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SENATE BILL 7

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2009

INTRODUCED BY

Eric G. Griego

AN ACT

RELATING TO REVENUE; AMENDING THE INCOME TAX ACT; CREATING A
GRADUATED SURTAX FOR HIGHER LEVELS OF TAXABLE INCOME;
DISTRIBUTING NET RECEIPTS GENERATED BY THE INCOME TAX SURTAX;
AMENDING THE PUBLIC SCHOOL FUND TO PREVENT FISCAL YEAR-END
REVERSIONS.

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

Section 1. A new section of the Tax Administration Act is
enacted to read:

"[NEW MATERIAL] A distribution of the net receipts from
the income tax surtax shall be made pursuant to Section 7-1-6.1
NMSA 1978 as follows:

A. fifty percent to the public school fund; and

B. fifty percent to the human services department

for expenditures for the state's medicaid program."

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1 trusts:

| 2 If the taxable income is: | The tax shall be: |
|---|------------------------|
| 3 Not over \$5,500 | 1.7% of taxable income |
| 4 Over \$ 5,500 but not over \$ 11,000 | \$ 93.50 plus 3.2% of |
| 5 | excess over \$ 5,500 |
| 6 Over \$ 11,000 but not over \$ 16,000 | \$ 269.50 plus 4.7% of |
| 7 | excess over \$ 11,000 |
| 8 Over \$ 16,000 | \$ 504.50 plus 4.9% of |
| 9 | excess over \$ 16,000. |

10 D. The tax on the sum of any lump-sum amounts
11 included in net income is an amount equal to five multiplied by
12 the difference between:

- 13 (1) the amount of tax due on the taxpayer's
- 14 taxable income; and
- 15 (2) the amount of tax that would be due on an
- 16 amount equal to the taxpayer's taxable income and twenty
- 17 percent of the taxpayer's lump-sum amounts included in net
- 18 income.

19 E. The tax imposed by Section 7-2-3 NMSA 1978 is
20 increased for taxable years 2010 through 2012 by a surtax that
21 may be cited as the "income tax surtax" and that is imposed at
22 the rate of:

23 (1) for married individuals filing separate
24 returns:

25 (a) one percent on taxable income in

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1 excess of seventy-five thousand dollars (\$75,000);

2 (b) two percent on taxable income in
3 excess of one hundred thousand dollars (\$100,000); and

4 (c) three percent on taxable income in
5 excess of one hundred fifty thousand dollars (\$150,000);

6 (2) for heads of households, surviving spouses
7 and married individuals filing joint returns:

8 (a) one percent on taxable income in
9 excess of one hundred fifty thousand dollars (\$150,000);

10 (b) two percent on taxable income in
11 excess of two hundred thousand dollars (\$200,000); and

12 (c) three percent on taxable income in
13 excess of two hundred fifty thousand dollars (\$250,000); and

14 (3) for single individuals and for estates and
15 trusts:

16 (a) one percent on taxable income in
17 excess of one hundred thousand dollars (\$100,000);

18 (b) two percent on taxable income in
19 excess of one hundred thirty-three thousand dollars (\$133,000);

20 and

21 (c) three percent on taxable income in
22 excess of one hundred sixty-six thousand dollars (\$166,000)."

23 Section 3. Section 22-8-14 NMSA 1978 (being Laws 1967,
24 Chapter 16, Section 69, as amended) is amended to read:

25 "22-8-14. PUBLIC SCHOOL FUND.--

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1 A. The "public school fund" is created.

2 B. The public school fund shall be distributed to
3 school districts and state-chartered charter schools in the
4 following parts:

5 (1) state equalization guarantee distribution;

6 (2) transportation distribution; and

7 (3) supplemental distributions:

8 (a) out-of-state tuition to school
9 districts;

10 (b) emergency; and

11 (c) program enrichment.

12 C. The distributions of the public school fund
13 shall be made by the department within limits established by
14 law. The balance remaining in the public school fund at the
15 end of each fiscal year shall not revert to the general fund
16 [~~unless otherwise provided by law~~]."

17 Section 4. APPLICABILITY.--The provisions of Section 2 of
18 this act apply to taxable years beginning on or after January
19 1, 2010.

20 Section 5. EFFECTIVE DATE.--The effective dates of the
21 provisions of this act are as follows:

22 A. Section 1 of this act is effective January 1,
23 2011; and

24 B. Section 2 of this act is effective January 1,
25 2010.

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