIREMENT INCOME. --

A. An individual may claim an exemption from income taxation for retirement income included in net income in an amount not to exceed three thousand dollars (\$3,000).

B. As used in this section, "retirement income" means:

(1) annuity or pension income required by federal law or regulation to be reported on information return federal form 1099-R or a successor form used to report

underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 distributions from pensions, annuities, retirement or profit-
2 sharing plans, individual retirement accounts, insurance
3 contracts and similar income that is attributable to a benefit
4 taxable for federal income tax purposes paid to an individual
5 under a qualified plan, annuity or simplified employee pension
6 plan pursuant to Sections 401 through 404, Section 408 or 457
7 of the Internal Revenue Code of 1986 and including any inside
8 buildup of interest distributed in conjunction with any of the
9 listed distributions; and

10 (2) social security or equivalent tier 1
11 railroad retirement benefit income required by federal law or
12 regulation to be reported on information return federal forms
13 SSA-1099, SSA-1042S, RRB-1099 or RRB-1042S or their respective
14 successor forms used to report distributions of social security
15 or equivalent tier 1 railroad retirement benefits that are
16 attributable to a benefit taxable for federal income tax
17 purposes and paid to an individual pursuant to Section 86 of
18 the Internal Revenue Code of 1986. "

19 Section 2. APPLICABILITY. --The provisions of this act
20 apply to taxable years beginning on or after January 1, 2006.