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HOUSE BILL 85

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Justine Fox-Young

AN ACT

RELATING TO TAXATION; REDUCING THE TOP MARGINAL INCOME TAX RATES FOR THE 2006 AND 2007 TAXABLE YEARS; AMENDING AND REPEALING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 7-2-7 NMSA 1978 (being Laws 2005 (1st S.S.), Chapter 3, Section 2) 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 taxable years beginning ~~[in]~~ on or after January 1, 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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1 excess over \$ 4,000
2 Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of
3 excess over \$ 8,000
4 Over \$ 12,000 \$ 384 plus [~~5.3%~~] 4.9%
5 of excess over \$12,000.

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

8 If the taxable income is: The tax shall be:
9 Not over \$8,000 1.7% of taxable income
10 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of
11 excess over \$ 8,000
12 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of
13 excess over \$ 16,000
14 Over \$ 24,000 \$ 768 plus [~~5.3%~~] 4.9%
15 of excess over \$ 24,000.

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

18 If the taxable income is: The tax shall be:
19 Not over \$5,500 1.7% of taxable income
20 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
21 excess over \$ 5,500
22 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of
23 excess over \$ 11,000
24 Over \$ 16,000 \$ 504.50 plus [~~5.3%~~]
25 4.9% of excess over

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\$ 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 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. REPEAL.--Laws 2005, Chapter 104, Section 4 is repealed.