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HOUSE BILL 1254

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Edward C. Sandoval

AN ACT

RELATING TO TAXATION; EXPANDING THE INCOME TAX EXEMPTION FOR
LOW- AND MIDDLE-INCOME TAXPAYERS; INCREASING THE MAXIMUM INCOME
AT WHICH THE EXEMPTION CAN BE CLAIMED.

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

Section 1. Section 7-2-5.8 NMSA 1978 (being Laws 2005,
Chapter 104, Section 5) is amended to read:

"7-2-5.8. EXEMPTION FOR LOW- AND MIDDLE-INCOME
TAXPAYERS.--

A. An individual may claim an exemption in an
amount specified in Subsections B through D of this section not
to exceed an amount equal to the number of federal exemptions
multiplied by two thousand five hundred dollars (\$2,500) of
income includable, except for this exemption, in net income.

~~[Individuals having income both within and without this state~~

underscored material = new
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1 ~~shall apportion this exemption in accordance with regulations~~
2 ~~of the secretary.]~~

3 B. For a married individual filing a separate
4 return with adjusted gross income up to [~~twenty thousand three~~
5 ~~hundred thirty-three dollars (\$20,333)] thirty thousand five
6 hundred dollars (\$30,500):~~

7 (1) if the adjusted gross income is not over
8 [~~twelve thousand dollars (\$12,000)] eighteen thousand dollars
9 (\$18,000), the amount of the exemption pursuant to this section
10 shall be two thousand five hundred dollars (\$2,500) for each
11 federal exemption; and~~

12 (2) if the adjusted gross income is over
13 [~~twelve thousand dollars (\$12,000)] eighteen thousand dollars
14 (\$18,000) but not over [~~twenty thousand three hundred thirty-~~
15 ~~three dollars (\$20,333)] thirty thousand five hundred dollars
16 (\$30,500), the amount of the exemption pursuant to this section
17 for each federal exemption shall be calculated as follows:~~~~

18 (a) two thousand five hundred dollars
19 (\$2,500); less

20 (b) twenty percent of the amount
21 obtained by subtracting [~~twelve thousand dollars (\$12,000)]~~
22 eighteen thousand dollars (\$18,000) from the adjusted gross
23 income.

24 C. For single individuals with adjusted gross
25 income up to [~~twenty-seven thousand one hundred ten dollars~~

.167059.2

underscored material = new
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1 ~~(\$27,110)]~~ forty thousand six hundred sixty-seven dollars
2 (\$40,667):

3 (1) if the adjusted gross income is not over
4 [~~sixteen thousand dollars (\$16,000)]~~ twenty-four thousand
5 dollars (\$24,000), the amount of the exemption pursuant to this
6 section shall be two thousand five hundred dollars (\$2,500) for
7 each federal exemption; and

8 (2) if the adjusted gross income is over
9 [~~sixteen thousand dollars (\$16,000)]~~ twenty-four thousand
10 dollars (\$24,000) but not over [~~twenty-seven thousand one~~
11 ~~hundred ten dollars (\$27,110)]~~ forty thousand six hundred
12 sixty-seven dollars (\$40,667), the amount of the exemption
13 pursuant to this section for each federal exemption shall be
14 calculated as follows:

15 (a) two thousand five hundred dollars
16 (\$2,500); less

17 (b) fifteen percent of the amount
18 obtained by subtracting [~~sixteen thousand dollars (\$16,000)]~~
19 twenty-four thousand dollars (\$24,000) from the adjusted gross
20 income.

21 D. For married individuals filing joint returns,
22 surviving spouses or for heads of households with adjusted
23 gross income up to [~~forty thousand six hundred sixty-seven~~
24 ~~dollars (\$40,667)]~~ sixty-one thousand dollars (\$61,000):

25 (1) if the adjusted gross income is not over

.167059.2

underscored material = new
[bracketed material] = delete

1 ~~[twenty-four thousand dollars (\$24,000)]~~ thirty-six thousand
2 dollars (\$36,000), the amount of the exemption pursuant to this
3 section shall be two thousand five hundred dollars (\$2,500) for
4 each federal exemption; and

5 (2) if the adjusted gross income is over
6 ~~[twenty-four thousand dollars (\$24,000)]~~ thirty-six thousand
7 dollars (\$36,000) but not over ~~[forty thousand six hundred~~
8 ~~sixty-seven dollars (\$40,667)]~~ sixty-one thousand dollars
9 (\$61,000), the amount of the exemption pursuant to this section
10 for each federal exemption shall be calculated as follows:

11 (a) two thousand five hundred dollars
12 (\$2,500); less

13 (b) ten percent of the amount obtained
14 by subtracting ~~[twenty-four thousand dollars (\$24,000)]~~ thirty-
15 six thousand dollars (\$36,000) from the adjusted gross income.

16 ~~[E. For the purposes of this section, "federal~~
17 ~~exemption" means an exemption allowable for federal income tax~~
18 ~~purposes for an individual included in the return who is~~
19 ~~domiciled in New Mexico.]"~~

20 Section 2. APPLICABILITY.--The provisions of this act
21 apply to taxable years beginning on or after January 1, 2007.