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SENATE BILL 335

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

INTRODUCED BY

H. Diane Snyder

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
EMPLOYERS FOR A PORTION OF EMPLOYEE HEALTH INSURANCE PREMIUM
EXPENSES PAID BY THE EMPLOYER.

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 CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
PAID BY EMPLOYER. --

A. A taxpayer who is an employer and who files an
individual New Mexico income tax return may claim a credit in
an amount equal to twenty-five percent of the value of employee
health insurance premiums paid by the taxpayer in any taxable
year.

B. A husband and wife who file separate returns for

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1 a taxable year in which they could have filed a joint return
2 may each claim only one-half of the credit that would have been
3 allowed on a joint return.

4 C. A taxpayer who otherwise qualifies and claims a
5 credit pursuant to Subsection A of this section and who is a
6 member of a partnership or business association that is the
7 employer paying the employee health insurance premiums may
8 claim a credit only in proportion to the taxpayer's interest in
9 the partnership or association. The total credit claimed by
10 all members of the partnership or association shall not exceed
11 twenty-five percent of the value of the health insurance
12 premiums paid by the partnership or association in the taxable
13 year.

14 D. The credit provided in this section may only be
15 deducted from the taxpayer's income tax liability for the
16 taxable year for which the credit is claimed. "

17 Section 2. A new section of the Corporate Income and
18 Franchise Tax Act is enacted to read:

19 "[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
20 PAID BY EMPLOYER. --

21 A. A taxpayer that is an employer and that files a
22 corporate income tax return may claim a credit in an amount
23 equal to twenty-five percent of the value of employee health
24 insurance premiums paid by the taxpayer in the taxable year.

25 B. A taxpayer that otherwise qualifies and claims a

underscored material = new
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1 credit pursuant to Subsection A of this section and that is a
2 member of a partnership or business association that is the
3 employer paying the employee health insurance premiums may
4 claim a credit only in proportion to the taxpayer's interest in
5 the partnership or association. The total credit claimed by
6 all members of the partnership or association shall not exceed
7 twenty-five percent of the value of employee health insurance
8 premiums paid by the resident partnership or business
9 association in the taxable year.

10 C. The credit provided in this section may only be
11 deducted from the taxpayer's corporate income tax liability for
12 the taxable year for which the credit is claimed. "

13 Section 3. APPLICABILITY.--The provisions of this act
14 apply to taxable years on or after January 1, 2003.

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