

FORTY- SEVENTH LEGISLATURE
FIRST SPECIAL SESSION

October 12, 2005

Madam President:

Your CONFERENCE COMMITTEE, to whom has been referred

HOUSE BILL 10, as amended

has had it under consideration and reports same with the following recommendation:

1. All senate finance committee amendments be DISAPPROVED.

and that the bill be amended further as follows:

2. On page 1, line 12, after "YEAR;", insert "PROVIDING AN EXEMPTION FROM INCOME TAX FOR THE 2005 TAXABLE YEAR REBATE; REDUCING INCOME TAX RATES FOR CERTAIN TAXPAYERS DURING THE 2005 AND 2006 TAXABLE YEARS; REPEALING SECTIONS OF LAWS 2003, CHAPTER 2 AND OF LAWS 2005, CHAPTER 104;".

3. On page 1, between lines 15 and 16, insert the following new sections to read:

"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:

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If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of excess over \$ 4,000
Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of excess over \$ 8,000
Over \$ 12,000	\$ 384 plus [6.0%] <u>5.7%</u> of excess over \$ 12,000.

B. For surviving spouses and married individuals filing joint returns:

If the taxable income is:	The tax shall be:
Not over \$8,000	1.7% of taxable income
Over \$ 8,000 but not over \$ 16,000	\$ 136 plus 3.2% of excess over \$ 8,000
Over \$ 16,000 but not over \$ 24,000	\$ 392 plus 4.7% of excess over \$ 16,000
Over \$ 24,000	\$ 768 plus [6.0%] <u>5.7%</u> of excess over \$ 24,000.

C. For single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over \$5,500	1.7% of taxable income
Over \$ 5,500 but not over \$ 11,000	\$ 93.50 plus 3.2% of excess over \$ 5,500
Over \$ 11,000 but not over \$ 16,000	\$ 269.50 plus 4.7% of excess over \$ 11,000
Over \$ 16,000	\$ 504.50 plus [6.0%] <u>5.7%</u> of excess over \$ 16,000.

D. For heads of household filing returns:

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If the taxable income is:	The tax shall be:
Not over \$7,000	1.7% of taxable income
Over \$ 7,000 but not over \$ 14,000	\$ 119 plus 3.2% of excess over \$ 7,000
Over \$ 14,000 but not over \$ 20,000	\$ 343 plus 4.7% of excess over \$ 14,000
Over \$ 20,000	\$ 625 plus [6.0%] <u>5.7%</u> of excess over \$ 20,000.

E. 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 2. Section 7-2-7 NMSA 1978 (being Laws 2003, Chapter 2, Section 4, as amended, and as further amended by Section 1 of this act if it becomes law) is repealed and a new Section 7-2-7 NMSA 1978 is enacted to read:

"7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES. -- The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for taxable years beginning in 2006 or 2007:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of

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	excess over \$ 4,000
Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of excess over \$ 8,000
Over \$ 12,000	\$ 384 plus 5.3% of excess over \$ 12,000.

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

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

C. For single individuals and for estates and trusts:

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

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

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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. "".

4. Renumber the succeeding sections accordingly.

5. On page 2, lines 9 through 21, strike Subsection C in its entirety and insert in lieu thereof the following new subsection:

"C. Except as otherwise provided in Subsection D of this section, the tax rebate provided for in this section is allowed for the amount shown in the following table:

Adjusted Gross Income is:		And the total number of exemptions is:					
Over	But Not Over	1	2	3	4	5	6 or more
\$0	\$10, 000	\$139	\$179	\$214	\$244	\$269	\$289
10, 000	20, 000	124	164	189	214	234	249
20, 000	35, 000	109	139	164	184	199	209
35, 000	45, 000	94	119	139	154	164	169
45, 000	60, 000	79	104	124	139	149	154
60, 000		64	84	99	109	114	119. "

6. On page 3, line 3, strike "December 15, 2005" and insert in lieu thereof "November 15, 2005".

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7. On page 4, between lines 12 and 13, insert the following new section:

"Section 4. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] EXEMPTION-- 2005 TAXABLE YEAR REBATE. --The tax rebate made for the 2005 taxable year pursuant to this 2005 act is exempt from state income tax."".

8. Renumber the succeeding sections accordingly.

9. On page 4, line 16, strike "Section 1 of".

10. On page 4, strike lines 19 through 21 in their entirety and insert in lieu thereof:

"Section 6. REPEAL. --

A. Laws 2003, Chapter 2, Section 5 is repealed.

B. Laws 2003, Chapter 2, Section 6 is repealed.

C. Laws 2005, Chapter 104, Section 2 is repealed.

D. Laws 2005, Chapter 104, Section 3 is repealed.

Section 7. EFFECTIVE DATE. --The effective date of the provisions of Section 2 of this act is January 1, 2006.".

11. Renumber the succeeding section accordingly.

Respectfully submitted,

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Ben D. Altamirano

John Arthur Smith

Leonard Lee Rawson

Adopted _____
(Chief Clerk)

Not Adopted _____
(Chief Clerk)

Date _____