

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 540

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10 47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

11 AN ACT

12 RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX CREDIT FOR
13 CERTAIN MEDICAL CARE EXPENSES.

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

15 Section 1. A new section of the Income Tax Act is enacted
16 to read:

17 "[NEW MATERIAL] CREDIT--UNREIMBURSED OR UNCOMPENSATED
18 MEDICAL CARE EXPENSES. --

19 A. A taxpayer who files an individual New Mexico
20 income tax return and who is not a dependent of another
21 taxpayer may claim a credit for ten percent of medical care
22 expenses paid by the taxpayer for that taxpayer, the taxpayer's
23 spouse or a dependent of the taxpayer during the taxable year
24 if the medical care expenses exceed twenty-eight thousand
25 dollars (\$28,000) and if the medical care expenses are not

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1 reimbursed or compensated for by insurance or otherwise.

2 B. A husband and wife who file separate returns for
3 a taxable year in which they could have filed a joint return
4 may each claim only one-half of the credit that would have been
5 allowed on a joint return.

6 C. The credit provided in this section may be
7 deducted from the taxpayer's income tax liability. If the
8 credit exceeds the income tax liability for the taxable year,
9 the excess shall be refunded to the taxpayer.

10 D. As used in this section:

11 (1) "dependent" means dependent as defined in
12 Section 152 of the Internal Revenue Code;

13 (2) "health care facility" means a hospital,
14 outpatient facility, diagnostic and treatment center,
15 rehabilitation center, freestanding hospice or other similar
16 facility at which medical care is provided;

17 (3) "medical care" means the diagnosis, cure,
18 mitigation, treatment or prevention of disease or for the
19 purpose of affecting any structure or function of the body;

20 (4) "medical care expenses" means amounts paid
21 for:

22 (a) the diagnosis, cure, mitigation,
23 treatment or prevention of disease or for the purpose of
24 affecting any structure or function of the body if provided by
25 a physician or in a health care facility;

- 1 (b) prescribed drugs or insulin;
- 2 (c) qualified long-term care services as
- 3 defined in Section 7702B(c) of the Internal Revenue Code;
- 4 (d) insurance covering medical care,
- 5 including amounts paid as premiums under Part B of Title 18 of
- 6 the Social Security Act or for a qualified long-term care
- 7 insurance contract defined in Section 7702B(b) of the Internal
- 8 Revenue Code, if the insurance or other amount is paid from
- 9 income included in the taxpayer's adjusted gross income for the
- 10 taxable year;
- 11 (e) specialized treatment or the use of
- 12 special therapeutic devices if the treatment or device is
- 13 prescribed by a physician and the patient can show that the
- 14 expense was incurred primarily for the prevention or
- 15 alleviation of a physical or mental defect or illness; and
- 16 (f) care in an institution other than a
- 17 hospital, such as a sanitarium or rest home, if the principal
- 18 reason for the presence of the person in the institution is to
- 19 receive the medical care available; provided that if the meals
- 20 and lodging are furnished as a necessary part of such care, the
- 21 cost of the meals and lodging are "medical care expenses";
- 22 (5) "physician" means a medical doctor,
- 23 osteopathic physician, dentist, podiatrist, chiropractic
- 24 physician or psychologist licensed or certified to practice in
- 25 New Mexico; and

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1 (6) "prescribed drug" means a drug or
2 biological that requires a prescription of a physician for its
3 use by an individual. "

4 Section 2. APPLICABILITY. --The provisions of this act
5 apply to taxable years beginning on or after January 1, 2005.

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