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HOUSE BILL 162

**50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

INTRODUCED BY

Dennis J. Roch

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE INCOME TAX ACT; CREATING THE ARMED FORCES RETIREMENT OR RETAINER PAY TAX CREDIT.

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 ARMED FORCES RETIREMENT OR RETAINER PAY CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return, who is not a dependent of another individual and who is an armed forces retiree may claim a credit against the tax liability imposed by the Income Tax Act. The tax credit provided by this section may be referred to as the "armed forces retirement or retainer pay tax credit".

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1           B. The purpose of the armed forces retirement or  
2     retainer pay tax credit is to encourage armed forces retirees  
3     to move to New Mexico and utilize the expertise of armed forces  
4     retirees in New Mexico's work force.

5           C. The department may allow an armed forces  
6     retirement or retainer pay tax credit to be claimed against a  
7     taxpayer's tax liability for the taxable year imposed pursuant  
8     to the Income Tax Act in an amount that shall not exceed one  
9     thousand dollars (\$1,000) and equal to the following  
10    percentages of military retirement or retainer pay:

11                   (1) beginning January 1, 2013, twenty-five  
12    percent;

13                   (2) beginning January 1, 2014, fifty percent;

14                   (3) beginning January 1, 2015, seventy-five  
15    percent; and

16                   (4) beginning on or after January 1, 2016, one  
17    hundred percent.

18           D. That portion of an armed forces retirement or  
19     retainer pay tax credit approved by the department that exceeds  
20     a taxpayer's income tax liability in the taxable year in which  
21     the armed forces retirement or retainer pay tax credit is  
22     claimed shall not be refunded to the taxpayer. No portion of  
23     the armed forces retirement or retainer pay tax credit shall be  
24     carried forward, refunded or transferred to another taxpayer.

25           E. The taxpayer shall submit to the department

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1 information required by the secretary establishing that the  
2 taxpayer is an armed forces retiree pursuant to this section.

3 F. The department shall adopt rules establishing  
4 procedures to certify armed forces retirees for purposes of  
5 obtaining an armed forces retirement or retainer pay tax  
6 credit.

7 G. The department shall compile an annual report  
8 that includes the number of taxpayers approved by the  
9 department to receive an armed forces retirement or retainer  
10 pay tax credit. Notwithstanding any other section of law to  
11 the contrary, the department may disclose the number of  
12 applicants for the armed forces retirement or retainer pay tax  
13 credit, the amount of each credit approved, the number of  
14 taxpayers receiving the credit who are employed in the state of  
15 New Mexico and any other information required by the  
16 legislature or the department to aid in evaluating the  
17 effectiveness of the armed forces retirement or retainer pay  
18 tax credit.

19 H. Acceptance by a taxpayer of an armed forces  
20 retirement or retainer pay tax credit pursuant to this section  
21 is authorization by the taxpayer receiving the credit for the  
22 department to reveal information to the legislature necessary  
23 to analyze the effectiveness of the armed forces retirement or  
24 retainer pay tax credit.

25 I. An appropriate legislative committee shall

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1 review the effectiveness of the armed forces retirement or  
2 retainer pay tax credit every five years beginning in 2018.

3 J. As used in this section, "armed forces retiree"  
4 means a former member of the armed forces of the United States  
5 who has qualified by years of service or disability to separate  
6 from military service with lifetime benefits."

7 SECTION 2. APPLICABILITY.--The provisions of this act  
8 apply to taxable years beginning on or after January 1, 2013.

9 SECTION 3. EFFECTIVE DATE.--The effective date of the  
10 provisions of this act is January 1, 2013.