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HOUSE BILL 26

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

John A. Heaton

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX RELIEF BY INDEXING
THE TAX RATE TABLES.

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] INDEXING OF TAX RATE TABLES. -- For each
taxable year beginning on or after January 1, 2003, the tax
rate schedules in Subsections A through D of Section 7-2-7 NMSA
1978 shall be adjusted to account for inflation. The
department shall make the adjustments by multiplying the
minimum and maximum bracket amounts by a fraction, the
numerator of which is the consumer price index ending during
the calendar year in which the taxable year begins and the
denominator of which is the consumer price index ending in

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calendar year 2002. The result of the multiplication shall be rounded down to the nearest one hundred dollars (\$100) except that, if the result would be a minimum or maximum bracket amount less than the corresponding amount for the preceding year, then no adjustment shall be made. The department shall adjust the tax due shown for the minimum bracket amounts accordingly. For the purposes of this section, "consumer price index" means the average of the consumer price index for all urban consumers published by the United States department of labor for the twelve-month period ending July 31 of the calendar year. "

Section 2. APPLICABILITY. --The provisions of this act apply to taxable years beginning on or after January 1, 2003.