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SENATE BILL 25

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

INTRODUCED BY

H. Diane Snyder

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT AND A CORPORATE INCOME TAX CREDIT FOR EMPLOYERS FOR A PORTION OF EMPLOYEE HEALTH INSURANCE PREMIUM EXPENSES PAID BY THE EMPLOYER.

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] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS PAID BY EMPLOYER.--

A. A taxpayer who is an employer of fifty or fewer employees in the taxable year and who files an individual New Mexico income tax return may claim a credit for employee health insurance premiums, including long-term care insurance and disability income insurance premiums, paid by the taxpayer on

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1 behalf of the taxpayer's employees in New Mexico. The amount  
2 of the credit shall be determined pursuant to Subsection B of  
3 this section.

4 B. The credit provided in this section may be  
5 claimed in the following percentages:

6 (1) fifty percent of the premiums paid by the  
7 taxpayer in a taxable year that is one of the first five  
8 taxable years during which the taxpayer pays employee health  
9 insurance premiums; and

10 (2) thirty-five percent of the premiums paid  
11 by the taxpayer in a taxable year that is not one of the first  
12 five taxable years during which the taxpayer pays employee  
13 health insurance premiums.

14 C. 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 credit pursuant to this  
17 section that would have been allowed on a joint return.

18 D. A taxpayer who otherwise qualifies and claims a  
19 credit pursuant to this section and who is a member of a  
20 partnership, S corporation or business association that is the  
21 employer paying the employee health insurance premiums may  
22 claim a credit only in proportion to the taxpayer's interest in  
23 the partnership, S corporation or business association.

24 E. The credit provided in this section may only be  
25 deducted from the taxpayer's income tax liability for the

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underscoring material = new  
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1 taxable year for which the credit is claimed."

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

4 "[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS  
5 PAID BY EMPLOYER.--

6 A. A taxpayer that is an employer of fifty or fewer  
7 employees in a taxable year and that files a corporate income  
8 tax return may claim a credit for employee health insurance  
9 premiums, including long-term care insurance and disability  
10 income insurance premiums, paid by the taxpayer on behalf of  
11 the taxpayer's employees in New Mexico. The amount of the  
12 credit shall be determined pursuant to Subsection B of this  
13 section.

14 B. The credit provided in this section may be  
15 claimed in the following percentages:

16 (1) fifty percent of the premiums paid by the  
17 taxpayer in a taxable year that is one of the first five  
18 taxable years during which the taxpayer pays employee health  
19 insurance premiums; and

20 (2) thirty-five percent of the premiums paid  
21 by the taxpayer in a taxable year that is not one of the first  
22 five taxable years during which the taxpayer pays employee  
23 health insurance premiums.

24 C. A taxpayer that otherwise qualifies and claims a  
25 credit pursuant to this section and that is a member of a

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underscoring material = new  
[bracketed material] = delete

1 partnership, limited liability corporation or business  
2 association that is the employer paying the employee health  
3 insurance premiums may claim a credit only in proportion to the  
4 taxpayer's interest in the partnership, limited liability  
5 corporation or business association.

6 D. The credit provided in this section may only be  
7 deducted from the taxpayer's corporate income tax liability for  
8 the taxable year for which the credit is claimed."

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