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SENATE BILL 424

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

INTRODUCED BY  
Joseph J. Carraro

AN ACT

RELATING TO TAXATION; CREATING AN INCOME TAX CREDIT FOR  
DONATIONS TO THE NEW MEXICO MILITARY INSTITUTE SCHOLARSHIP  
FUND; CREATING THE NEW MEXICO MILITARY INSTITUTE SCHOLARSHIP  
FUND; MAKING AN APPROPRIATION.

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] NEW MEXICO MILITARY INSTITUTE SCHOLARSHIP  
DONATION CREDIT.--

A. A taxpayer who files a New Mexico income tax  
return, who is not a dependent of another taxpayer and who  
makes a donation to the New Mexico military institute  
scholarship fund may claim a credit in an amount not to exceed  
one-half of the donation made during the taxable year for which

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1 the return is filed. The tax credit shall be known as the "New  
2 Mexico military institute scholarship donation credit". The  
3 total value of New Mexico military institute scholarship  
4 donation credits permitted by the department shall not exceed  
5 two hundred fifty thousand dollars (\$250,000) for a taxable  
6 year.

7 B. To claim the New Mexico military institute  
8 scholarship donation credit, a taxpayer shall submit to the  
9 department the certificate of eligibility issued by the New  
10 Mexico military institute pursuant to Subsection C of this  
11 section and any other information the department may require to  
12 determine the amount of the tax credit due the taxpayer.

13 C. A taxpayer may request a certificate of  
14 eligibility for the New Mexico military institute scholarship  
15 donation credit from the New Mexico military institute in an  
16 amount not to exceed one-half of a donation made by the  
17 taxpayer to the New Mexico military institute scholarship fund  
18 during the taxable year. The taxpayer shall submit with the  
19 request proof satisfactory to the institute of the donation.  
20 If the sum of the taxpayer's claim and the total value of  
21 certificates of eligibility issued by the New Mexico military  
22 institute for the taxable year does not exceed two hundred  
23 fifty thousand dollars (\$250,000), the New Mexico military  
24 institute shall issue to the taxpayer a certificate of  
25 eligibility in an amount equal to the taxpayer's claim. If the

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1 sum of the taxpayer's claim and the total value of the  
2 certificates of eligibility issued by the New Mexico military  
3 institute for the taxable year exceeds two hundred fifty  
4 thousand dollars (\$250,000), the institute shall issue to the  
5 taxpayer a certificate of eligibility equal to two hundred  
6 fifty thousand dollars (\$250,000) minus the total value of the  
7 certificates of eligibility issued by the institute for the  
8 taxable year. Requests for certificates of eligibility shall  
9 be considered in the order received.

10 D. The New Mexico military institute scholarship  
11 donation credit shall not be allowed for a contribution that is  
12 included in the taxpayer's itemized deductions, as defined in  
13 Section 63 of the Internal Revenue Code, for the taxable year.

14 E. A husband and wife who file separate returns for  
15 a taxable year in which they could have filed a joint return  
16 may each claim only one-half of the New Mexico military  
17 institute scholarship donation credit that would have been  
18 allowed on a joint return.

19 F. The New Mexico military institute scholarship  
20 donation credit provided in this section may only be deducted  
21 from the taxpayer's New Mexico income tax liability for the  
22 taxable year in which the contribution is made."

23 Section 2. [NEW MATERIAL] NEW MEXICO MILITARY INSTITUTE  
24 SCHOLARSHIP FUND.--The "New Mexico military institute  
25 scholarship fund" is created in the state treasury. The fund

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1 shall consist of appropriations, gifts, grants, donations and  
2 bequests. Money in the fund is appropriated to the board of  
3 regents of the New Mexico military institute to provide  
4 scholarships to students under the age of eighteen with  
5 preference given to students who have a parent or legal  
6 guardian imprisoned in a New Mexico correctional facility.  
7 Money in the fund shall not revert to the general fund at the  
8 end of a fiscal year.

9 Section 3. APPLICABILITY.--The provisions of this act  
10 apply to taxable years beginning on or after January 1, 2006.

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