

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 9

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

AN ACT

RELATING TO TAXATION; REDUCING CORPORATE INCOME TAX RATES;
REQUIRING COMBINED REPORTING FOR CERTAIN UNITARY CORPORATIONS.

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

SECTION 1. Section 7-2A-5 NMSA 1978 (being Laws 1981,
Chapter 37, Section 38, as amended) is amended to read:

"7-2A-5. CORPORATE INCOME TAX RATES.--The corporate
income tax imposed on corporations by Section 7-2A-3 NMSA 1978
shall be at the rates specified in the following table:

If the net income is:	The tax shall be:
Not over \$500,000	4.8% of net income
Over \$500,000 but not over \$1,000,000	\$24,000 plus 6.4% of excess

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1 over \$500,000
2 Over \$1,000,000 \$56,000 plus
3 [~~7.6%~~] 7.5% of
4 excess over
5 \$1,000,000."

6 SECTION 2. Section 7-2A-8.3 NMSA 1978 (being Laws 1983,
7 Chapter 213, Section 12, as amended by Laws 1993, Chapter 307,
8 Section 4 and also by Laws 1993, Chapter 309, Section 2) is
9 amended to read:

10 "7-2A-8.3. COMBINED RETURNS.--

11 A. A unitary corporation that is subject to taxation
12 under the Corporate Income and Franchise Tax Act and that has
13 not previously filed a combined return pursuant to this section
14 or a consolidated return pursuant to Section 7-2A-8.4 NMSA 1978
15 may elect to file a combined return with other unitary
16 corporations as though the entire combined net income were that
17 of one corporation; provided, however, that a unitary
18 corporation that provides retail sales in a facility of more
19 than thirty thousand square feet under one roof shall file a
20 combined return with other unitary corporations as though the
21 entire combined net income were that of one corporation. The
22 return filed under this method of reporting shall include the
23 net income of all the unitary corporations. Transactions among
24 the unitary corporations may be eliminated by applying the
25 appropriate rules for reporting income for a consolidated

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1 federal income tax return. Any corporation that has filed an
2 income tax return with New Mexico pursuant to Section 7-2A-8.4
3 NMSA 1978 shall not file pursuant to this section unless the
4 secretary gives prior permission to file on a combined return
5 basis.

6 B. Once corporations have reported net income through
7 a combined return for any taxable year, they shall file
8 combined returns for subsequent taxable years, so long as they
9 remain unitary corporations, unless the corporations elect to
10 file pursuant to Section 7-2A-8.4 NMSA 1978 or unless the
11 secretary grants prior permission for one or more of the
12 corporations to file individually.

13 [~~G. For taxable years beginning on or after January~~
14 ~~1, 1993, no unitary corporation once included in a combined~~
15 ~~return may elect, or be granted permission by the secretary,~~
16 ~~for any subsequent taxable year to separately account pursuant~~
17 ~~to Paragraph (4) of Subsection A of Section 7-2A-8 NMSA 1978.]"~~

18 SECTION 3. APPLICABILITY.--The provisions of this act
19 apply to taxable years beginning on or after January 1, 2013.

20 SECTION 4. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is January 1, 2013.