

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 39

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

Sue Wilson Beffort

AN ACT

RELATING TO TAXATION; PROVIDING A REFUNDABLE TAX CREDIT FOR THE PURCHASE OF HEALTH INSURANCE; ENACTING A SECTION OF THE INCOME TAX ACT.

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] HEALTH INSURANCE TAX CREDIT.--

A. Except as otherwise provided in Subsection B of this section, a resident who files an individual New Mexico income tax return and who is not a dependent of another individual may claim a refundable tax credit for a portion of the health insurance premium the resident has paid during the taxable year for which the return is filed. The tax credit may be claimed even though the resident has no income taxable under

.171169.1

underscoring material = new
~~[bracketed material] = delete~~

underscoring material = new
[bracketed material] = delete

1 the Income Tax Act. A husband and wife who file separate
2 returns for a taxable year in which they could have filed a
3 joint return may each claim only one-half of the credit that
4 would have been allowed on a joint return.

5 B. A claim for the tax credit provided in this
6 section shall not be filed by a resident who, during the
7 taxable year:

8 (1) was enrolled in a program funded in whole
9 or in part by Title 19 or Title 21 of the federal Social
10 Security Act for which the resident did not pay a health
11 insurance premium;

12 (2) claimed the health insurance premium as a
13 federal itemized deduction, as defined in Section 63 of the
14 Internal Revenue Code; or

15 (3) claimed the health insurance premium as a
16 deduction pursuant to Section 7-2-35 NMSA 1978.

17 C. If a resident has coverage under an employer-
18 sponsored health coverage plan and lives in a household that is
19 below one hundred percent of the federal poverty level, a
20 refundable tax credit may be claimed in an amount not to exceed
21 two thousand five hundred dollars (\$2,500) or fifty percent of
22 the resident's health coverage premium contribution, whichever
23 is greater. If a resident does not have coverage offered under
24 an employer-sponsored health coverage plan and lives in a
25 household that is below two hundred percent of the federal

.171169.1

underscored material = new
[bracketed material] = delete

1 poverty level, a refundable tax credit may be claimed in an
2 amount not to exceed two thousand five hundred dollars (\$2,500)
3 or fifty percent of the resident's health coverage premium
4 contribution, whichever is greater.

5 D. The tax credit provided in this section may be
6 applied against the resident's income tax liability for the
7 taxable year in which the credit is claimed. If the amount of
8 the credit exceeds the resident's income tax liability, the
9 excess shall be refunded to the resident.

10 E. For the purposes of this section, the department
11 shall use the federal poverty guidelines published by the
12 federal department of health and human services that are in
13 effect on December 31 of the taxable year. The department shall
14 use the number of federal exemptions allowable for federal
15 income tax purposes in determining the federal poverty
16 guidelines for the respective size of the family unit.

17 F. For the purposes of this section, "health
18 insurance premium" means the amount paid by a resident in the
19 taxable year for the purchase of a group or individual policy
20 that provides coverage for medical services and supplies on an
21 indemnity, prepaid, managed care or other basis."

22 Section 2. APPLICABILITY.--The provisions of this act
23 apply to taxable years beginning on or after January 1, 2008.