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HOUSE BILL 24

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

JUDY VANDERSTAR RUSSELL

AN ACT

RELATING TO TAXATION; INCREASING THE PRESCRIPTION DRUG TAX
CREDIT.

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

Section 1. Section 7-2-18.3 NMSA 1978 (being Laws 1994,
Chapter 5, Section 17) is amended to read:

"7-2-18.3. CREDIT--PRESCRIPTION DRUGS. --

A. Except as otherwise provided in Subsection E 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 credit for state and local gross
receipts taxes imposed on the receipts from the sale of
prescription drugs to the resident in New Mexico.

B. The amount of the credit that may be claimed
pursuant to this section shall be [~~three~~] six percent of the

Underscored material = new
[bracketed material] = delete

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1 taxpayer's actual unreimbursed expenditures for prescription
2 drugs purchased in New Mexico during the taxable year for
3 which the return is filed [~~but the amount of the credit~~
4 ~~claimed shall not exceed one hundred fifty dollars (\$150) per~~
5 ~~exemption allowable for federal income tax purposes for each~~
6 ~~individual included in the return or three hundred dollars~~
7 ~~(\$300) per return, whichever is less]. As used in this
8 subsection, the term "drugs purchased in New Mexico" excludes
9 drugs purchased from any out-of-state source unless the New
10 Mexico compensating tax has been paid on the purchase.~~

11 C. The credit provided under this section may be
12 deducted from the taxpayer's New Mexico income tax liability
13 for the taxable year. If the credit exceeds the taxpayer's
14 income tax liability for the taxable year, the excess shall be
15 refunded to the taxpayer.

16 D. A husband and wife who file separate returns
17 for a taxable year in which they could have filed a joint
18 return may each claim only one-half of the credit provided
19 under this section that would have been allowed on a joint
20 return.

21 E. No claim for the credit provided under this
22 section shall be filed by a resident who was an inmate of a
23 public institution for more than six months during the taxable
24 year for which the credit could be claimed or who was not
25 physically present in New Mexico for at least six months

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1 during the taxable year for which the credit could be claimed.

2 F. As used in this section:

3 (1) "dependent" means "dependent" as defined
4 by Section 152 of the Internal Revenue Code, but also includes
5 a minor child or stepchild of the resident who would be a
6 dependent for federal income tax purposes if the public
7 assistance contributing to the support of the child or
8 stepchild was considered to have been contributed by the
9 resident; and

10 (2) "prescription drugs" means insulin and
11 substances that are:

12 (a) dispensed by or under the
13 supervision of a licensed pharmacist or other person
14 authorized under state law to dispense the substance;

15 (b) prescribed for a specified
16 individual by a person authorized under state law to prescribe
17 the substance; and

18 (c) subject to the restrictions on sale
19 contained in 21 U. S. C. 353(b)(1). "

20 Section 2. APPLICABILITY. --The provisions of this act
21 apply to taxable years beginning on or after January 1, 1998.

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