

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 13

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

AN ACT

RELATING TO TAXATION; REDUCING CORPORATE INCOME TAX RATES;
REQUIRING COMBINED REPORTING FOR CERTAIN UNITARY CORPORATIONS
WITH A RETAIL FACILITY OF MORE THAN THIRTY THOUSAND SQUARE
FEET.

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%] <u>4.2%</u> of net income
Over \$500,000 but not	

.193587.2

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1 over \$1,000,000 [~~\$24,000~~] \$21,000
2 plus [~~6.4%~~] 5.8% of
3 excess over \$500,000
4 Over \$1,000,000 [~~\$56,000~~] \$50,000
5 plus [~~7.6%~~] 7.0% of
6 excess over
7 \$1,000,000."

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

12 "7-2A-8.3. COMBINED RETURNS.--

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

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1 corporations. Transactions among the unitary corporations may
2 be eliminated by applying the appropriate rules for reporting
3 income for a consolidated federal income tax return. Any
4 corporation that has filed an income tax return with New Mexico
5 pursuant to Section 7-2A-8.4 NMSA 1978 shall not file pursuant
6 to this section unless the secretary gives prior permission to
7 file on a combined return basis.

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

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

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

22 SECTION 4. EFFECTIVE DATE.--The effective date of the
23 provisions of this act is January 1, 2014.