

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 291

55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO TAXATION; SFC→~~ADDING NEW BRACKETS TO THE INCOME TAX;~~←SFC INCREASING AND INDEXING THE LOW-INCOME COMPREHENSIVE TAX REBATE; INCREASING THE AMOUNT OF THE WORKING FAMILIES TAX CREDIT; EXPANDING THE CREDIT TO CERTAIN RESIDENTS WHO ARE INELIGIBLE FOR THE FEDERAL EARNED INCOME TAX CREDIT ON WHICH THE WORKING FAMILIES TAX CREDIT IS BASED; SFC→~~LIMITING THE CAPITAL GAINS DEDUCTION FROM NET INCOME FOR CERTAIN~~

.220186.5AIC March 19, 2021 (2:28pm)

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~~TAXPAYERS; ←SFC SFC→STBTC→PROVIDING A THREE PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY TO PROPERTY THAT IS OCCUPIED BY THE OWNER AS THE OWNER'S PRINCIPAL PLACE OF RESIDENCE; PROVIDING A TEN PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY THAT IS NOT OCCUPIED BY THE OWNER AS THE OWNER'S PRINCIPAL PLACE OF RESIDENCE←STBTC STBTC→INCREASING THE CORPORATE INCOME TAX RATE OVER FIVE YEARS; REQUIRING WITHHOLDERS OF THE WITHHOLDING TAX TO PROVIDE TO WITHHOLDEES INFORMATION REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS FROM THE TAXATION AND REVENUE DEPARTMENT←STBTC←SFC~~

~~SFC→SFC→PROVIDING A THREE PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY TO PROPERTY THAT IS OCCUPIED BY THE OWNER AS THE OWNER'S PRINCIPAL PLACE OF RESIDENCE; PROVIDING A TEN PERCENT LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY THAT IS NOT OCCUPIED BY THE OWNER AS THE OWNER'S PRINCIPAL PLACE OF RESIDENCE.←SFC←SFC SFC→REQUIRING WITHHOLDERS OF THE WITHHOLDING TAX TO PROVIDE TO WITHHOLDEES INFORMATION REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS FROM THE TAXATION AND REVENUE DEPARTMENT←SFC~~

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

~~SFC→STBTC→SECTION 1. Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4, as amended) is amended to read:~~

~~"7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by~~

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~~Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, [2021] 2022:~~

~~A. For married individuals filing separate returns:~~

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of excess over \$4,000
Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess over \$8,000
Over \$12,000 but not over \$157,500	\$384 plus 4.9% of excess over \$12,000
Over \$100,000 but not over \$157,500	\$4,696 plus 5.5% of excess over \$100,000
Over \$157,500 but not over \$207,500	[\$7,513.50] \$7,858.50 plus 5.9% of excess over \$157,500
Over \$207,500 but not over \$311,000	\$10,808.50 plus 6.2% of excess over \$207,500
Over \$311,000	\$17,225.50 plus 6.5% of excess over \$311,000.

~~B. For heads of household, surviving spouses and married individuals filing joint returns:~~

If the taxable income is:	The tax shall be:
Not over \$8,000	1.7% of taxable income
Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess

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	over \$8,000
Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess over \$16,000
Over \$24,000 but not over	\$768 plus 4.9% of excess
[\$315,000] \$200,000	over \$24,000
Over \$200,000 but not over \$315,000	\$9,392 plus 5.5% of excess over \$200,000
Over \$315,000 but not over \$415,000	[\$15,027] \$15,717 plus 5.9% of excess over \$315,000
Over \$415,000 but not over \$622,000	\$21,617 plus 6.2% of excess over \$415,000
Over \$622,000	\$34,451 plus 6.5% of excess over \$622,000.

C. For single individuals and for estates and trusts:

If the taxable income is:	The tax shall be:
Not over \$5,500	1.7% of taxable income
Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of excess over \$5,500
Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of excess over \$11,000
Over \$16,000 but not over	\$504.50 plus 4.9% of
[\$210,000] \$135,000	excess over \$16,000
Over \$135,000 but not over \$210,000	\$6,335.50 plus 5.5% of

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~~Over \$210,000 but not over \$280,000~~ ~~[\$10,010.50]~~ ~~\$10,460.50~~
~~plus 5.9% of excess over~~
~~\$210,000~~

~~Over \$280,000 but not over \$415,000~~ ~~\$14,950.50~~ ~~plus 6.2% of~~
~~excess over \$280,000~~

~~Over \$415,000~~ ~~\$22,960.50~~ ~~plus 6.5% of~~
~~excess over \$415,000.~~

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

~~(1) the amount of tax due on the taxpayer's taxable income; and~~

~~(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income."~~ ← STBTC

STBTC → SECTION 1. ~~Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4, as amended) is amended to read:~~

~~"7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, [2021] 2022:~~

~~A. For married individuals filing separate returns:~~

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income

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~~Over \$4,000 but not over \$8,000 \$68.00 plus 3.2% of excess
over \$4,000~~

~~Over \$8,000 but not over \$12,000 \$196 plus 4.7% of excess
over \$8,000~~

~~Over \$12,000 but not over \$384 plus 4.9% of excess
over \$12,000~~

~~Over \$75,000 but not over \$157,500 \$3,471 plus 5.5% of
excess over \$75,000~~

~~Over \$157,500 but not over \$207,500 [\$7,513.50] \$8,008.50
plus 5.9% of excess over
\$157,500~~

~~Over \$207,500 but not over \$311,000 \$10,958.50 plus 6.2% of
excess over \$207,500~~

~~Over \$311,000 \$17,375.50 plus 6.5% of
excess over \$311,000.~~

~~B. For heads of household, surviving spouses and~~

~~married individuals filing joint returns:~~

~~If the taxable income is: The tax shall be:~~

~~Not over \$8,000 1.7% of taxable income~~

~~Over \$8,000 but not over \$16,000 \$136 plus 3.2% of excess
over \$8,000~~

~~Over \$16,000 but not over \$24,000 \$392 plus 4.7% of excess
over \$16,000~~

~~Over \$24,000 but not over \$768 plus 4.9% of excess
over \$24,000~~

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Over \$150,000 but not over \$315,000	\$6,942 plus 5.5% of excess over \$150,000
Over \$315,000 but not over \$415,000	[\$15,027] \$16,017 plus 5.9% of excess over \$315,000
Over \$415,000 but not over \$622,000	\$21,917 plus 6.2% of excess over \$415,000
Over \$622,000	\$34,751 plus 6.5% of excess over \$622,000.

~~C. For single individuals and for estates and trusts:~~

If the taxable income is:	The tax shall be:
Not over \$5,500	1.7% of taxable income
Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of excess over \$5,500
Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of excess over \$11,000
Over \$16,000 but not over [\$210,000] \$100,000	\$504.50 plus 4.9% of excess over \$16,000
Over \$100,000 but not over \$210,000	\$4,620.50 plus 5.5% of excess over \$100,000
Over \$210,000 but not over \$280,000	[\$10,010.50] \$10,670.50 plus 5.9% of excess over \$210,000
Over \$280,000 but not over \$415,000	\$14,800.50 plus 6.2% of

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~~excess over \$280,000~~

~~Over \$415,000~~ ~~\$23,170.50 plus 6.5% of~~
~~excess over \$415,000.~~

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

~~(1) the amount of tax due on the taxpayer's taxable income; and~~

~~(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income."~~ ←STBTC←SFC

SFC→SFG→SECTION 1. Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4, as amended) is amended to read:

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Over \$12,000 but not over	\$384 plus 4.9% of excess

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~~excess over \$100,000~~
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~~B. For heads of household, surviving spouses and~~
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~~If the taxable income is: The tax shall be:~~
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~~Over \$622,000~~ ~~\$34,451 plus 6.5% of~~
~~excess over \$622,000.~~

~~C. For single individuals and for estates and~~
~~trusts:~~

~~If the taxable income is:~~ ~~The tax shall be:~~

~~Not over \$5,500~~ ~~1.7% of taxable income~~

~~Over \$5,500 but not over \$11,000~~ ~~\$93.50 plus 3.2% of~~
~~excess over \$5,500~~

~~Over \$11,000 but not over \$16,000~~ ~~\$269.50 plus 4.7% of~~
~~excess over \$11,000~~

~~Over \$16,000 but not over~~ ~~\$504.50 plus 4.9% of~~
~~[\$210,000] \$135,000~~ ~~excess over \$16,000~~

~~Over \$135,000 but not over \$210,000~~ ~~\$6,335.50 plus 5.5% of~~
~~excess over \$135,000~~

~~Over \$210,000 but not over \$280,000~~ ~~[\$10,010.50] \$10,460.50~~
~~plus 5.9% of excess over \$210,000~~

~~Over \$280,000 but not over \$415,000~~ ~~\$14,950.50 plus 6.2% of~~
~~excess over \$280,000~~

~~Over \$415,000~~ ~~\$22,960.50 plus 6.5% of~~
~~excess over \$415,000.~~

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

~~(1) the amount of tax due on the taxpayer's~~
~~taxable income; and~~

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~~(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income."~~~~SFC~~~~SFC~~

SECTION ~~SFC~~~~2.~~~~SFC~~ ~~SFC~~~~1.~~~~SFC~~ Section 7-2-14 NMSA 1978 (being Laws 1972, Chapter 20, Section 2, as amended) is amended to read:

"7-2-14. LOW-INCOME COMPREHENSIVE TAX REBATE.--

A. Except as otherwise provided in Subsection B of this section, any resident who files an individual New Mexico income tax return and who is not a dependent of another individual may claim a tax rebate for a portion of state and local taxes to which the resident has been subject during the taxable year for which the return is filed. The tax rebate may be claimed even though the resident has no income taxable under the Income Tax Act. ~~[A husband and wife]~~ Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax rebate that would have been allowed on a joint return.

B. No claim for the tax rebate provided in this section shall be filed by a resident who was an inmate of a public institution for more than six months during the taxable year for which the tax rebate could be claimed or who was not physically present in New Mexico for at least six months during the taxable year for which the tax rebate could be claimed.

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C. For the purposes of this section, the total number of exemptions for which a tax rebate may be claimed or allowed is determined by adding the number of federal exemptions allowable for federal income tax purposes for each individual included in the return who is domiciled in New Mexico plus two additional exemptions for each individual domiciled in New Mexico included in the return who is sixty-five years of age or older plus one additional exemption for each individual domiciled in New Mexico included in the return who, for federal income tax purposes, is blind plus one exemption for each minor child or stepchild of the resident who would be a dependent for federal income tax purposes if the public assistance contributing to the support of the child or stepchild was considered to have been contributed by the resident.

D. Except as provided in Subsection F of this section, the tax rebate provided for in this section may be claimed in the amount shown in the following table:

Modified gross income is:	And the total number of exemptions is:						6 or
	But Not	1	2	3	4	5	More
Over	Over						
[\$—0	\$—500	\$—120	\$—160	\$—200	\$—240	\$—280	\$—320
500	1,000	135	195	250	310	350	415
1,000	1,500	135	195	250	310	350	435

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1,500	2,000	135	195	250	310	350	450
2,000	2,500	135	195	250	310	350	450
2,500	3,000	135	195	250	310	350	450
3,000	3,500	135	195	250	310	350	450
3,500	4,000	135	195	250	310	355	450
4,000	4,500	135	195	250	310	355	450
4,500	5,000	125	190	240	305	355	450
5,000	5,500	115	175	230	295	355	430
5,500	6,000	105	155	210	260	315	410
6,000	7,000	90	130	170	220	275	370
7,000	8,000	80	115	145	180	225	295
8,000	9,000	70	105	135	170	195	240
9,000	10,000	65	95	115	145	175	205
10,000	11,000	60	80	100	130	155	185
11,000	12,000	55	70	90	110	135	160
12,000	13,000	50	65	85	100	115	140
13,000	14,000	50	65	85	100	115	140
14,000	15,000	45	60	75	90	105	120
15,000	16,000	40	55	70	85	95	110
16,000	17,000	35	50	65	80	85	105
17,000	18,000	30	45	60	70	80	95
18,000	19,000	25	35	50	60	70	80
19,000	20,000	20	30	40	50	60	65
20,000	21,000	15	25	30	40	50	55
21,000	22,000	10	20	25	35	40	45]

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HTRC/HB 291

<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 195</u>	<u>\$ 260</u>	<u>\$ 325</u>	<u>\$ 390</u>	<u>\$ 455</u>	<u>\$ 520</u>
<u>1,000</u>	<u>1,500</u>	<u>220</u>	<u>315</u>	<u>405</u>	<u>505</u>	<u>570</u>	<u>675</u>
<u>1,500</u>	<u>2,500</u>	<u>220</u>	<u>315</u>	<u>405</u>	<u>505</u>	<u>570</u>	<u>705</u>
<u>2,500</u>	<u>7,500</u>	<u>220</u>	<u>315</u>	<u>405</u>	<u>505</u>	<u>570</u>	<u>730</u>
<u>7,500</u>	<u>8,000</u>	<u>205</u>	<u>310</u>	<u>390</u>	<u>495</u>	<u>575</u>	<u>730</u>
<u>8,000</u>	<u>9,000</u>	<u>185</u>	<u>285</u>	<u>375</u>	<u>480</u>	<u>575</u>	<u>700</u>
<u>9,000</u>	<u>10,000</u>	<u>170</u>	<u>250</u>	<u>340</u>	<u>425</u>	<u>510</u>	<u>665</u>
<u>10,000</u>	<u>11,500</u>	<u>145</u>	<u>210</u>	<u>275</u>	<u>360</u>	<u>445</u>	<u>600</u>
<u>11,500</u>	<u>13,000</u>	<u>130</u>	<u>185</u>	<u>235</u>	<u>295</u>	<u>365</u>	<u>480</u>
<u>13,000</u>	<u>14,500</u>	<u>115</u>	<u>170</u>	<u>220</u>	<u>275</u>	<u>315</u>	<u>390</u>
<u>14,500</u>	<u>16,500</u>	<u>105</u>	<u>155</u>	<u>185</u>	<u>235</u>	<u>285</u>	<u>335</u>
<u>16,500</u>	<u>18,000</u>	<u>100</u>	<u>130</u>	<u>165</u>	<u>210</u>	<u>250</u>	<u>300</u>
<u>18,000</u>	<u>19,500</u>	<u>90</u>	<u>115</u>	<u>145</u>	<u>180</u>	<u>220</u>	<u>260</u>
<u>19,500</u>	<u>21,000</u>	<u>80</u>	<u>105</u>	<u>140</u>	<u>165</u>	<u>185</u>	<u>230</u>
<u>21,000</u>	<u>23,000</u>	<u>80</u>	<u>105</u>	<u>140</u>	<u>165</u>	<u>185</u>	<u>230</u>
<u>23,000</u>	<u>24,500</u>	<u>75</u>	<u>100</u>	<u>120</u>	<u>145</u>	<u>170</u>	<u>195</u>
<u>24,500</u>	<u>26,000</u>	<u>65</u>	<u>90</u>	<u>115</u>	<u>140</u>	<u>155</u>	<u>180</u>
<u>26,000</u>	<u>27,500</u>	<u>55</u>	<u>80</u>	<u>105</u>	<u>130</u>	<u>140</u>	<u>170</u>
<u>27,500</u>	<u>29,500</u>	<u>50</u>	<u>75</u>	<u>100</u>	<u>115</u>	<u>130</u>	<u>155</u>
<u>29,500</u>	<u>31,000</u>	<u>40</u>	<u>55</u>	<u>80</u>	<u>100</u>	<u>115</u>	<u>130</u>
<u>31,000</u>	<u>32,500</u>	<u>35</u>	<u>50</u>	<u>65</u>	<u>80</u>	<u>100</u>	<u>105</u>
<u>32,500</u>	<u>34,000</u>	<u>25</u>	<u>40</u>	<u>50</u>	<u>65</u>	<u>80</u>	<u>90</u>
<u>34,000</u>	<u>36,000</u>	<u>15</u>	<u>35</u>	<u>40</u>	<u>55</u>	<u>65</u>	<u>75</u> .

E. If a taxpayer's modified gross income is zero, the taxpayer may claim a credit in the amount shown in the

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first row of the table appropriate for the taxpayer's number of exemptions as adjusted by the provisions of Subsection F of this section.

F. For the 2022 taxable year and each subsequent taxable year, the amount of rebate shown in the table in Subsection D of this section shall be adjusted to account for inflation. The department shall make the adjustment by multiplying each amount of rebate by a fraction, the numerator of which is the consumer price index ending during the prior taxable year and the denominator of which is the consumer price index ending in tax year 2021. The result of the multiplication shall be rounded down to the nearest one dollar (\$1.00), except that if the result would be an amount less than the corresponding amount for the preceding taxable year, then no adjustment shall be made.

~~[F.]~~ G. The tax rebates provided for in this section may be deducted from the taxpayer's New Mexico income tax liability for the taxable year. If the tax rebates exceed the taxpayer's income tax liability, the excess shall be refunded to the taxpayer.

~~[G.]~~ H. For purposes of this section:

(1) "consumer price index" means the consumer price index for all urban consumers published by the United States department of labor for the month ending September 30; and

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(2) "dependent" means "dependent" as defined by Section 152 of the Internal Revenue Code of 1986, as that section may be amended or renumbered, but also includes any minor child or stepchild of the resident who would be a dependent for federal income tax purposes if the public assistance contributing to the support of the child or stepchild was considered to have been contributed by the resident."

SECTION SFC→3.←SFC SFC→2.←SFC Section 7-2-18.15 NMSA 1978 (being Laws 2007, Chapter 45, Section 9, as amended) is amended to read:

"7-2-18.15. WORKING FAMILIES TAX CREDIT.--

A. A taxpayer who is a resident and who files an individual New Mexico income tax return may claim a credit in an amount equal to [seventeen] twenty percent STBTC→for taxable years beginning on or after January 1, 2021, and twenty-five percent for taxable years beginning on or after January 1, 2023,←STBTC of the federal earned income tax credit for which that [individual] taxpayer is eligible for the same taxable year [pursuant to Section 32 of the Internal Revenue Code] or would have been eligible but for the identification number requirement pursuant to 26 U.S.C. 32(m), as that section may be amended or renumbered.

B. A taxpayer who is a resident and who files an individual New Mexico tax return may claim a credit in an

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amount equal to twenty percent ~~STBTC~~ **for taxable years beginning on or after January 1, 2021, and twenty-five percent for taxable years beginning on or after January 1, 2023,** ~~STBTC~~ of the federal earned income tax credit for which that taxpayer would have been eligible for the same taxable year but for the age requirement pursuant to 26 U.S.C. 32(c)(1)(A)(ii)(II), as that section may be amended or renumbered; provided that the taxpayer is at least eighteen years of age but has not reached the age of twenty-five.

C. The credit provided in this section may be referred to as the "working families tax credit".

~~[B-]~~ D. The working families tax credit may be deducted from the income tax liability of an individual who claims the credit and qualifies for the credit pursuant to this section. If the credit exceeds the individual's income tax liability for the taxable year, the excess shall be refunded to the individual.

E. As used in this section, "federal earned income tax credit" means the tax credit allowed pursuant to 26 U.S.C. 32, as that section may be amended or renumbered."

SFC **→ SECTION 4. Section 7-2-34 NMSA 1978 (being Laws 1999, Chapter 205, Section 1, as amended) is amended to read:**

"7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

A. Except as provided in [Subsection C] Subsections B and D of this section, a taxpayer may claim a deduction from

~~net income in an amount equal to the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed, but not to exceed one thousand dollars (\$1,000).~~

~~B. Except as provided in Subsection D of this section, a taxpayer may claim a deduction from net income attributable to the sale of a New Mexico business in an amount equal to the greater of:~~

~~(1) the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed, but not to exceed one thousand dollars (\$1,000); or~~

~~(2) forty percent of the taxpayer's net capital gain income for the taxable year for which the deduction is being claimed; provided that:~~

~~(a) the net capital gain from the sale does not exceed one million dollars (\$1,000,000);~~

~~(b) the business was the principal business of the taxpayer; and~~

~~(c) the taxpayer was involved in the operation of the SFC → Hfll → small ← Hfll Hfll → New Mexico ← Hfll ← SFC SFC → small ← SFC business on a regular, continuous and substantial basis.~~

~~[B.] C. Married individuals who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the deduction provided by this section that would have been allowed on the~~

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~~joint return.~~

~~{C.} D. A taxpayer may not claim the deduction provided in [Subsection A of] this section if the taxpayer has claimed the credit provided in Section 7-2D-8.1 NMSA 1978.~~

~~{D.} E. As used in this section:~~

~~(1) "net capital gain" means "net capital gain" as defined in Section 1222 (11) of the Internal Revenue Code; and~~

~~(2) "New Mexico business" means a business SFC→Hfll→that is owned as follows:~~

~~(a) for a sole proprietorship, one hundred percent of the tangible assets of the business are owned or leased by a New Mexico resident;~~

~~(b) for a corporation or limited liability company, a business with its principal office and a majority of its full-time-equivalent employees located in New Mexico; and~~

~~(c) for a limited partnership, a business with its principal place of business and one hundred percent of its tangible assets located in New Mexico."~~

~~Hfll→that has:~~

~~(a) for a sole proprietorship, one hundred percent of its tangible assets located in New Mexico;~~

~~(b) for a corporation or limited liability company, its principal office and a majority of its~~

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~~full-time-equivalent employees located in New Mexico; and~~

~~(c) for a limited partnership, its principal place of business and one hundred percent of its tangible assets located in New Mexico."~~

~~SFC~~→SFC→~~that is owned as follows:~~

~~(a) for a sole proprietorship, one hundred percent of the tangible assets of the business are owned or leased by a New Mexico resident;~~

~~(b) for a corporation or limited liability company, a business with its principal office and a majority of its full-time-equivalent employees located in New Mexico; and~~

~~(c) for a limited partnership, a business with its principal place of business and one hundred percent of its tangible assets located in New Mexico."~~

~~SFC~~→STBTC→~~SECTION 5. Section 7-36-21.2 NMSA 1978 (being Laws 2000, Chapter 10, Section 2, as amended) is amended to read:~~

~~"7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY.--~~

~~A. Except as provided in Subsections B through D of this section, residential property shall be valued at its current and correct value in accordance with the provisions of the Property Tax Code. [provided that]~~

~~B. For the 2001 [and subsequent] through 2023 tax~~

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~~years, the value of a property in any tax year shall not exceed the higher of one hundred three percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred six and one-tenth percent of the value in the tax year two years prior to the tax year in which the property is being valued. [This limitation]~~

~~C. For the 2024 and subsequent tax years, the value of a residential property that is occupied by the owner as the owner's principal place of residence in any tax year shall not exceed the higher of one hundred three percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred six and one-tenth percent of the value in the tax year two years prior to the tax year in which the property is being valued.~~

~~D. For the 2024 and subsequent tax years, the value of a residential property that is not occupied by the owner as the owner's principal place of residence in any tax year shall not exceed the higher of one hundred ten percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred twenty-one percent of the value in the tax year two years prior to the tax year in which the property is being valued.~~

~~E. The limitations on increases in value [does] pursuant to Subsections B through D of this section shall not apply to:~~

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~~(1) a residential property in the first tax year that it is valued for property taxation purposes;~~

~~(2) any physical improvements, except for solar energy system installations, made to the property during the year immediately prior to the tax year or omitted in a prior tax year; or~~

~~(3) valuation of a residential property in any tax year in which:~~

~~(a) a change of ownership of the property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined; or~~

~~(b) the use or zoning of the property has changed in the year prior to the tax year.~~

~~[B.] F. If a change of ownership of residential property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined, the value of the property shall be its current and correct value as determined pursuant to the general valuation provisions of the Property Tax Code.~~

~~[C.] G. To assure that the values of residential property for property taxation purposes are at current and correct values in all counties prior to application of the limitation in Subsection [A] B of this section, the department shall determine for the 2000 tax year the sales ratio pursuant~~

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~~to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be determined pursuant to that section, conduct a sales-ratio analysis using both independent appraisals by the department and sales. If the sales ratio for a county for the 2000 tax year is less than eighty-five, as measured by the median ratio of value for property taxation purposes to sales price or independent appraisal by the department, the county shall not be subject to the limitations of Subsection [A] B of this section and shall conduct a reassessment of residential property in the county so that, by the 2003 tax year, the sales ratio is at least eighty-five. After such reassessment, the limitation on increases in valuation in this section shall apply in those counties in the earlier of the 2004 tax year or the first tax year following the tax year that the county has a sales ratio of eighty-five or higher, as measured by the median ratio of value for property taxation purposes to sales value or independent appraisal by the department. Thereafter, the limitation on increases in valuation of residential property for property taxation purposes in this section shall apply to subsequent tax years in all counties.~~

~~[D.] H. The provisions of this section do not apply to residential property for any tax year in which the property is subject to the valuation limitation in Section 7-36-21.3 NMSA 1978.~~

~~[E.] I. As used in this section:~~

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~~(1) "change of ownership" means a transfer to a transferee by a transferor of all or any part of the transferor's legal or equitable ownership interest in residential property except for a transfer:~~

~~[(1)] (a) to a trustee for the beneficial use of the spouse of the transferor or the surviving spouse of a deceased transferor;~~

~~[(2)] (b) to the spouse of the transferor that takes effect upon the death of the transferor;~~

~~[(3)] (c) that creates, transfers or terminates, solely between spouses, any co-owner's interest;~~

~~[(4)] (d) to a child of the transferor, who occupies the property as that person's principal residence at the time of transfer; provided that the first subsequent tax year in which that person does not qualify for the head of household exemption on that property, a change of ownership shall be deemed to have occurred;~~

~~[(5)] (e) that confirms or corrects a previous transfer made by a document that was recorded in the real estate records of the county in which the real property is located;~~

~~[(6)] (f) for the purpose of quieting the title to real property or resolving a disputed location of a real property boundary;~~

~~[(7)] (g) to a revocable trust by the~~

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~~transferor with the transferor, the transferor's spouse or a child of the transferor as beneficiary; or~~

~~[(8)] (h) from a revocable trust~~

~~described in [Paragraph (7) of this subsection] Subparagraph (g) of this paragraph back to the settlor or trustor or to the beneficiaries of the trust; and~~

~~[F. As used in this section]~~

~~(2) "solar energy system installation" means an installation that is used to provide space heat, hot water or electricity to the property in which it is installed and is:~~

~~[(1)] (a) an installation that uses solar panels that are not also windows;~~

~~[(2)] (b) a dark-colored water tank exposed to sunlight; or~~

~~[(3)] (c) a non-vented trombe wall."~~ ←STBTC←SFC

SFC→STBTC→SECTION 5. ~~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:~~

~~A. For taxable years beginning prior to January 1, 2022:~~

~~If the taxable income is: The tax shall be:~~

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Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 5.9% of excess over \$500,000.

~~B. For taxable years beginning on or after January 1, 2022 and prior to January 1, 2023:~~

If the taxable income is:	The tax shall be:
Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 6.2% of excess over \$500,000.

~~C. For taxable years beginning on or after January 1, 2023 and prior to January 1, 2024:~~

If the taxable income is:	The tax shall be:
Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 6.6% of excess over \$500,000.

~~D. For taxable years beginning on or after January 1, 2024 and prior to January 1, 2025:~~

If the taxable income is:	The tax shall be:
Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 6.9% of excess over \$500,000.

~~E. For taxable years beginning on or after January 1, 2025 and prior to January 1, 2026:~~

If the taxable income is:	The tax shall be:
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Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 7.3% of excess over \$500,000.

~~F. For taxable years beginning on or after January 1, 2026:~~

~~If the taxable income is: The tax shall be:~~

Not over \$500,000	4.8% of taxable income
Over \$500,000	\$24,000 plus 7.6% of excess over \$500,000."

~~SECTION 6. Section 7-3-8 NMSA 1978 (being Laws 1961, Chapter 243, Section 9, as amended) is amended to read:~~

~~"7-3-8. [COPY OF THE] ANNUAL STATEMENT OF WITHHOLDING AND INFORMATION REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS TO BE [FURNISHED THE WITHHOLDEE] PROVIDED TO WITHHOLDEES.--[A copy of the annual statement of withholding shall be furnished to the withholder by the withholder] On or before January 31 of the year following that for which the annual statement of withholding is made pursuant to Section 7-3-7 NMSA 1978, a withholder shall provide to a withholder:~~

~~A. a copy of the annual statement of withholding;~~
~~and~~

~~B. information regarding state assistance for low-income New Mexicans, including information regarding refundable tax rebates and credits for low-income filers provided by the~~

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~~state, such as the low-income comprehensive tax rebate and the working families tax credit. The information shall be provided in English and in Spanish on a form and in a manner required by the department, and the department shall make the information available on the department's website."~~←STBTC

~~STBTC→SECTION STBTC→6.←STBTC STBTC→9.←STBTC~~

~~APPLICABILITY.--~~

~~A. The provisions of Sections 2 and 3 of this act apply to taxable years beginning on or after January 1, 2021.~~

~~B. The provisions of Section 4 of this act apply to taxable years beginning on or after January 1, 2022.~~

~~SECTION STBTC→7.←STBTC STBTC→10.←STBTC EFFECTIVE DATE.--~~

~~The effective date of the provisions of Section 1 of this act is January 1, 2022.←STBTC←SFC~~

~~SFC→SFC→SECTION 5. Section 7-36-21.2 NMSA 1978 (being Laws 2000, Chapter 10, Section 2, as amended) is amended to read:~~

~~"7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL PROPERTY.--~~

~~A. Except as provided in Subsections B through D of this section, residential property shall be valued at its current and correct value in accordance with the provisions of the Property Tax Code. [provided that]~~

~~B. For the 2001 [and subsequent] through 2023 tax years, the value of a property in any tax year shall not exceed~~

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~~the higher of one hundred three percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred six and one-tenth percent of the value in the tax year two years prior to the tax year in which the property is being valued. [This limitation]~~

~~C. For the 2024 and subsequent tax years, the value of a residential property that is occupied by the owner as the owner's principal place of residence in any tax year shall not exceed the higher of one hundred three percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred six and one-tenth percent of the value in the tax year two years prior to the tax year in which the property is being valued.~~

~~D. For the 2024 and subsequent tax years, the value of a residential property that is not occupied by the owner as the owner's principal place of residence in any tax year shall not exceed the higher of one hundred ten percent of the value in the tax year prior to the tax year in which the property is being valued or one hundred twenty-one percent of the value in the tax year two years prior to the tax year in which the property is being valued.~~

~~E. The limitations on increases in value [does] pursuant to Subsections B through D of this section shall not apply to:~~

~~(1) a residential property in the first tax~~

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~~year that it is valued for property taxation purposes;~~

~~(2) any physical improvements, except for solar energy system installations, made to the property during the year immediately prior to the tax year or omitted in a prior tax year; or~~

~~(3) valuation of a residential property in any tax year in which:~~

~~(a) a change of ownership of the property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined; or~~

~~(b) the use or zoning of the property has changed in the year prior to the tax year.~~

~~[B.] F. If a change of ownership of residential property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined, the value of the property shall be its current and correct value as determined pursuant to the general valuation provisions of the Property Tax Code.~~

~~[C.] G. To assure that the values of residential property for property taxation purposes are at current and correct values in all counties prior to application of the limitation in Subsection [A] B of this section, the department shall determine for the 2000 tax year the sales ratio pursuant to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be~~

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~~determined pursuant to that section, conduct a sales-ratio analysis using both independent appraisals by the department and sales. If the sales ratio for a county for the 2000 tax year is less than eighty-five, as measured by the median ratio of value for property taxation purposes to sales price or independent appraisal by the department, the county shall not be subject to the limitations of Subsection [A] B of this section and shall conduct a reassessment of residential property in the county so that, by the 2003 tax year, the sales ratio is at least eighty-five. After such reassessment, the limitation on increases in valuation in this section shall apply in those counties in the earlier of the 2004 tax year or the first tax year following the tax year that the county has a sales ratio of eighty-five or higher, as measured by the median ratio of value for property taxation purposes to sales value or independent appraisal by the department. Thereafter, the limitation on increases in valuation of residential property for property taxation purposes in this section shall apply to subsequent tax years in all counties.~~

~~[D.] H. The provisions of this section do not apply to residential property for any tax year in which the property is subject to the valuation limitation in Section 7-36-21.3 NMSA 1978.~~

~~[E.] I. As used in this section:~~

~~(1) "change of ownership" means a transfer to~~

~~a transferee by a transferor of all or any part of the transferor's legal or equitable ownership interest in residential property except for a transfer:~~

~~[(1)] (a) to a trustee for the beneficial use of the spouse of the transferor or the surviving spouse of a deceased transferor;~~

~~[(2)] (b) to the spouse of the transferor that takes effect upon the death of the transferor;~~

~~[(3)] (c) that creates, transfers or terminates, solely between spouses, any co-owner's interest;~~

~~[(4)] (d) to a child of the transferor, who occupies the property as that person's principal residence at the time of transfer; provided that the first subsequent tax year in which that person does not qualify for the head of household exemption on that property, a change of ownership shall be deemed to have occurred;~~

~~[(5)] (e) that confirms or corrects a previous transfer made by a document that was recorded in the real estate records of the county in which the real property is located;~~

~~[(6)] (f) for the purpose of quieting the title to real property or resolving a disputed location of a real property boundary;~~

~~[(7)] (g) to a revocable trust by the transferor with the transferor, the transferor's spouse or a~~

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~~child of the transferor as beneficiary; or~~

~~[(8)] (h) from a revocable trust~~

~~described in [Paragraph (7) of this subsection] Subparagraph (g) of this paragraph back to the settlor or trustor or to the beneficiaries of the trust; and~~

~~[F. As used in this section]~~

~~(2) "solar energy system installation" means an installation that is used to provide space heat, hot water or electricity to the property in which it is installed and is:~~

~~[(1)] (a) an installation that uses solar panels that are not also windows;~~

~~[(2)] (b) a dark-colored water tank exposed to sunlight; or~~

~~[(3)] (c) a non-vented trombe wall."~~ ←SFC←SFC

SFC→SECTION 3. Section 7-3-8 NMSA 1978 (being Laws 1961, Chapter 243, Section 9, as amended) is amended to read:

"7-3-8. [COPY OF THE] ANNUAL STATEMENT OF WITHHOLDING AND INFORMATION REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS TO BE [FURNISHED THE WITHHOLDEE] PROVIDED TO WITHHOLDEES.-- [A copy of the annual statement of withholding shall be furnished to the withholder by the withholder] On or before January 31 of the year following that for which the annual statement of withholding is made pursuant to Section 7-3-7 NMSA 1978, a withholder shall provide to a withholder:

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A. a copy of the annual statement of withholding;

and

B. information regarding state assistance for low-income New Mexicans, including information regarding refundable tax rebates and credits for low-income filers provided by the state, such as the low-income comprehensive tax rebate and the working families tax credit. The information shall be provided in English and in Spanish on a form and in a manner required by the department, and the department shall make the information available on the department's website."←SFC

~~SFC→SFG→SECTION 6. APPLICABILITY.--~~

~~A. The provisions of Sections 2 and 3 of this act apply to taxable years beginning on or after January 1, 2021.~~

~~B. The provisions of Section 4 of this act apply to taxable years beginning on or after January 1, 2022.~~

~~SECTION 7. EFFECTIVE DATE.--The effective date of the provisions of Section 1 of this act is January 1, 2022.~~←SFC←SFC

~~SFC→STBTC→SECTION 7. APPLICABILITY.--~~

~~A. The provisions of Sections 2 and 3 of this act apply to taxable years beginning on or after January 1, 2021.~~

~~B. The provisions of Section 4 of this act apply to taxable years beginning on or after January 1, 2022.~~

~~SECTION 8. EFFECTIVE DATE.--The effective date of the provisions of Sections 1, 4 and 5 of this act is January 1,~~

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~~2022.~~ ← STBTC ← SFC

SFC → SECTION SFC → ~~4.~~ ← SFC SFC → ~~5.~~ ← SFC APPLICABILITY.--The
provisions of Sections 1 and 2 of this act apply to taxable
years beginning on or after January 1, 2021. ← SFC

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