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HOUSE BILL 15

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Thomas A. Anderson

FOR THE MILITARY AND VETERANS' AFFAIRS COMMITTEE

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE INCOME TAX ACT; CREATING THE ARMED FORCES 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 RETAINER PAY TAX 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 retainer pay tax credit".

B. The purpose of the armed forces retainer pay tax credit is to encourage armed forces retirees to move to New

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1 Mexico and to utilize the expertise of armed forces retirees in
2 New Mexico's work force.

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

9 (1) beginning January 1, 2014, twenty-five
10 percent;

11 (2) beginning January 1, 2015, fifty percent;

12 (3) beginning January 1, 2016, seventy-five
13 percent; and

14 (4) beginning on or after January 1, 2017, one
15 hundred percent.

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

23 E. The taxpayer shall submit to the department
24 information required by the secretary establishing that the
25 taxpayer is an armed forces retiree pursuant to this section.

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1 F. The department shall adopt rules establishing
2 procedures to certify armed forces retirees for purposes of
3 obtaining an armed forces retainer pay tax credit.

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

15 H. Acceptance by a taxpayer of an armed forces
16 retainer pay tax credit pursuant to this section is
17 authorization by the taxpayer receiving the credit for the
18 department to reveal information to the legislature necessary
19 to analyze the effectiveness of the armed forces retainer pay
20 tax credit.

21 I. An appropriate legislative committee shall
22 review the effectiveness of the armed forces retainer pay tax
23 credit every five years beginning in 2019.

24 J. As used in this section, "armed forces retiree"
25 means a former member of the armed forces of the United States

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1 who has qualified by years of service or disability to separate
2 from military service with lifetime benefits."

3 SECTION 2. APPLICABILITY.--The provisions of this act
4 apply to taxable years beginning on or after January 1, 2014.

5 SECTION 3. EFFECTIVE DATE.--The effective date of the
6 provisions of this act is January 1, 2014.