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SENATE BILL 296

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

INTRODUCED BY

Joseph J. Carraro

AN ACT

RELATING TO TAXATION; PROVIDING FOR INCOME TAX AND CORPORATE
INCOME TAX CREDITS FOR THE PROVISION OF SMALL EMPLOYER-
SPONSORED HEALTH INSURANCE.

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] INCOME TAX--CREDIT FOR COSTS OF PROVIDING
EMPLOYER-SPONSORED HEALTH INSURANCE.--

A. A taxpayer who files an individual New Mexico
income tax return, who is not a dependent of another individual
and who is an owner of a New Mexico business may claim a tax
credit in an amount not to exceed five percent of the
employer's cost of employer-sponsored health insurance provided
to the taxpayer's employees or their dependents while the

underscoring material = new
[bracketed material] = delete

1 employees or their dependents are residents of New Mexico
2 during the taxable year for which the credit is claimed if:

3 (1) the taxpayer employs an average of fewer
4 than ten employees during that taxable year; and

5 (2) a credit for providing employer-sponsored
6 health insurance to those employees or their dependents is not
7 claimed pursuant to the Corporate Income and Franchise Tax Act.

8 B. A taxpayer who claims a tax credit pursuant to
9 Subsection A of this section may claim an additional tax credit
10 in an amount not to exceed five percent of the employer's cost
11 of providing employer-sponsored health insurance to the
12 taxpayer's employees or their dependents while the employees or
13 dependents are residents of New Mexico if the taxpayer has not
14 provided employer-sponsored health insurance to the taxpayer's
15 employees or their dependents within the previous twelve
16 months.

17 C. A husband and wife who file separate returns for
18 a taxable year in which they could have filed a joint return
19 may each claim only one-half of the credit that would have been
20 allowed on a joint return.

21 D. A credit provided in this section may only be
22 deducted from the taxpayer's income tax liability for the
23 taxable year. If the credit exceeds the taxpayer's income tax
24 liability for the taxable year, the excess shall be refunded to
25 the taxpayer.

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underscored material = new
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1 E. For the purposes of this section, "employer-
2 sponsored health insurance" means health insurance for which an
3 employer completely or partially pays the costs for its
4 employees or their dependents."

5 Section 2. A new section of the Corporate Income and
6 Franchise Tax Act is enacted to read:

7 "[NEW MATERIAL] CORPORATE INCOME TAX--CREDIT FOR COSTS OF
8 PROVIDING EMPLOYER-SPONSORED HEALTH INSURANCE.--

9 A. A taxpayer that files a corporate income tax
10 return and that is a New Mexico business may claim a tax credit
11 in an amount not to exceed five percent of the employer's cost
12 of employer-sponsored health insurance provided to the
13 taxpayer's employees or their dependents while the employees or
14 dependents are residents of New Mexico during the taxable year
15 for which the credit is claimed if:

16 (1) the taxpayer employs an average of fewer
17 than ten employees during that taxable year; and

18 (2) a credit for providing employer-sponsored
19 health insurance to those employees or their dependents is not
20 claimed pursuant to the Income Tax Act.

21 B. A taxpayer that claims a tax credit pursuant to
22 Subsection A of this section may claim an additional tax credit
23 in an amount not to exceed five percent of the employer's cost
24 of providing employer-sponsored health insurance to the
25 taxpayer's employees or their dependents while the employees or

.171625.1

underscoring material = new
[bracketed material] = delete

1 dependents are residents of New Mexico if the taxpayer has not
2 provided employer-sponsored health insurance to the taxpayer's
3 employees or their dependents within the previous twelve
4 months.

5 C. A credit provided in this section may only be
6 deducted from the taxpayer's corporate income tax liability for
7 the taxable year. If the credit exceeds the taxpayer's
8 corporate income tax liability for the taxable year, the excess
9 shall be refunded to the taxpayer.

10 D. For the purposes of this section, "employer-
11 sponsored health insurance" means health insurance for which an
12 employer completely or partially pays the costs for its
13 employees or their dependents."

14 Section 3. APPLICABILITY.--The provisions of this act
15 apply to taxable years beginning on or after January 1, 2008.