

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILLS 618, 28, 148, 284, 391, 445, 448, 502 & 633

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

AN ACT

RELATING TO TAXATION; PROVIDING FOR A DISTRIBUTION OF LIQUOR
EXCISE TAX REVENUES TO CERTAIN MUNICIPALITIES FOR THE TREATMENT
OF STREET INEBRIATES; PROVIDING AN INCOME TAX CREDIT BASED ON
FILING STATUS, PERSONAL EXEMPTIONS AND TAXABLE INCOME;
PROVIDING INCOME TAX CREDITS FOR EMPLOYERS FOR A PORTION OF THE
COSTS OF PROVIDING WELLNESS PROGRAMS FOR EMPLOYEES; PROVIDING
AN INCOME TAX CREDIT FOR PURCHASE AND INSTALLATION OF AN
ADVANCED ON-SITE LIQUID WASTE TREATMENT SYSTEM; PROVIDING AN
INCOME TAX CREDIT FOR VOLUNTEERS PARTICIPATING IN THE NEW
MEXICO 2012 PROJECT; PROVIDING A DEDUCTION FROM GROSS RECEIPTS
FOR DENTAL SERVICES PROVIDED TO MEDICAID PATIENTS; PROVIDING A
GROSS RECEIPTS TAX EXEMPTION FOR BENEFITS ADMINISTRATION;
CREATING A DEDUCTION FROM GROSS RECEIPTS AND FROM THE
COMPUTATION OF COMPENSATING TAX FOR TANGIBLE PERSONAL PROPERTY
AND SERVICES USED TO CONSTRUCT, SUPPLY AND OPERATE A CYBERSPACE

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1 COMMAND CENTER AT A UNITED STATES AIR FORCE BASE IN NEW MEXICO;
2 PROVIDING FOR AN EXEMPTION FROM GROSS RECEIPTS TAX FOR RECEIPTS
3 FROM OFFICIATING AT CERTAIN ATHLETIC EVENTS; CREATING THE NEW
4 MEXICO 2012 PROJECT; AMENDING, REPEALING AND ENACTING SECTIONS
5 OF THE NMSA 1978.

6
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

8 Section 1. Section 7-1-6.40 NMSA 1978 (being Laws 1997,
9 Chapter 182, Section 1, as amended) is amended to read:

10 "7-1-6.40. DISTRIBUTION--LOCAL DWI GRANT FUND--
11 MUNICIPALITIES.--

12 A. A distribution pursuant to Section 7-1-6.1 NMSA
13 1978 shall be made to the local DWI grant fund in an amount
14 equal to forty-one and fifty hundredths percent of the net
15 receipts attributable to the liquor excise tax.

16 B. A distribution pursuant to Section 7-1-6.1 NMSA
17 1978 of twenty thousand seven hundred fifty dollars (\$20,750)
18 monthly from the net receipts attributable to the liquor excise
19 tax shall be made to a municipality that is located in a class
20 A county and that has a population of more than thirty thousand
21 but less than sixty thousand according to the most recent
22 federal decennial census. The distribution pursuant to this
23 subsection shall be used by the municipality only for the
24 provision of alcohol treatment and rehabilitation services for
25 street inebriates."

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1 Section 2. A new section of the Tax Administration Act,
2 Section 7-1-83 NMSA 1978, is enacted to read:

3 "7-1-83. ~~[NEW MATERIAL]~~ INDEXING AMOUNTS FOR INFLATION.--

4 The dollar value of an amount used to specify a tax, credit,
5 rebate or other provision that is indexed for inflation
6 pursuant to this section shall be adjusted each calendar year
7 subsequent to the base year according to the following rules:

8 A. to determine the dollar value of an amount for a
9 calendar year, the dollar value of the amount in the base year
10 shall be multiplied by the inflation adjustment factor
11 determined pursuant to Subsection B of this section and then
12 rounded according to the rules in Subsection D of this section;

13 B. the inflation adjustment factor for a calendar
14 year is the quotient of a fraction:

15 (1) the numerator of which is the sum of the
16 monthly consumer price index values for the twelve months
17 ending in August of the preceding calendar year; and

18 (2) the denominator of which is the sum of the
19 monthly consumer price index values for the twelve months
20 ending in August of the year preceding the base year;

21 C. as used in this section, the "consumer price
22 index" is the last consumer price index published by the United
23 States department of labor for all urban consumers, for all
24 items and for the current series; and

25 D. the amount determined under Subsection A of this

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1 section, before rounding, shall be rounded according to the
2 following rules:

3 (1) if the amount is no more than five hundred
4 dollars (\$500) to the nearest one dollar (\$1.00);

5 (2) if the amount is more than five hundred
6 dollars (\$500) but no more than five thousand dollars (\$5,000),
7 to the nearest five dollars (\$5.00);

8 (3) if the amount is more than five thousand
9 dollars (\$5,000) but no more than fifty thousand dollars
10 (\$50,000), to the nearest fifty dollars (\$50.00); and

11 (4) if the amount is more than fifty thousand
12 dollars (\$50,000), to the nearest five hundred dollars (\$500)."

13 Section 3. Section 7-2-2 NMSA 1978 (being Laws 1986,
14 Chapter 20, Section 26, as amended) is amended to read:

15 "7-2-2. DEFINITIONS.--For the purpose of the Income Tax
16 Act and unless the context requires otherwise:

17 A. "adjusted gross income" means adjusted gross
18 income as defined in Section 62 of the Internal Revenue Code
19 [~~as that section may be amended or renumbered~~];

20 B. "base income":

21 (1) means, for estates and trusts, that part
22 of the estate's or trust's income defined as taxable income and
23 upon which the federal income tax is calculated in the Internal
24 Revenue Code for income tax purposes [~~plus, for taxable years~~
25 ~~beginning on or after January 1, 1991, the amount of the net~~

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~~operating loss deduction allowed by Section 172(a) of the Internal Revenue Code, as that section may be amended or renumbered, and taken by the taxpayer for that year]; and~~

(2) means, for taxpayers other than estates or trusts, that part of the taxpayer's income defined as adjusted gross income ~~[plus, for taxable years beginning on or after January 1, 1991, the amount of the net operating loss deduction allowed by Section 172(a) of the Internal Revenue Code, as that section may be amended or renumbered, and taken by the taxpayer for that year;~~

~~(3) includes, for all taxpayers, any other income of the taxpayer not included in adjusted gross income but upon which a federal tax is calculated pursuant to the Internal Revenue Code for income tax purposes, except amounts for which a calculation of tax is made pursuant to Section 55 of the Internal Revenue Code, as that section may be amended or renumbered; "base income" also includes interest received on a state or local bond; and~~

~~(4) includes, for all taxpayers, an amount deducted pursuant to Section 7-2-32 NMSA 1978 in a prior taxable year if:~~

~~(a) such amount is transferred to another qualified tuition program, as defined in Section 529 of the Internal Revenue Code, not authorized in the Education Trust Act; or~~

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1 spouse pursuant to Section 6013 of the Internal Revenue Code;

2 (2) "married individuals filing separate
3 returns" or "married filing separately" means a married
4 taxpayer not filing a federal income tax return jointly with
5 the taxpayer's spouse;

6 (3) "head of household" means "head of
7 household" as that term is defined by Section 2(b) of the
8 Internal Revenue Code;

9 (4) "surviving spouse" means "surviving
10 spouse" as that term is defined by Section 2(a) of the Internal
11 Revenue Code; and

12 (5) "single" means an unmarried individual not
13 a head of household or surviving spouse;

14 H. "first year resident" means an individual who
15 moves to New Mexico with the intent to make this state the
16 individual's permanent residence;

17 ~~[G.]~~ I. "fiscal year" means any accounting period
18 of twelve months ending on the last day of any month other than
19 December;

20 ~~[H.]~~ ~~"head of household" means "head of household"~~
21 ~~as generally defined for federal income tax purposes;~~

22 ~~[I.]~~ J. "individual" means a natural person, an
23 estate, a trust or a fiduciary acting for a natural person,
24 trust or estate;

25 ~~[J.]~~ K. "Internal Revenue Code" means the United

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1 States Internal Revenue Code of 1986, as that code may be
2 amended or its sections renumbered;

3 ~~[K. "lump-sum amount" means for the purpose of~~
4 ~~determining liability for federal income tax, an amount that~~
5 ~~was not included in adjusted gross income but upon which the~~
6 ~~five-year-averaging or the ten-year-averaging method of tax~~
7 ~~computation provided in Section 402 of the Internal Revenue~~
8 ~~Code, as that section may be amended or renumbered, was~~
9 ~~applied;]~~

10 L. "modified gross income" means ~~[all income of the~~
11 ~~taxpayer and, if any, the taxpayer's spouse and dependents,~~
12 ~~undiminished by losses and from whatever source, including:~~

- 13 (1) ~~compensation;~~
14 (2) ~~net profit from business;~~
15 (3) ~~gains from dealings in property;~~
16 (4) ~~interest;~~
17 (5) ~~net rents;~~
18 (6) ~~royalties;~~
19 (7) ~~dividends;~~
20 (8) ~~alimony and separate maintenance payments;~~
21 (9) ~~annuities;~~
22 (10) ~~income from life insurance and endowment~~
23 ~~contracts;~~
24 (11) ~~pensions;~~
25 (12) ~~discharge of indebtedness;~~

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1 ~~(13) distributive share of partnership income;~~
2 ~~(14) income in respect of a decedent;~~
3 ~~(15) income from an interest in an estate or a~~
4 ~~trust;~~

5 ~~(16) social security benefits;~~

6 ~~(17) unemployment compensation benefits;~~

7 ~~(18) workers' compensation benefits;~~

8 ~~(19) public assistance and welfare benefits;~~

9 ~~(20) cost-of-living allowances; and~~

10 ~~(21) gifts]~~ the sum of the taxpayer's adjusted
11 gross income, the adjusted gross income, if any, of the
12 taxpayer's spouse and dependents and any amount not included in
13 the taxpayer's, spouse's or dependent's adjusted gross income
14 pursuant to Section 86 of the Internal Revenue Code; [M.]

15 "modified gross income" ~~[excludes]~~ does not include:

16 (1) payments for hospital, dental, medical or
17 drug expenses to or on behalf of the taxpayer;

18 (2) the value of room and board provided by
19 federal, state or local governments or by private individuals
20 or agencies based upon financial need and not as a form of
21 compensation;

22 (3) payments pursuant to a federal, state or
23 local government program directly or indirectly to a third
24 party on behalf of the taxpayer when identified to a particular
25 use or invoice by the payer; or

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1 (4) payments for credits and rebates pursuant
2 to the Income Tax Act and made for a credit pursuant to Section
3 7-3-9 NMSA 1978;

4 ~~[N. "net income" means, for estates and trusts,
5 base income adjusted to exclude amounts that the state is
6 prohibited from taxing because of the laws or constitution of
7 this state or the United States and means, for taxpayers other
8 than estates or trusts, base income adjusted to exclude:~~

9 ~~(1) an amount equal to the standard deduction
10 allowed the taxpayer for the taxpayer's taxable year by Section
11 63 of the Internal Revenue Code, as that section may be amended
12 or renumbered;~~

13 ~~(2) an amount equal to the itemized deductions
14 defined in Section 63 of the Internal Revenue Code, as that
15 section may be amended or renumbered, allowed the taxpayer for
16 the taxpayer's taxable year less the amount excluded pursuant
17 to Paragraph (1) of this subsection;~~

18 ~~(3) an amount equal to the product of the
19 exemption amount allowed for the taxpayer's taxable year by
20 Section 151 of the Internal Revenue Code, as that section may
21 be amended or renumbered, multiplied by the number of personal
22 exemptions allowed for federal income tax purposes;~~

23 ~~(4) income from obligations of the United
24 States of America less expenses incurred to earn that income;~~

25 ~~(5) other amounts that the state is prohibited~~

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1 ~~from taxing because of the laws or constitution of this state~~
2 ~~or the United States;~~

3 ~~(6) for taxable years that began prior to~~
4 ~~January 1, 1991, an amount equal to the sum of:~~

5 ~~(a) net operating loss carryback~~
6 ~~deductions to that year from taxable years beginning prior to~~
7 ~~January 1, 1991 claimed and allowed, as provided by the~~
8 ~~Internal Revenue Code; and~~

9 ~~(b) net operating loss carryover~~
10 ~~deductions to that year claimed and allowed; and~~

11 ~~(7) for taxable years beginning on or after~~
12 ~~January 1, 1991, an amount equal to the sum of any net~~
13 ~~operating loss carryover deductions to that year claimed and~~
14 ~~allowed, provided that the amount of any net operating loss~~
15 ~~carryover from a taxable year beginning on or after January 1,~~
16 ~~1991 may be excluded only as follows:~~

17 ~~(a) in the case of a timely filed~~
18 ~~return, in the taxable year immediately following the taxable~~
19 ~~year for which the return is filed; or~~

20 ~~(b) in the case of amended returns or~~
21 ~~original returns not timely filed, in the first taxable year~~
22 ~~beginning after the date on which the return or amended return~~
23 ~~establishing the net operating loss is filed; and~~

24 ~~(c) in either case, if the net operating~~
25 ~~loss carryover exceeds the amount of net income exclusive of~~

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1 ~~the net operating loss carryover for the taxable year to which~~
2 ~~the exclusion first applies, in the next four succeeding~~
3 ~~taxable years in turn until the net operating loss carryover is~~
4 ~~exhausted; in no event shall a net operating loss carryover be~~
5 ~~excluded in any taxable year after the fourth taxable year~~
6 ~~beginning after the taxable year to which the exclusion first~~
7 ~~applies;~~

8 ~~Ø.]~~ M. "net operating loss" means any net operating
9 loss, as defined by Section 172(c) of the Internal Revenue Code
10 ~~[as that section may be amended or renumbered]~~ for a taxable
11 year as further increased by the income, if any, from
12 obligations of the United States for that year less related
13 expenses;

14 ~~[P.]~~ N. "net operating loss carryover" means the
15 amount, or any portion of the amount, of a net operating loss
16 for any taxable year that, pursuant to ~~[Paragraph (6) or (7) of~~
17 ~~Subsection N of this section]~~ Subsection D of Section 7-2-4
18 NMSA 1978, may be excluded from base income;

19 ~~[Q.]~~ O. "nonresident" means every individual not a
20 resident of ~~[this state]~~ New Mexico;

21 ~~[R.]~~ ~~"person" means any individual, estate, trust,~~
22 ~~receiver, cooperative association, club, corporation, company,~~
23 ~~firm, partnership, limited liability company, joint venture,~~
24 ~~syndicate or other association; "person" also means, to the~~
25 ~~extent permitted by law, any federal, state or other~~

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~~governmental unit or subdivision or agency, department or instrumentality thereof;~~

P. "personal exemption" means a taxpayer, a spouse or a dependent that qualifies the taxpayer for a deduction for personal exemptions pursuant to Section 151 of the Internal Revenue Code;

~~[S.]~~ Q. "resident" means an individual who is domiciled in [this state] New Mexico during any part of the taxable year or an individual who is physically present in [this state] New Mexico for one hundred eighty-five days or more during the taxable year; but any individual, other than someone who was physically present in [the state] New Mexico for one hundred eighty-five days or more during the taxable year, who, on or before the last day of the taxable year, changed the individual's place of abode to a place without [this state] New Mexico with the bona fide intention of continuing actually to abide permanently without [this state] New Mexico is not a resident for the purposes of the Income Tax Act for periods after that change of abode;

~~[F.]~~ R. "secretary" means the secretary of taxation and revenue or the secretary's delegate;

~~[U.]~~ S. "state" means any state of the United States, the District of Columbia, the commonwealth of Puerto Rico, any territory or possession of the United States or any political subdivision of a foreign country;

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1 ~~[V.]~~ T. "state or local bond" means a bond issued
2 by a state other than New Mexico or by a local government other
3 than one of New Mexico's political subdivisions, the interest
4 from which is excluded from income for federal income tax
5 purposes under Section 103 of the Internal Revenue Code; ~~[as~~
6 ~~that section may be amended or renumbered;~~

7 ~~W.~~ ~~"surviving spouse" means "surviving spouse" as~~
8 ~~generally defined for federal income tax purposes;~~

9 ~~X.]~~ U. "taxable income" means ~~[net income less any~~
10 ~~lump-sum amount]~~ base income plus the additions to base income
11 set forth in Section 7-2-3.1 NMSA 1978 less the exemptions set
12 forth in Sections 7-2-4, 7-2-5.2, 7-2-5.5, 7-2-5.6, 7-2-5.7,
13 7-2-5.9, 7-2-5.10 and 7-2-5.11 NMSA 1978 or any other section
14 of the Income Tax Act creating an exemption effective after
15 June 30, 2008 and less the deductions set forth in Sections
16 7-2-32, 7-2-34, 7-2-36 and 7-2-37 NMSA 1978 or any other
17 section of the Income Tax Act creating a deduction effective
18 after June 30, 2008;

19 ~~[Y.]~~ V. "taxable year" means the calendar year or
20 fiscal year upon the basis of which the ~~[net]~~ taxable income is
21 computed under the Income Tax Act and includes, in the case of
22 the return made for a fractional part of a year under the
23 provisions of the Income Tax Act, the period for which the
24 return is made; and

25 ~~[Z.]~~ W. "taxpayer" means any individual subject to

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1 the tax imposed or eligible for a credit authorized by the
2 Income Tax Act."

3 Section 4. Section 7-2-3 NMSA 1978 (being Laws 1965,
4 Chapter 202, Section 3, as amended) is amended to read:

5 "7-2-3. IMPOSITION AND LEVY OF TAX.--A tax is imposed at
6 the rates specified in the Income Tax Act upon the [~~net~~]
7 taxable income of every resident individual and upon the [~~net~~]
8 taxable income of every nonresident individual employed or
9 engaged in the transaction of business in, into or from [~~this~~
10 ~~state~~] New Mexico or deriving any income from any property or
11 employment within [~~this state~~] New Mexico."

12 Section 5. A new section of the Income Tax Act, Section
13 7-2-3.1 NMSA 1978, is enacted to read:

14 "7-2-3.1. [NEW MATERIAL] ADDITIONS TO FEDERAL TAXABLE
15 INCOME OR ADJUSTED GROSS INCOME.--The following amounts shall
16 be added to the taxpayer's federal taxable income or adjusted
17 gross income, as appropriate:

18 A. for taxable years beginning on or after January
19 1, 1991, the amount of the net operating loss deduction allowed
20 by Section 172(a) of the Internal Revenue Code and taken by the
21 taxpayer for that year;

22 B. any other income of the taxpayer not included in
23 base income but upon which a federal tax is calculated pursuant
24 to the Internal Revenue Code for income tax purposes, except
25 amounts for which a calculation of tax is made pursuant to

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1 Section 55 of the Internal Revenue Code;

2 C. interest received on a state or local bond; and

3 D. an amount deducted pursuant to Section 7-2-32

4 NMSA 1978 in a prior taxable year if:

5 (1) the amount is transferred to another
6 qualified tuition program, as defined in Section 529 of the
7 Internal Revenue Code, not authorized in the federal Education
8 Trust Act; or

9 (2) a distribution or refund is made for any
10 reason other than:

11 (a) to pay for qualified higher
12 education expenses, as defined pursuant to Section 529 of the
13 Internal Revenue Code; or

14 (b) upon the beneficiary's death,
15 disability or receipt of a scholarship."

16 Section 6. Section 7-2-4 NMSA 1978 (being Laws 1965,
17 Chapter 202, Section 4, as amended) is amended to read:

18 "7-2-4. EXEMPTIONS.--No income tax shall be imposed upon:

19 A. the income of a trust organized or created in
20 the United States and forming part of a stock bonus, pension or
21 profit-sharing plan of an employer for the exclusive benefit of
22 [~~his~~] the employer's employees or their beneficiaries, which
23 trust is exempt from taxation under the provisions of the
24 Internal Revenue Code; [~~or~~]

25 B. the income of religious, educational, benevolent

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1 or other organizations not organized for profit, which are
2 exempt from income taxation under the Internal Revenue Code
3 except to the extent that such income is subject to federal
4 income taxation as "unrelated business income" under the
5 Internal Revenue Code;

6 C. the income of a taxpayer from:

7 (1) obligations of the United States less
8 expenses incurred to earn that income; or

9 (2) amounts that New Mexico is prohibited from
10 taxing because of the laws or constitution of New Mexico or the
11 United States constitution; or

12 D. for taxable years beginning on or after January
13 1, 1991, an amount equal to the sum of the net operating loss
14 carryover exemptions to the taxable year that are claimed and
15 allowed; provided, however:

16 (1) that the exemption is only applied:

17 (a) in the case of a timely filed
18 return, in the taxable year immediately following the taxable
19 year for which the return is filed; or

20 (b) in the case of amended returns or
21 original returns not timely filed, in the first taxable year
22 beginning after the date on which the return or amended return
23 establishing the net operating loss is filed; and

24 (2) if the net operating loss carryover
25 exceeds the amount of taxable income exclusive of the net

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1 operating loss carryover for the taxable year to which the
2 exemption first applies, the exemption shall be applied in the
3 next four succeeding taxable years in turn until the net
4 operating loss carryover is exhausted; in no event shall a net
5 operating loss carryover be exempted in any taxable year after
6 the fourth taxable year beginning after the taxable year to
7 which the exemption first applies."

8 Section 7. Section 7-2-5.2 NMSA 1978 (being Laws 1985,
9 Chapter 114, Section 1, as amended) is amended to read:

10 "7-2-5.2. EXEMPTION--INCOME OF PERSONS SIXTY-FIVE AND
11 OLDER OR BLIND.--

12 A. Any individual sixty-five years of age or older
13 or who, for federal income tax purposes, is blind may claim an
14 exemption in an amount specified in Subsections [A] B through
15 [C] D of this section not to exceed eight thousand dollars
16 (\$8,000) of income includable except for this exemption in
17 [net] taxable income. [~~Individuals having income both within~~
18 ~~and without this state shall apportion this exemption in~~
19 ~~accordance with regulations of the secretary.~~

20 ~~A.]~~ B. For married individuals filing separate
21 returns, for any taxable year beginning on or after January 1,
22 1987:

23 The maximum amount of
24 If adjusted exemption allowable under
25 gross income is: this section shall be:

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1	Not over \$15,000	\$8,000
2	Over \$15,000 but not over \$16,500	\$7,000
3	Over \$16,500 but not over \$18,000	\$6,000
4	Over \$18,000 but not over \$19,500	\$5,000
5	Over \$19,500 but not over \$21,000	\$4,000
6	Over \$21,000 but not over \$22,500	\$3,000
7	Over \$22,500 but not over \$24,000	\$2,000
8	Over \$24,000 but not over \$25,500	\$1,000
9	Over \$25,500	0.

10 ~~[B.]~~ C. For heads of household, surviving spouses and
 11 married individuals filing joint returns, for any taxable year
 12 beginning on or after January 1, 1987:

13		The maximum amount of
14	If adjusted	exemption allowable under
15	gross income is:	this section shall be:

16	Not over \$30,000	\$8,000
17	Over \$30,000 but not over \$33,000	\$7,000
18	Over \$33,000 but not over \$36,000	\$6,000
19	Over \$36,000 but not over \$39,000	\$5,000
20	Over \$39,000 but not over \$42,000	\$4,000
21	Over \$42,000 but not over \$45,000	\$3,000
22	Over \$45,000 but not over \$48,000	\$2,000
23	Over \$48,000 but not over \$51,000	\$1,000
24	Over \$51,000	0.

25 ~~[C.]~~ D. For single individuals, for any taxable year

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1 beginning on or after January 1, 1987:

2 The maximum amount of
3 If adjusted exemption allowable under
4 gross income is: this section shall be:

5 Not over \$18,000 \$8,000

6 Over \$18,000 but not over \$19,500 \$7,000

7 Over \$19,500 but not over \$21,000 \$6,000

8 Over \$21,000 but not over \$22,500 \$5,000

9 Over \$22,500 but not over \$24,000 \$4,000

10 Over \$24,000 but not over \$25,500 \$3,000

11 Over \$25,500 but not over \$27,000 \$2,000

12 Over \$27,000 but not over \$28,500 \$1,000

13 Over \$28,500 0."

14 Section 8. Section 7-2-5.5 NMSA 1978 (being Laws 1995,
15 Chapter 42, Section 1) is amended to read:

16 "7-2-5.5. EXEMPTION--EARNINGS BY INDIANS, THEIR INDIAN
17 SPOUSES AND INDIAN DEPENDENTS ON INDIAN LANDS.--An individual
18 may claim an exemption of income includable in taxable income,
19 except for this exemption, in an amount equal to the income
20 earned by a member of a New Mexico federally recognized Indian
21 nation, tribe, band or pueblo, [his] the member's spouse or
22 dependent, who is a member of a New Mexico federally recognized
23 Indian nation, tribe [band] or pueblo, [is exempt from state
24 income tax] if the income is earned from work performed within
25 and the member, spouse or dependent lives within the boundaries

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1 of the Indian member's or the spouse's reservation or pueblo
2 grant or within the boundaries of lands held in trust by the
3 United States for the benefit of the member or spouse or ~~his~~
4 the member's or spouse's nation, tribe ~~band~~ or pueblo, subject
5 to restriction against alienation imposed by the United States."

6 Section 9. Section 7-2-5.6 NMSA 1978 (being Laws 1995,
7 Chapter 93, Section 8) is amended to read:

8 "7-2-5.6. EXEMPTION--MEDICAL CARE SAVINGS ACCOUNTS.--
9 Except as provided in Section ~~[6 of this act]~~ 59A-23D-6 NMSA
10 1978, an individual may claim an exemption of income includable
11 in taxable income, except for this exemption in an amount equal
12 to employer and employee contributions to medical care savings
13 accounts established pursuant to the Medical Care Savings
14 Account Act, the interest earned on those accounts and money
15 reimbursed to an employee for eligible medical expenses from
16 those accounts or money advanced to the employee by the employer
17 for eligible medical expenses pursuant to that act ~~[are exempt~~
18 ~~from taxation]~~."

19 Section 10. Section 7-2-5.7 NMSA 1978 (being Laws 2002,
20 Chapter 58, Section 1) is amended to read:

21 "7-2-5.7. EXEMPTION--INCOME OF INDIVIDUALS ONE HUNDRED
22 YEARS OF AGE OR OLDER.--~~[The income of]~~ An individual who is a
23 natural person, who is one hundred years of age or older and who
24 is not a dependent of another individual ~~[is exempt from state~~
25 ~~income tax]~~ may claim an exemption of all income includable in

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1 taxable income except for this exemption."

2 Section 11. Section 7-2-5.9 NMSA 1978 (being Laws 2005,
3 Chapter 104, Section 6) is amended to read:

4 "7-2-5.9. EXEMPTION--UNREIMBURSED OR UNCOMPENSATED MEDICAL
5 CARE EXPENSES OF INDIVIDUALS SIXTY-FIVE YEARS OF AGE OR OLDER.--

6 A. Any individual sixty-five years of age or older may
7 claim an additional exemption from income includable in taxable
8 income, except for this exemption, [~~in net income~~] in an amount
9 equal to three thousand dollars (\$3,000) for medical care
10 expenses paid by the individual for that individual or for the
11 individual's spouse or dependent during the taxable year if
12 those medical care expenses exceed twenty-eight thousand dollars
13 (\$28,000) and if the medical care expenses are not reimbursed or
14 compensated for by insurance or otherwise.

15 B. As used in this section:

16 [~~(1)~~] "~~dependent~~" means "~~dependent~~" as defined in
17 ~~Section 152 of the Internal Revenue Code;~~

18 ~~(2)]~~ (1) "health care facility" means a hospital,
19 outpatient facility, diagnostic and treatment center,
20 rehabilitation center, freestanding hospice or other similar
21 facility at which medical care is provided;

22 [~~(3)]~~ (2) "medical care" means the diagnosis,
23 cure, mitigation, treatment or prevention of disease or for the
24 purpose of affecting any structure or function of the body;

25 [~~(4)]~~ (3) "medical care expenses" means amounts

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1 paid for:

2 (a) the diagnosis, cure, mitigation,
3 treatment or prevention of disease or for the purpose of
4 affecting any structure or function of the body if provided by a
5 physician or in a health care facility;

6 (b) prescribed drugs or insulin;

7 (c) qualified long-term care services as
8 defined in Section 7702B(c) of the Internal Revenue Code;

9 (d) insurance covering medical care,
10 including amounts paid as premiums under Part B of Title 18 of
11 the Social Security Act or for a qualified long-term care
12 insurance contract defined in Section 7702B(b) of the Internal
13 Revenue Code, if the insurance or other amount is paid from
14 income included in the taxpayer's adjusted gross income for the
15 taxable year;

16 (e) specialized treatment or the use of
17 special therapeutic devices if the treatment or device is
18 prescribed by a physician and the patient can show that the
19 expense was incurred primarily for the prevention or alleviation
20 of a physical or mental defect or illness; and

21 (f) care in an institution other than a
22 hospital, such as a sanitarium or rest home, if the principal
23 reason for the presence of the person in the institution is to
24 receive the medical care available; provided that if the meals
25 and lodging are furnished as a necessary part of such care, the

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1 cost of the meals and lodging are "medical care expenses";

2 [~~(5)~~] (4) "physician" means a medical doctor,
3 osteopathic physician, dentist, podiatrist, chiropractic
4 physician or psychologist licensed or certified to practice in
5 New Mexico; and

6 [~~(6)~~] (5) "prescribed drug" means a drug or
7 biological that requires a prescription of a physician for its
8 use by an individual."

9 Section 12. Section 7-2-5.10 NMSA 1978 (being Laws 2006,
10 Chapter 50, Section 1) is amended to read:

11 "7-2-5.10. EXEMPTION--NEW MEXICO NATIONAL GUARD MEMBER
12 PREMIUMS PAID FOR GROUP LIFE INSURANCE.--An individual who
13 receives reimbursement from the service members' life insurance
14 reimbursement fund may claim an exemption in the amount of that
15 reimbursement, from income includable in taxable income, except
16 for this exemption [~~in net income~~]."

17 Section 13. Section 7-2-5.11 NMSA 1978 (being Laws 2007,
18 Chapter 45, Section 11) is amended to read:

19 "7-2-5.11. EXEMPTION--ARMED FORCES SALARIES.--An
20 individual may claim an exemption of income includable in
21 taxable income, except for this exemption, in an amount equal to
22 a salary paid by the United States to a taxpayer for active duty
23 service in the armed forces of the United States [~~is exempt from~~
24 ~~state income taxation~~]."

25 Section 14. Section 7-2-7 NMSA 1978 (being Laws 2005,

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1 Chapter 104, Section 4) is amended to read:

2 "7-2-7. INDIVIDUAL INCOME TAX [RATES] RATE.--The tax
3 imposed by Section 7-2-3 NMSA 1978 shall be imposed at the
4 ~~[following rates]~~ rate of four and nine-tenths percent of
5 taxable income for ~~[any]~~ a taxable year beginning on or after
6 January 1, 2008.

7 ~~[A. For married individuals filing separate returns:~~

8 ~~If the taxable income is: The tax shall be:~~
9 ~~Not over \$4,000 1.7% of taxable income~~
10 ~~Over \$4,000 but not over \$8,000 \$68.00 plus 3.2% of excess~~
11 ~~over \$4,000~~
12 ~~Over \$8,000 but not over \$12,000 \$196 plus 4.7% of excess over~~
13 ~~\$8,000~~
14 ~~Over \$12,000 \$384 plus 4.9% of excess over~~
15 ~~\$12,000.~~

16 ~~B. For heads of household, surviving spouses and~~
17 ~~married individuals filing joint returns:~~

18 ~~If the taxable income is: The tax shall be:~~
19 ~~Not over \$8,000 1.7% of taxable income~~
20 ~~Over \$8,000 but not over \$16,000 \$136 plus 3.2% of~~
21 ~~excess over \$8,000~~
22 ~~Over \$16,000 but not over \$24,000 \$392 plus 4.7% of~~
23 ~~\$24,000 excess over \$16,000~~
24 ~~Over \$ 24,000 \$768 plus 4.9% of excess over~~
25 ~~\$24,000.~~

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~~C. For single individuals and for estates and trusts:~~

~~If the taxable income is: The tax shall be:~~

~~Not over \$5,500 1.7% of taxable income~~

~~Over \$5,500 but not over \$11,000 \$93.50 plus 3.2% of
excess over \$5,500~~

~~Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of
excess over \$11,000~~

~~Over \$16,000 \$504.50 plus 4.9% of excess over \$16,000.~~

~~D. The tax on the sum of any lump-sum amounts included
in net income is an amount equal to five multiplied by the
difference between:~~

~~(1) the amount of tax due on the taxpayer's
taxable income; and~~

~~(2) the amount of tax that would be due on an
amount equal to the taxpayer's taxable income and twenty percent
of the taxpayer's lump-sum amounts included in net income.]"~~

Section 15. Section 7-2-7.1 NMSA 1978 (being Laws 1980,
Chapter 102, Section 1, as amended) is amended to read:

"7-2-7.1. TAX TABLES.--In lieu of the tax rate
[~~computations~~] computation required in Section 7-2-7 NMSA 1978
and the credit computations required in Section 7-2-7.4 NMSA
1978, the secretary may adopt regulations requiring taxpayers to
pay taxes in accordance with tax rate tables and to claim the
credit in accordance with the credit tables. The tax and credit
tables may be established either by regulation or by

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1 instruction, but shall be computed substantially on the basis of
2 the [~~rates~~] rate prescribed in Section 7-2-7 NMSA 1978 and the
3 credit authorized in Section 7-2-7.4 NMSA 1978. The secretary
4 may, by regulation or instruction, exclude from the application
5 of this section taxpayers having [~~net~~] taxable incomes in excess
6 of an amount to be determined by the secretary and may exclude
7 taxpayers in any [~~net-income~~] taxable-income class having more
8 personal exemptions than the number of personal exemptions
9 specified by the secretary for that category."

10 Section 16. A new section of the Income Tax Act, Section
11 7-2-7.4 NMSA 1978, is enacted to read:

12 "7-2-7.4. [NEW MATERIAL] TAX CREDIT--CREDIT FOR
13 EXEMPTIONS, DEDUCTIONS, RATE BRACKETS AND STATE AND LOCAL
14 TAXES.--

15 A. A taxpayer who files an individual New Mexico
16 income tax return may claim a credit in an amount equal to the
17 sum of the amounts determined under Subsections B through E of
18 this section, subject to the limitation imposed by Subsection G
19 of this section.

20 B. A taxpayer who files an individual New Mexico
21 income tax return and is not a trust, estate or dependent of
22 another taxpayer may claim a credit in an amount determined
23 under Paragraphs (1) through (5) of this subsection according to
24 the taxpayer's filing status reduced by the amount determined
25 under Paragraph (6) of this subsection.

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1 (1) For married individuals filing separate
2 returns with no dependents:

3 If taxable income is:	The credit shall be:
4 Not over \$8,950	\$0.00 plus 4.90% of
	5 the excess over \$0
6 Over \$8,950 but not over \$12,950	\$438.55 plus 3.20% of
	7 the excess over \$8,950
8 Over \$12,950 but not over \$16,950	\$566.55 plus 1.70% of
	9 the excess over \$12,950
10 Over \$16,950 but not over \$20,950	\$634.55 plus 0.20% of
	11 the excess over \$16,950
12 Over \$20,950	\$642.55.

13 For each dependent of the taxpayer, the taxable income
14 amounts in the table shall all be increased by the increment
15 amount and the percentages in the table used to determine the
16 credit at all taxable income levels.

17 (2) For surviving spouses with no dependents:

18 If taxable income is:	The credit shall be:
19 Not over \$14,400	\$0.00 plus 4.90% of
	20 the excess over \$0
21 Over \$14,400 but not over \$22,400	\$705.60 plus 3.20% of
	22 the excess over \$14,400
23 Over \$22,400 but not over \$30,400	\$961.60 plus 1.70% of
	24 the excess over \$22,400
25 Over \$30,400 but not over \$38,400	\$1,097.60 plus 0.20% of

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1 the excess over \$30,400
2 Over \$38,400 \$1,113.60.

3 For each dependent of the taxpayer, the taxable income
4 amounts in the table shall all be increased by the increment
5 amount and the percentages in the table used to determine the
6 credit at all taxable income levels.

7 (3) For married individuals filing joint
8 returns with no dependents:

9 If taxable income is:	The credit shall be:
10 Not over \$17,900	11 \$0.00 plus 4.90% of 12 the excess over \$0
13 Over \$17,900 but not over \$25,900	14 \$877.10 plus 3.20% of 15 the excess over \$17,900
16 Over \$25,900 but not over \$33,900	17 \$1,133.10 plus 1.70% of 18 the excess over \$25,900
19 Over \$33,900 but not over \$41,900	20 \$1,269.10 plus 0.20% of 21 the excess over \$33,900
22 Over \$41,900	23 \$1,285.10.

24 For each dependent of the taxpayer, the taxable income
25 amounts in the table shall all be increased by the increment
amount and the percentages in the table used to determine the
credit at all taxable income levels.

(4) For single individuals with no dependents:

26 If taxable income is:	The credit shall be:
27 Not over \$8,950	28 \$0.00 plus 4.90% of

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1		the excess over \$0
2	Over \$8,950 but not over \$14,450	\$438.55 plus 3.20% of
3		the excess over \$8,950
4	Over \$14,450 but not over \$19,950	\$641.55 plus 1.70% of
5		the excess over \$14,450
6	Over \$19,950 but not over \$24,950	\$708.05 plus 0.20% of
7		the excess over \$19,950
8	Over \$24,950	\$718.05.

9 For each dependent of the taxpayer, the taxable income
10 amounts in the table shall all be increased by the increment
11 amount and the percentages in the table used to determine the
12 credit at all taxable income levels.

13 (5) For heads of household with no dependents:

14	If taxable income is:	The credit shall be:
15	Not over \$11,500	\$0.00 plus 4.90% of
16		the excess over \$0
17	Over \$11,500 but not over \$19,500	\$563.50 plus 3.20% of
18		the excess over \$11,500
19	Over \$19,500 but not over \$27,500	\$819.50 plus 1.70% of
20		the excess over \$19,500
21	Over \$27,500 but not over \$35,500	\$955.50 plus 0.20% of
22		the excess over \$27,500
23	Over \$35,500	\$971.50.

24 For each dependent of the taxpayer, the taxable income
25 amounts in the table shall all be increased by the increment

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1 amount and the percentages in the table used to determine the
2 credit at all taxable income levels.

3 (6) For 2008 and 2009, the amount of the
4 credit determined under Paragraphs (1) through (5) of this
5 subsection shall be reduced, but not below zero, by the amount
6 equal to the product of four and nine-tenths percent and the
7 amount of the reduction in the deduction for personal exemptions
8 determined pursuant to Section 151(d)(3) of the Internal Revenue
9 Code.

10 (7) For purposes of this subsection, the
11 increment amount is three thousand five hundred dollars
12 (\$3,500).

13 (8) For 2010 and subsequent years, the taxable
14 income amounts in the tables in Paragraphs (1) through (5) of
15 this subsection and the increment amount in Paragraph (7) of
16 this subsection shall be indexed for inflation under the
17 provisions of Section 7-1-83 NMSA 1978 using 2009 as the base
18 year, and the credit amounts at each taxable income level in
19 each table shall be recomputed using the percentages in the
20 table.

21 C. A taxpayer who files an individual New Mexico
22 income tax return and is a trust, estate or dependent of another
23 taxpayer may claim a credit in the following amount:

24	If taxable income is:	The credit shall be:
25	Not over \$5,500	\$0.00 plus 3.20% of

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1		the excess over \$0
2	Over \$5,500 but not over \$11,000	\$176.00 plus 1.70% of
3		the excess over \$5,500
4	Over \$11,000 but not over \$16,000	\$269.50 plus 0.20% of
5		the excess over \$11,000
6	Over \$16,000	\$279.50.

7 For 2010 and subsequent years, the taxable income amounts
8 in the table shall be indexed for inflation under the provisions
9 of Section 7-1-83 NMSA 1978 using 2009 as the base year, and the
10 credit amounts at each taxable income level recomputed using the
11 percentages in the table.

12 D. A taxpayer who files an individual New Mexico
13 income tax return and is not a trust, estate or dependent of
14 another taxpayer may claim a credit in an amount determined
15 under Paragraphs (1) through (5) of this subsection according to
16 the taxpayer's filing status.

17 (1) For married individuals filing separate
18 returns with:

19 (a) one personal exemption:

20	If taxable income is:	The credit shall be:
21	Not over \$8,950	\$0.00
22	Over \$8,950 but not over \$11,450	\$0.00 plus 1.70% of
23		the excess over \$8,950
24	Over \$11,450 but not over \$12,950	\$42.50 plus 0.00% of
25		the excess over \$11,450

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1	Over \$12,950 but not over \$15,000	\$42.50 plus 1.50% of
2		the excess over \$12,950
3	Over \$15,000 but not over \$15,380	\$73.25 plus 1.16% of
4		the excess over \$15,000
5	Over \$15,380 but not over \$16,950	\$77.66 less 0.64% of
6		the excess over \$15,380
7	Over \$16,950 but not over \$18,710	\$67.61 plus 0.86% of
8		the excess over \$16,950
9	Over \$18,710 but not over \$20,950	\$82.75 less 0.94% of
10		the excess over \$18,710
11	Over \$20,950 but not over \$22,040	\$61.69 less 0.74% of
12		the excess over \$20,950
13	Over \$22,040 but not over \$27,512	\$53.62 less 0.98% of
14		the excess over \$22,040
15	Over \$27,512	\$0.00;

(b) two personal exemptions:

17	If taxable income is:	The credit shall be:
18	Not over \$12,450	\$0.00
19	Over \$12,450 but not over \$16,450	\$0.00 plus 1.70% of
20		the excess over \$12,450
21	Over \$16,450 but not over \$16,750	\$68.00 plus 3.20% of
22		the excess over \$16,450
23	Over \$16,750 but not over \$19,610	\$77.60 plus 0.82% of
24		the excess over \$16,750
25	Over \$19,610 but not over \$20,450	\$101.05 less 1.28% of

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1 the excess over \$19,610
2 Over \$20,450 but not over \$22,460 \$90.30 plus 0.22% of
3 the excess over \$20,450
4 Over \$22,460 but not over \$24,450 \$94.72 less 1.88% of
5 the excess over \$22,460
6 Over \$24,450 but not over \$25,320 \$57.31 less 1.68% of
7 the excess over \$24,450
8 Over \$25,320 but not over \$27,498 \$42.69 less 1.96% of
9 the excess over \$25,320
10 Over \$27,498 \$0.00;

11 (c) three personal exemptions:

12	If taxable income is:	The credit shall be:
13	Not over \$15,950	\$0.00
14	Over \$15,950 but not over \$19,950	\$0.00 plus 1.70% of
15		the excess over \$15,950
16	Over \$19,950 but not over \$20,280	\$68.00 plus 3.20% of
17		the excess over \$19,950
18	Over \$20,280 but not over \$22,780	\$78.56 plus 0.48% of
19		the excess over \$20,280
20	Over \$22,780 but not over \$23,950	\$90.56 less 1.92% of the
21		excess over \$22,780
22	Over \$23,950 but not over \$25,280	\$68.10 less 0.42% of
23		the excess over \$23,950
24	Over \$25,280 but not over \$27,497	\$62.51 less 2.82% of
25		the excess over \$25,280

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1 Over \$27,497 \$0.00;

2 (d) four personal exemptions:

3 If taxable income is: The credit shall be:

4 Not over \$19,450 \$0.00

5 Over \$19,450 but not over \$23,030 \$0.00 plus 1.70% of

6 the excess over \$19,450

7 Over \$23,030 but not over \$23,450 \$60.86 less 1.36% of

8 the excess over \$23,030

9 Over \$23,450 but not over \$25,250 \$55.15 plus 0.14% of

10 the excess over \$23,450

11 Over \$25,250 but not over \$27,450 \$57.67 less 2.56% of

12 the excess over \$25,250

13 Over \$27,450 but not over \$27,470 \$1.35 less 1.06% of

14 the excess over \$27,450

15 Over \$27,470 but not over \$27,500 \$1.14 less 3.76% of

16 the excess over \$27,470

17 Over \$27,500 \$0.00;

18 (e) five personal exemptions:

19 If taxable income is: The credit shall be:

20 Not over \$0.00 \$0.00

21 Over \$22,950 but not over \$25,230 \$0.00 plus 1.70% of

22 the excess over \$22,950

23 Over \$25,230 but not over \$26,950 \$38.76 less 1.70% of

24 the excess over \$25,230

25 Over \$26,950 but not over \$27,230 \$9.52 less 0.20% of

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1 the excess over \$26,950
 2 Over \$27,230 but not over \$27,510 \$8.96 less 3.20% of
 3 the excess over \$27,230
 4 Over \$27,510 \$0.00;

(f) six personal exemptions:

6 If taxable income is: The credit shall be:
 7 Not over \$26,450 \$0.00
 8 Over \$26,450 but not over \$27,020 \$0.00 plus 1.70% of
 9 the excess over \$26,450
 10 Over \$27,020 but not over \$27,495 \$9.69 less 2.04% of
 11 the excess over \$27,020
 12 Over \$27,495 \$0.00; and

(g) seven or more personal exemptions,
the credit is zero dollars (\$0.00).

(2) For surviving spouses with:

(a) one personal exemption:

17 If taxable income is: The credit shall be:
 18 Not over \$14,400 \$0.00
 19 Over \$14,400 but not over \$16,900 \$0.00 plus 1.70% of
 20 the excess over \$14,400
 21 Over \$16,900 but not over \$22,400 \$42.50 plus 0.00% of
 22 the excess over \$16,900
 23 Over \$22,400 but not over \$24,900 \$42.50 plus 1.50% of
 24 the excess over \$22,400
 25 Over \$24,900 but not over \$30,000 \$80.00 plus 0.00% of

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1 the excess over \$24,900
2 Over \$30,000 but not over \$30,400 \$80.00 less 0.32% of
3 the excess over \$30,000
4 Over \$30,400 but not over \$32,640 \$78.72 plus 1.18% of
5 the excess over \$30,400
6 Over \$32,640 but not over \$38,400 \$105.15 less 0.47% of
7 the excess over \$32,640
8 Over \$38,400 but not over \$39,910 \$78.08 less 0.27% of
9 the excess over \$38,400
10 Over \$39,910 but not over \$55,013 \$74.00 less 0.49% of
11 the excess over \$39,910
12 Over \$55,013 \$0.00;

(b) two personal exemptions:

14 If taxable income is: The credit shall be:
15 Not over \$17,900 \$0.00
16 Over \$17,900 but not over \$22,900 \$0.00 plus 1.70% of
17 the excess over \$17,900
18 Over \$22,900 but not over \$25,900 \$85.00 plus 0.00% of
19 the excess over \$22,900
20 Over \$25,900 but not over \$30,000 \$85.00 plus 1.50% of
21 the excess over \$25,900
22 Over \$30,000 but not over \$30,750 \$146.50 plus 1.16% of
23 the excess over \$30,000
24 Over \$30,750 but not over \$33,900 \$155.20 less 0.64% of
25 the excess over \$30,750

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1	Over \$33,900 but not over \$37,420	\$135.04 plus 0.86% of
2		the excess over \$33,900
3	Over \$37,420 but not over \$41,900	\$165.31 less 0.94% of
4		the excess over \$37,420
5	Over \$41,900 but not over \$44,080	\$123.20 less 0.74% of
6		the excess over \$41,900
7	Over \$44,080 but not over \$55,005	\$107.07 less 0.98% of
8		the excess over \$44,080
9	Over \$55,005	\$0.00;

10 (c) three personal exemptions:

11	If taxable income is:	The credit shall be:
12	Not over \$21,400	\$0.00
13	Over \$21,400 but not over \$28,900	\$0.00 plus 1.70% of
14		the excess over \$21,400
15	Over \$28,900 but not over \$29,400	\$127.50 plus 0.00% of
16		the excess over \$28,900
17	Over \$29,400 but not over \$30,000	\$127.50 plus 1.50% of
18		the excess over \$29,400
19	Over \$30,000 but not over \$35,310	\$136.50 plus 0.99% of
20		the excess over \$30,000
21	Over \$35,310 but not over \$37,400	\$189.07 less 0.96% of
22		the excess over \$35,310
23	Over \$37,400 but not over \$41,460	\$169.01 plus 0.54% of
24		the excess over \$37,400
25	Over \$41,460 but not over \$45,400	\$190.93 less 1.41% of

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1 the excess over \$41,460
2 Over \$45,400 but not over \$47,620 \$135.38 less 1.21% of
3 the excess over \$45,400
4 Over \$47,620 but not over \$55,002 \$108.51 less 1.47% of
5 the excess over \$47,620
6 Over \$55,002 \$0.00;

7 (d) four personal exemptions:

8 If taxable income is: The credit shall be:
9 Not over \$24,900 \$0.00
10 Over \$24,900 but not over \$32,900 \$0.00 plus 1.70% of
11 the excess over \$24,900
12 Over \$32,900 but not over \$33,500 \$136.00 plus 3.20% of
13 the excess over \$32,900
14 Over \$33,500 but not over \$39,210 \$155.20 plus 0.82% of
15 the excess over \$33,500
16 Over \$39,210 but not over \$40,900 \$202.02 less 1.28% of
17 the excess over \$39,210
18 Over \$40,900 but not over \$44,930 \$180.39 plus 0.22% of
19 the excess over \$40,900
20 Over \$44,930 but not over \$48,900 \$189.26 less 1.88% of
21 the excess over \$44,930
22 Over \$48,900 but not over \$50,640 \$114.62 less 1.68% of
23 the excess over \$48,900
24 Over \$50,640 but not over \$54,997 \$85.39 less 1.96% of
25 the excess over \$50,640

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1 Over \$54,997 \$0.00;
2 (e) five personal exemptions:
3 If taxable income is: The credit shall be:
4 Not over \$28,400 \$0.00
5 Over \$28,400 but not over \$36,400 \$0.00 plus 1.70% of
6 the excess over \$28,400
7 Over \$36,400 but not over \$37,270 \$136.00 plus 3.20% of
8 the excess over \$36,400
9 Over \$37,270 but not over \$42,600 \$163.84 plus 0.65% of
10 the excess over \$37,270
11 Over \$42,600 but not over \$44,400 \$198.49 less 1.60% of
12 the excess over \$42,600
13 Over \$44,400 but not over \$47,930 \$169.69 less 0.10% of
14 the excess over \$44,400
15 Over \$47,930 but not over \$52,400 \$166.16 less 2.35% of
16 the excess over \$47,930
17 Over \$52,400 but not over \$53,270 \$61.11 less 2.15% of
18 the excess over \$52,400
19 Over \$53,270 but not over \$55,001 \$42.41 less 2.45% of
20 the excess over \$53,270
21 Over \$55,001 \$0.00;

22 (f) six personal exemptions:
23 If taxable income is: The credit shall be:
24 Not over \$31,900 \$0.00
25 Over \$31,900 but not over \$39,900 \$0.00 plus 1.70% of

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underscored material = new
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1 the excess over \$31,900
2 Over \$39,900 but not over \$40,560 \$136.00 plus 3.20% of
3 the excess over \$39,900
4 Over \$40,560 but not over \$45,560 \$157.12 plus 0.48% of
5 the excess over \$40,560
6 Over \$45,560 but not over \$47,900 \$181.12 less 1.92% of
7 the excess over \$45,560
8 Over \$47,900 but not over \$50,560 \$136.19 less 0.42% of
9 the excess over \$47,900
10 Over \$50,560 but not over \$54,993 \$125.02 less 2.82% of
11 the excess over \$50,560
12 Over \$54,993 \$0.00;

(g) seven personal exemptions:

14 If taxable income is: The credit shall be:
15 Not over \$35,400 \$0.00
16 Over \$35,400 but not over \$43,400 \$0.00 plus 1.70% of
17 the excess over \$35,400
18 Over \$43,400 but not over \$43,470 \$136.00 plus 3.20% of
19 the excess over \$43,400
20 Over \$43,470 but not over \$48,180 \$138.24 plus 0.31% of
21 the excess over \$43,470
22 Over \$48,180 but not over \$51,400 \$152.84 less 2.24% of
23 the excess over \$48,180
24 Over \$51,400 but not over \$52,880 \$80.71 less 0.74% of
25 the excess over \$51,400

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1 Over \$52,880 but not over \$55,000 \$69.76 less 3.29% of
2 the excess over \$52,880
3 Over \$55,000 \$0.00; and
4 (h) eight or more personal exemptions:
5 If taxable income is: The credit shall be:
6 Not over \$38,900 \$0.00
7 Over \$38,900 but not over \$46,060 \$0.00 plus 1.70% of
8 the excess over \$38,900
9 Over \$46,060 but not over \$46,900 \$121.72 less 1.36% of
10 the excess over \$46,060
11 Over \$46,900 but not over \$50,500 \$110.30 plus 0.14% of
12 the excess over \$46,900
13 Over \$50,500 but not over \$55,005 \$115.34 less 2.56% of
14 the excess over \$50,500
15 Over \$55,005 \$0.00.

16 (3) For married individuals filing joint
17 returns with:

18 (a) two personal exemptions:
19 If taxable income is: The credit shall be:
20 Not over \$17,900 \$0.00
21 Over \$17,900 but not over \$22,900 \$0.00 plus 1.70% of
22 the excess over \$17,900
23 Over \$22,900 but not over \$25,900 \$85.00 plus 0.00% of
24 the excess over \$22,900
25 Over \$25,900 but not over \$30,000 \$85.00 plus 1.50% of

.173190.1

1 the excess over \$25,900
2 Over \$30,000 but not over \$30,750 \$146.50 plus 1.16% of
3 the excess over \$30,000
4 Over \$30,750 but not over \$33,900 \$155.20 less 0.64% of
5 the excess over \$30,750
6 Over \$33,900 but not over \$37,420 \$135.04 plus 0.86% of
7 the excess over \$33,900
8 Over \$37,420 but not over \$41,900 \$165.31 less 0.94% of
9 the excess over \$37,420
10 Over \$41,900 but not over \$44,080 \$123.20 less 0.74% of
11 the excess over \$41,900
12 Over \$44,080 but not over \$55,005 \$107.07 less 0.98% of
13 the excess over \$44,080
14 Over \$55,005 \$0.00;

(b) three personal exemptions:

16	If taxable income is:	The credit shall be:
17	Not over \$21,400	\$0.00
18	Over \$21,400 but not over \$28,900	\$0.00 plus 1.70% of
19		the excess over \$21,400
20	Over \$28,900 but not over \$29,400	\$127.50 plus 0.00% of
21		the excess over \$28,900
22	Over \$29,400 but not over \$30,000	\$127.50 plus 1.50% of
23		the excess over \$29,400
24	Over \$30,000 but not over \$35,310	\$136.50 plus 0.99% of
25		the excess over \$30,000

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1	Over \$35,310 but not over \$37,400	\$189.07 less 0.96% of
2		the excess over \$35,310
3	Over \$37,400 but not over \$41,460	\$169.01 plus 0.54% of
4		the excess over \$37,400
5	Over \$41,460 but not over \$45,400	\$190.93 less 1.41% of
6		the excess over \$41,460
7	Over \$45,400 but not over \$47,620	\$135.38 less 1.21% of
8		the excess over \$45,400
9	Over \$47,620 but not over \$55,002	\$108.51 less 1.47% of
10		the excess over \$47,620
11	Over \$55,002	\$0.00;

(c) four personal exemptions:

13	If taxable income is:	The credit shall be:
14	Not over \$24,900	\$0.00
15	Over \$24,900 but not over \$32,900	\$0.00 plus 1.70% of
16		the excess over \$24,900
17	Over \$32,900 but not over \$33,500	\$136.00 plus 3.20% of
18		the excess over \$32,900
19	Over \$33,500 but not over \$39,210	\$155.20 plus 0.82% of
20		the excess over \$33,500
21	Over \$39,210 but not over \$40,900	\$202.02 less 1.28% of
22		the excess over \$39,210
23	Over \$40,900 but not over \$44,930	\$180.39 plus 0.22% of
24		the excess over \$40,900
25	Over \$44,930 but not over \$48,900	\$189.26 less 1.88% of

.173190.1

1 the excess over \$44,930
 2 Over \$48,900 but not over \$50,640 \$114.62 less 1.68% of
 3 the excess over \$48,900
 4 Over \$50,640 but not over \$54,997 \$85.39 less 1.96% of
 5 the excess over \$50,640
 6 Over \$54,997 \$0.00;

(d) five personal exemptions:

8 If taxable income is: The credit shall be:
 9 Not over \$28,400 \$0.00
 10 Over \$28,400 but not over \$36,400 \$0.00 plus 1.70% of
 11 the excess over \$28,400
 12 Over \$36,400 but not over \$37,270 \$136.00 plus 3.20% of
 13 the excess over \$36,400
 14 Over \$37,270 but not over \$42,600 \$163.84 plus 0.65% of
 15 the excess over \$37,270
 16 Over \$42,600 but not over \$44,400 \$198.49 less 1.60% of
 17 the excess over \$42,600
 18 Over \$44,400 but not over \$47,930 \$169.69 less 0.10% of
 19 the excess over \$44,400
 20 Over \$47,930 but not over \$52,400 \$166.16 less 2.35% of
 21 the excess over \$47,930
 22 Over \$52,400 but not over \$53,270 \$61.11 less 2.15% of
 23 the excess over \$52,400
 24 Over \$53,270 but not over \$55,001 \$42.41 less 2.45% of
 25 the excess over \$53,270

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1 Over \$55,001 \$0.00;

2 (e) six personal exemptions:

3 If taxable income is: The credit shall be:

4 Not over \$31,900 \$0.00

5 Over \$31,900 but not over \$39,900 \$0.00 plus 1.70% of
6 the excess over \$31,900

7 Over \$39,900 but not over \$40,560 \$136.00 plus 3.20% of
8 the excess over \$39,900

9 Over \$40,560 but not over \$45,560 \$157.12 plus 0.48% of
10 the excess over \$40,560

11 Over \$45,560 but not over \$47,900 \$181.12 less 1.92% of
12 the excess over \$45,560

13 Over \$47,900 but not over \$50,560 \$136.19 less 0.42% of
14 the excess over \$47,900

15 Over \$50,560 but not over \$54,993 \$125.02 less 2.82% of
16 the excess over \$50,560

17 Over \$54,993 \$0.00;

18 (f) seven personal exemptions:

19 If taxable income is: The credit shall be:

20 Not over \$35,400 \$0.00

21 Over \$35,400 but not over \$43,400 \$0.00 plus 1.70% of
22 the excess over \$35,400

23 Over \$43,400 but not over \$43,470 \$136.00 plus 3.20% of
24 the excess over \$43,400

25 Over \$43,470 but not over \$48,180 \$138.24 plus 0.31% of

.173190.1

underscored material = new
[bracketed material] = delete

1 the excess over \$43,470
 2 Over \$48,180 but not over \$51,400 \$152.84 less 2.24% of
 3 the excess over \$48,180
 4 Over \$51,400 but not over \$52,880 \$80.71 less 0.74% of
 5 the excess over \$51,400
 6 Over \$52,880 but not over \$55,000 \$69.76 less 3.29% of
 7 the excess over \$52,880
 8 Over \$55,000 \$0.00;

(g) eight personal exemptions:

10	If taxable income is:	The credit shall be:
11	Not over \$38,900	\$0.00
12	Over \$38,900 but not over \$46,060	\$0.00 plus 1.70% of
13		the excess over \$38,900
14	Over \$46,060 but not over \$46,900	\$121.72 less 1.36% of
15		the excess over \$46,060
16	Over \$46,900 but not over \$50,500	\$110.30 plus 0.14% of
17		the excess over \$46,900
18	Over \$50,500 but not over \$54,900	\$115.34 less 2.56% of
19		the excess over \$50,500
20	Over \$54,900 but not over \$54,940	\$2.70 less 1.06% of
21		the excess over \$54,900
22	Over \$54,940 but not over \$55,000	\$2.27 less 3.76% of
23		the excess over \$54,940
24	Over \$55,000	\$0.00; and

(h) nine or more personal exemptions:

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1	If taxable income is:	The credit shall be:
2	Not over \$42,400	\$0.00
3	Over \$42,400 but not over \$48,370	\$0.00 plus 1.70% of
4		the excess over \$42,400
5	Over \$48,370 but not over \$50,400	\$101.49 less 1.53% of
6		the excess over \$48,370
7	Over \$50,400 but not over \$52,580	\$70.43 less 0.03% of
8		the excess over \$50,400
9	Over \$52,580 but not over \$55,003	\$69.78 less 2.88% of
10		the excess over \$52,580
11	Over \$55,003	\$0.00.

12 (4) For single individuals with:

13 (a) one personal exemption:

14	If taxable income is:	The credit shall be:
15	Not over \$8,950	\$0.00
16	Over \$8,950 but not over \$11,450	\$0.00 plus 1.70% of
17		the excess over \$8,950
18	Over \$11,450 but not over \$14,450	\$42.50 plus 0.00% of
19		the excess over \$11,450
20	Over \$14,450 but not over \$16,950	\$42.50 plus 1.50% of
21		the excess over \$14,450
22	Over \$16,950 but not over \$19,950	\$80.00 plus 0.00% of
23		the excess over \$16,950
24	Over \$19,950 but not over \$20,000	\$80.00 plus 1.50% of
25		the excess over \$19,950

.173190.1

1 Over \$20,000 but not over \$22,130 \$80.75 plus 1.02% of
 2 the excess over \$20,000
 3 Over \$22,130 but not over \$24,950 \$102.48 less 0.70% of
 4 the excess over \$22,130
 5 Over \$24,950 but not over \$26,480 \$82.74 less 0.50% of
 6 the excess over \$24,950
 7 Over \$26,480 but not over \$36,627 \$75.09 less 0.74% of
 8 the excess over \$26,480
 9 Over \$36,627 \$0.00;

(b) two personal exemptions:

11 If taxable income is: The credit shall be:
 12 Not over \$12,450 \$0.00
 13 Over \$12,450 but not over \$17,450 \$0.00 plus 1.70% of
 14 the excess over \$12,450
 15 Over \$17,450 but not over \$17,950 \$85.00 plus 0.00% of
 16 the excess over \$17,450
 17 Over \$17,950 but not over \$20,000 \$85.00 plus 1.50% of
 18 the excess over \$17,950
 19 Over \$20,000 but not over \$22,270 \$115.75 plus 0.99% of
 20 the excess over \$20,000
 21 Over \$22,270 but not over \$23,450 \$138.22 less 0.96% of
 22 the excess over \$22,270
 23 Over \$23,450 but not over \$26,500 \$126.90 plus 0.54% of
 24 the excess over \$23,450
 25 Over \$26,500 but not over \$28,450 \$143.37 less 1.41% of

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1 the excess over \$26,500
2 Over \$28,450 but not over \$30,350 \$115.87 less 1.21% of
3 the excess over \$28,450
4 Over \$30,350 but not over \$36,668 \$92.88 less 1.47% of
5 the excess over \$30,350
6 Over \$36,668 \$0.00;

7 (c) three personal exemptions:

8 If taxable income is: The credit shall be:
9 Not over \$15,950 \$0.00
10 Over \$15,950 but not over \$21,450 \$0.00 plus 1.70% of
11 the excess over \$15,950
12 Over \$21,450 but not over \$22,380 \$93.50 plus 3.20% of
13 the excess over \$21,450
14 Over \$22,380 but not over \$26,170 \$123.26 plus 0.74% of
15 the excess over \$22,380
16 Over \$26,170 but not over \$26,950 \$151.31 less 1.44% of
17 the excess over \$26,170
18 Over \$26,950 but not over \$29,970 \$140.07 plus 0.06% of
19 the excess over \$26,950
20 Over \$29,970 but not over \$31,950 \$141.89 less 2.12% of
21 the excess over \$29,970
22 Over \$31,950 but not over \$33,410 \$99.91 less 1.92% of
23 the excess over \$31,950
24 Over \$33,410 but not over \$36,662 \$71.88 less 2.21% of
25 the excess over \$33,410

.173190.1

1 Over \$36,662 \$0.00;

2 (d) four personal exemptions:

3 If taxable income is: The credit shall be:

4 Not over \$19,450 \$0.00

5 Over \$19,450 but not over \$24,950 \$0.00 plus 1.70% of

6 the excess over \$19,450

7 Over \$24,950 but not over \$25,910 \$93.50 plus 3.20% of

8 the excess over \$24,950

9 Over \$25,910 but not over \$29,340 \$124.22 plus 0.48% of

10 the excess over \$25,910

11 Over \$29,340 but not over \$30,450 \$140.68 less 1.92% of

12 the excess over \$29,340

13 Over \$30,450 but not over \$32,780 \$119.37 less 0.42% of

14 the excess over \$30,450

15 Over \$32,780 but not over \$35,450 \$109.59 less 2.82% of

16 the excess over \$32,780

17 Over \$35,450 but not over \$35,910 \$34.29 less 2.62% of

18 the excess over \$35,450

19 Over \$35,910 but not over \$36,666 \$22.24 less 2.94% of

20 the excess over \$35,910

21 Over \$36,666 \$0.00;

(e) five personal exemptions:

23 If taxable income is: The credit shall be:

24 Not over \$22,950 \$0.00

25 Over \$22,950 but not over \$28,450 \$0.00 plus 1.70% of

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1 the excess over \$22,950
2 Over \$28,450 but not over \$28,830 \$93.50 plus 3.20% of
3 the excess over \$28,450
4 Over \$28,830 but not over \$31,970 \$105.66 plus 0.23% of
5 the excess over \$28,830
6 Over \$31,970 but not over \$33,950 \$112.88 less 2.40% of
7 the excess over \$31,970
8 Over \$33,950 but not over \$35,110 \$65.36 less 0.90% of
9 the excess over \$33,950
10 Over \$35,110 but not over \$36,666 \$54.92 less 3.53% of
11 the excess over \$35,110
12 Over \$36,666 \$0.00;

13 (f) six personal exemptions:

14 If taxable income is: The credit shall be:
15 Not over \$26,450 \$0.00
16 Over \$26,450 but not over \$31,290 \$0.00 plus 1.70% of
17 the excess over \$26,450
18 Over \$31,290 but not over \$31,950 \$82.28 less 1.53% of
19 the excess over \$31,290
20 Over \$31,950 but not over \$34,180 \$72.18 less 0.03% of
21 the excess over \$31,950
22 Over \$34,180 but not over \$36,663 \$71.51 less 2.88% of
23 the excess over \$34,180
24 Over \$36,663 \$0.00;

25 (g) seven personal exemptions:

.173190.1

1 If taxable income is: The credit shall be:
2 Not over \$29,950 \$0.00
3 Over \$29,950 but not over \$33,390 \$0.00 plus 1.70% of
4 the excess over \$29,950
5 Over \$33,390 but not over \$35,450 \$58.48 less 1.79% of
6 the excess over \$33,390
7 Over \$35,450 but not over \$36,070 \$21.61 less 0.29% of
8 the excess over \$35,450
9 Over \$36,070 but not over \$36,660 \$19.81 less 3.36% of
10 the excess over \$36,070
11 Over \$36,660 \$0.00; and

12 (h) eight or more personal exemptions:

13 If taxable income is: The credit shall be:
14 Not over \$33,450 \$0.00
15 Over \$33,450 but not over \$35,200 \$0.00 plus 1.70% of
16 the excess over \$33,450
17 Over \$35,200 but not over \$36,658 \$29.75 less 2.04% of
18 the excess over \$35,200
19 Over \$36,658 \$0.00.

20 (5) For heads of household with:

21 (a) one personal exemption:

22 If taxable income is: The credit shall be:
23 Not over \$11,500 \$0.00
24 Over \$11,500 but not over \$14,000 \$0.00 plus 1.70% of
25 the excess over \$11,500

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1	Over \$14,000 but not over \$19,500	\$42.50 plus 0.00% of
2		the excess over \$14,000
3	Over \$19,500 but not over \$22,000	\$42.50 plus 1.50% of
4		the excess over \$19,500
5	Over \$22,000 but not over \$27,500	\$80.00 plus 0.00% of
6		the excess over \$22,000
7	Over \$27,500 but not over \$30,000	\$80.00 plus 1.50% of
8		the excess over \$27,500
9	Over \$30,000 but not over \$35,500	\$117.50 less 0.47% of
10		the excess over \$30,000
11	Over \$35,500 but not over \$37,270	\$91.65 less 0.27% of
12		the excess over \$35,500
13	Over \$37,270 but not over \$54,999	\$86.87 less 0.49% of
14		the excess over \$37,270
15	Over \$54,999	\$0.00;

(b) two personal exemptions:

17	If taxable income is:	The credit shall be:
18	Not over \$15,000	\$0.00
19	Over \$15,000 but not over \$20,000	\$0.00 plus 1.70% of
20		the excess over \$15,000
21	Over \$20,000 but not over \$23,000	\$85.00 plus 0.00% of
22		the excess over \$20,000
23	Over \$23,000 but not over \$28,000	\$85.00 plus 1.50% of
24		the excess over \$23,000
25	Over \$28,000 but not over \$30,000	\$160.00 plus 0.00% of

.173190.1

1 the excess over \$28,000
2 Over \$30,000 but not over \$31,000 \$160.00 less 0.64% of
3 the excess over \$30,000
4 Over \$31,000 but not over \$35,000 \$153.60 plus 0.86% of
5 the excess over \$31,000
6 Over \$35,000 but not over \$39,000 \$188.00 less 0.94% of
7 the excess over \$35,000
8 Over \$39,000 but not over \$41,670 \$150.40 less 0.74% of
9 the excess over \$39,000
10 Over \$41,670 but not over \$55,001 \$130.64 less 0.98% of
11 the excess over \$41,670;
12 Over \$55,001 \$0.00;

(c) three personal exemptions:

14	If taxable income is:	The credit shall be:
15	Not over \$18,500	\$0.00
16	Over \$18,500 but not over \$26,000	\$0.00 plus 1.70% of
17		the excess over \$18,500
18	Over \$26,000 but not over \$26,500	\$127.50 plus 0.00% of
19		the excess over \$26,000
20	Over \$26,500 but not over \$30,000	\$127.50 plus 1.50% of
21		the excess over \$26,500
22	Over \$30,000 but not over \$33,080	\$180.00 plus 0.99% of
23		the excess over \$30,000
24	Over \$33,080 but not over \$34,500	\$210.49 less 0.96% of
25		the excess over \$33,080

.173190.1

underscoring material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1	Over \$34,500 but not over \$39,230	\$196.86 plus 0.54% of
2		the excess over \$34,500
3	Over \$39,230 but not over \$42,500	\$222.40 less 1.41% of
4		the excess over \$39,230
5	Over \$42,500 but not over \$45,380	\$176.30 less 1.21% of
6		the excess over \$42,500
7	Over \$45,380 but not over \$55,002	\$141.45 less 1.47% of
8		the excess over \$45,380
9	Over \$55,002	\$0.00;

(d) four personal exemptions:

11	If taxable income is:	The credit shall be:
12	Not over \$22,000	\$0.00
13	Over \$22,000 but not over \$30,000	\$0.00 plus 1.70% of
14		the excess over \$22,000
15	Over \$30,000 but not over \$31,430	\$136.00 plus 3.20% of
16		the excess over \$30,000
17	Over \$31,430 but not over \$37,140	\$181.76 plus 0.82% of
18		the excess over \$31,430
19	Over \$37,140 but not over \$38,000	\$228.58 less 1.28% of
20		the excess over \$37,140
21	Over \$38,000 but not over \$42,860	\$217.57 plus 0.22% of
22		the excess over \$38,000
23		the excess over \$38,000
24	Over \$42,860 but not over \$46,000	\$228.27 less 1.88% of
25		the excess over \$42,860

.173190.1

1 Over \$46,000 but not over \$48,570 \$169.23 less 1.68% of
 2 the excess over \$46,000
 3 Over \$48,570 but not over \$55,002 \$126.06 less 1.96% of
 4 the excess over \$48,570
 5 Over \$55,002 \$0.00;

(e) five personal exemptions:

7 If taxable income is: The credit shall be:
 8 Not over \$25,500 \$0.00
 9 Over \$25,500 but not over \$33,500 \$0.00 plus 1.70% of
 10 the excess over \$25,500
 11 Over \$33,500 but not over \$35,330 \$136.00 plus 3.20% of
 12 the excess over \$33,500
 13 Over \$35,330 but not over \$40,670 \$194.56 plus 0.65% of
 14 the excess over \$35,330
 15 Over \$40,670 but not over \$41,500 \$229.27 less 1.60% of
 16 the excess over \$40,670
 17 Over \$41,500 but not over \$46,000 \$215.99 less 0.10% of
 18 the excess over \$41,500
 19 Over \$46,000 but not over \$49,500 \$211.49 less 2.35% of
 20 the excess over \$46,000
 21 Over \$49,500 but not over \$51,330 \$129.24 less 2.15% of
 22 the excess over \$49,500
 23 Over \$51,330 but not over \$54,999 \$89.90 less 2.45% of
 24 the excess over \$51,330
 25 Over \$54,999 \$0.00;

.173190.1

underscored material = new
[bracketed material] = delete

HTRC/HB 618, et al.

1 (f) six personal exemptions:

2	If taxable income is:	The credit shall be:
3	Not over \$29,000	\$0.00
4	Over \$29,000 but not over \$37,000	\$0.00 plus 1.70% of
5		the excess over \$29,000
6	Over \$37,000 but not over \$38,750	\$136.00 plus 3.20% of
7		the excess over \$37,000
8	Over \$38,750 but not over \$43,750	\$192.00 plus 0.48% of
9		the excess over \$38,750
10	Over \$43,750 but not over \$45,000	\$216.00 less 1.92% of
11		the excess over \$43,750
12	Over \$45,000 but not over \$48,750	\$192.00 less 0.42% of
13		the excess over \$45,000
14	Over \$48,750 but not over \$53,000	\$176.25 less 2.82% of
15		the excess over \$48,750
16	Over \$53,000 but not over \$53,750	\$56.40 less 2.62% of
17		the excess over \$53,000
18	Over \$53,750 but not over \$55,000	\$36.75 less 2.94% of
19		the excess over \$53,750
20	Over \$55,000	\$0.00;

21 (g) seven personal exemptions:

22	If taxable income is:	The credit shall be:
23	Not over \$32,500	\$0.00
24	Over \$32,500 but not over \$40,500	\$0.00 plus 1.70% of
25		the excess over \$32,500

.173190.1

1	Over \$40,500 but not over \$41,760	\$136.00 plus 3.20% of
2		the excess over \$40,500
3	Over \$41,760 but not over \$46,470	\$176.32 plus 0.31% of
4		the excess over \$41,760
5	Over \$46,470 but not over \$48,500	\$190.92 less 2.24% of
6		the excess over \$46,470
7	Over \$48,500 but not over \$51,180	\$145.45 less 0.74% of
8		the excess over \$48,500
9	Over \$51,180 but not over \$54,998	\$125.62 less 3.29% of
10		the excess over \$51,180
11	Over \$54,998	\$0.00; and

(h) eight or more personal exemptions:

If taxable income is: The credit shall be:

13	Not over \$36,000	\$0.00
14	Over \$36,000 but not over \$44,000	\$0.00 plus 1.70% of
15		the excess over \$36,000
16	Over \$44,000 but not over \$44,440	\$136.00 plus 3.20% of
17		the excess over \$44,000
18	Over \$44,440 but not over \$48,890	\$150.08 plus 0.14% of
19		the excess over \$44,440
20	Over \$48,890 but not over \$52,000	\$156.31 less 2.56% of
21		the excess over \$48,890
22	Over \$52,000 but not over \$53,330	\$76.69 less 1.06% of
23		the excess over \$52,000
24	Over \$53,330 but not over \$54,995	\$62.60 less 3.76% of
25		

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1 the excess over \$53,330
2 Over \$54,995 \$0.00.

3 (6) For 2010 and subsequent years, the taxable
4 income amounts in the tables in Paragraphs (1) through (5) of
5 this subsection shall be indexed for inflation under the
6 provisions of Section 7-1-83 NMSA 1978 using 2009 as the base
7 year, and the credit amounts at each taxable income level in
8 each table recomputed using the percentages in the table.

9 E. A taxpayer who is a full-year resident of New
10 Mexico, who files an individual New Mexico income tax return and
11 who is not a trust, estate or dependent of another taxpayer may
12 claim a credit for a portion of state and local taxes to which
13 the resident has been subject during the taxable year for which
14 the return is filed in an amount determined from the table in
15 Paragraph (1) of this subsection. The tax credit may be claimed
16 even though the resident has no income taxable under the Income
17 Tax Act. A husband and wife who file separate returns for a
18 taxable year in which they could have filed a joint return may
19 each claim only one-half of the tax credit that would have been
20 allowed on a joint return:

21 (1) full-year resident state and local tax
22 credit table:

23 If the modified And the total number of personal
24 gross income is: exemptions is:

25 1 2 3 4 5 6 or

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1								more
2			The credit shall be:					
3	Not over \$4,500		\$135	\$195	\$250	\$310	\$355	\$450
4		But not						
5	Over	over						
6	\$4,500	\$5,000	125	190	240	305	355	450
7	\$5,000	\$5,500	115	175	230	295	355	430
8	\$5,500	\$6,000	105	155	210	260	315	410
9	\$6,000	\$7,000	90	130	170	220	275	370
10	\$7,000	\$8,000	80	115	145	180	225	295
11	\$8,000	\$9,000	70	105	135	170	195	240
12	\$9,000	\$10,000	65	95	115	145	175	205
13	\$10,000	\$11,000	60	80	100	130	155	185
14	\$11,000	\$12,000	55	70	90	110	135	160
15	\$12,000	\$13,000	50	65	85	100	115	140
16	\$13,000	\$14,000	50	65	85	100	115	140
17	\$14,000	\$15,000	45	60	75	90	105	120
18	\$15,000	\$16,000	40	55	70	85	95	110
19	\$16,000	\$17,000	35	50	65	80	85	105
20	\$17,000	\$18,000	30	45	60	70	80	95
21	\$18,000	\$19,000	25	35	50	60	70	80
22	\$19,000	\$20,000	20	30	40	50	60	65
23	\$20,000	\$21,000	15	25	30	40	50	55
24	\$21,000	\$22,000	10	20	25	35	40	45
25	Over \$22,000		0	0	0	0	0	0;

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1 (2) as used in this subsection, "full-year
2 resident" includes a first-year resident, and if either spouse
3 on a married-filing-joint return is a full-year resident, both
4 spouses and all of their dependents are full-year residents;

5 (3) for purposes of this subsection, the
6 number of personal exemptions shall be increased by two for each
7 individual included in the return who is sixty-five years of age
8 or older, increased by one for each individual included in the
9 return who, for federal income tax purposes, is blind and
10 reduced by one for an individual included in the return who was
11 an inmate of a public institution for more than six months
12 during the taxable year for which the return is filed; and

13 (4) for 2010 and subsequent years, the taxable
14 income and credit amounts in the table shall be indexed for
15 inflation under the provisions of Section 7-1-83 NMSA 1978 using
16 2009 as the base year.

17 F. The credits determined pursuant to Subsections B,
18 C and D of this section shall be claimed against the tax imposed
19 pursuant to Section 7-2-3 NMSA 1978 before any other credit or
20 tax rebate authorized under the Income Tax Act.

21 G. If the credit provided in this section exceeds
22 the tax imposed pursuant to Section 7-2-3 NMSA 1978, an amount
23 shall be refunded to the taxpayer that equals the lesser of:

24 (1) the excess; or

25 (2) the portion of the credit determined

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1 pursuant to Subsection E of this section."

2 Section 17. Section 7-2-11 NMSA 1978 (being Laws 1965,
3 Chapter 202, Section 9, as amended) is amended to read:

4 "7-2-11. TAX CREDIT--INCOME ALLOCATION AND
5 APPORTIONMENT.--

6 A. ~~[Net]~~ Taxable income of any individual having
7 income that is taxable both within and without ~~[this state]~~ New
8 Mexico shall be apportioned and allocated as follows:

9 (1) during the first taxable year in which an
10 individual incurs tax liability as a resident, only income
11 earned on or after the date the individual became a resident
12 and, in addition, income earned in New Mexico while a
13 nonresident of New Mexico shall be allocated to New Mexico;

14 (2) except as provided otherwise in Paragraph
15 (1) of this subsection, income other than compensation or
16 gambling winnings shall be allocated and apportioned as provided
17 in the Uniform Division of Income for Tax Purposes Act, but if
18 the income is not allocated or apportioned by that act, then it
19 may be allocated or apportioned in accordance with instructions,
20 rulings or regulations of the secretary;

21 (3) except as provided otherwise in Paragraph
22 (1) of this subsection, compensation and gambling winnings of a
23 resident taxpayer shall be allocated to ~~[this state]~~ New Mexico;

24 (4) compensation of a nonresident taxpayer
25 shall be allocated to ~~[this state]~~ New Mexico to the extent that

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1 ~~[such]~~ the compensation is for activities, labor or personal
2 services within ~~[this state]~~ New Mexico; provided:

3 (a) if the activities, labor or services
4 are performed in ~~[this state]~~ New Mexico for fifteen or fewer
5 days during the taxpayer's taxable year, the compensation may be
6 allocated to the taxpayer's state of residence; and

7 (b) if the compensation is for
8 activities, labor or services performed for a business in the
9 manufacturing industry in New Mexico that is located within
10 twenty miles of an international border, that has a minimum of
11 five full-time employees who are New Mexico residents, is not
12 receiving development training funds under Section 21-19-7 NMSA
13 1978 and that meets the qualifications of one of Items 1)
14 through 4) of this subparagraph, the compensation may be
15 allocated to the taxpayer's state of residence: 1) the business
16 had no payroll in New Mexico during the previous calendar year;
17 2) the business had a payroll in New Mexico for less than the
18 entire previous calendar year, and the first payroll of the new
19 calendar year includes payments to New Mexico residents
20 exceeding the highest monthly payroll for such residents in the
21 previous calendar year; 3) the business had a payroll in New
22 Mexico for the entire previous calendar year, and the first
23 payroll of the new calendar year includes payments to New Mexico
24 residents exceeding by at least ten percent both the payroll for
25 all employees in January 2001 and the payroll for New Mexico

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1 residents twelve months prior to the commencement of the new
2 calendar year; or 4) the business had a payroll in New Mexico
3 for the entire previous calendar year, but had no payroll in New
4 Mexico within one year prior to January 1, 2001, and the first
5 payroll of the new calendar year includes payments to New Mexico
6 residents exceeding by at least ten percent the payroll for such
7 residents twelve months earlier;

8 (5) gambling winnings of a nonresident shall
9 be allocated to ~~[this state]~~ New Mexico if the gambling winnings
10 arose from a source within ~~[this state]~~ New Mexico; and

11 (6) other deductions and exemptions allowable
12 in computing ~~[net]~~ taxable income and not specifically allocated
13 in the Uniform Division of Income for Tax Purposes Act shall be
14 equitably allocated or apportioned in accordance with
15 instructions, rulings or regulations of the secretary.

16 B. For the purposes of this section, "non-New Mexico
17 percentage" means the ~~[percentage]~~ quotient determined by
18 dividing the difference between the taxpayer's ~~[net]~~ taxable
19 income and the sum of the amounts allocated or apportioned to
20 New Mexico by that ~~[net]~~ taxable income; provided that, if the
21 quotient is greater than one, it shall be one and if the
22 quotient is less than zero, it shall be zero.

23 C. A taxpayer may claim a credit in an amount equal
24 to the non-New Mexico percentage multiplied by the difference
25 between the amount of tax determined to be due under Section

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1 7-2-7 or 7-2-7.1 NMSA 1978 [~~multiplied by the non-New Mexico~~
2 ~~percentage~~] and the credit determined pursuant to Subsections B,
3 C and D of Section 7-2-7.4 NMSA 1978."

4 Section 18. Section 7-2-12 NMSA 1978 (being Laws 1965,
5 Chapter 202, Section 10, as amended) is amended to read:

6 "7-2-12. TAXPAYER RETURNS--FILING STATUS--PAYMENT OF
7 TAX.--

8 A. Every resident of [~~this state~~] New Mexico and
9 every individual deriving income from any business transaction,
10 property or employment within [~~this state~~] New Mexico and not
11 exempt from tax under the Income Tax Act who is required by the
12 laws of the United States to file a federal income tax return
13 shall file a complete tax return with the department in form and
14 content as prescribed by the secretary. [~~Except as provided in~~
15 ~~Subsection B of this section~~]

16 B. The taxpayer shall use the same filing status on
17 the New Mexico income tax return as the taxpayer used for
18 federal income tax purposes or the same filing status as would
19 have been used for federal income tax purposes if the taxpayer
20 had been required to file a federal income tax return.

21 C. The return required and the tax imposed on
22 individuals under the Income Tax Act are due and payment is
23 required on or before the fifteenth day of the fourth month
24 following the end of the taxable year; [~~B.~~] provided that when
25 the department approves electronic media for use by a taxpayer

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1 whose taxable year is a calendar year, the taxpayer who uses
2 electronic media for both filing and payment must submit the
3 required return and the tax imposed on individuals under the
4 Income Tax Act on or before the thirtieth day of the fourth
5 month following the end of the taxable year."

6 Section 19. Section 7-2-12.1 NMSA 1978 (being Laws 1990,
7 Chapter 23, Section 1) is amended to read:

8 "7-2-12.1. LIMITATION ON CLAIMING OF CREDITS AND TAX
9 REBATES.--

10 A. Except as provided otherwise in this section, a
11 credit or tax rebate provided in the Income Tax Act that is
12 claimed shall be disallowed if the claim for the credit or tax
13 rebate was first made after the end of the third calendar year
14 following the calendar year in which the return upon which the
15 credit or tax rebate was first claimable was initially due.

16 B. Subsection A of this section does not apply to:

17 (1) the credit authorized by Section 7-2-7.4
18 NMSA 1978 for exemptions, deductions, rate brackets and state
19 and local taxes; or

20 [~~(1)~~] (2) the credit authorized by Section
21 7-2-13 NMSA 1978 for income taxes paid another state [~~or~~

22 ~~(2) the credit authorized by Section 7-12-19~~
23 ~~NMSA 1978 for income taxes paid another state]."~~

24 Section 20. Section 7-2-32 NMSA 1978 (being Laws 1997,
25 Chapter 259, Section 8) is amended to read:

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1 "7-2-32. DEDUCTION--PAYMENTS INTO EDUCATION TRUST FUND.--
2 In determining taxable income, a taxpayer may claim a deduction
3 ~~[from net income]~~ in an amount equal to the payments made by the
4 taxpayer into the education trust fund pursuant to a college
5 investment agreement or prepaid tuition contract under the
6 Education Trust Act in the taxable year for which the deduction
7 is being claimed. The amount of payments made on behalf of any
8 one beneficiary that may be deducted shall not exceed in the
9 aggregate the cost of attendance at the applicable institution
10 of higher education, as determined by the education trust board.
11 A husband and wife who file separate returns for the taxable
12 year in which they could have filed a joint return may each
13 claim only one-half of the deduction that would have been
14 allowed on the joint return. ~~[Individuals having income both~~
15 ~~within and without this state shall apportion this deduction in~~
16 ~~accordance with regulations of the secretary.]"~~

17 Section 21. Section 7-2-34 NMSA 1978 (being Laws 1999,
18 Chapter 205, Section 1, as amended) is amended to read:

19 "7-2-34. DEDUCTION--NET CAPITAL GAIN INCOME.--

20 A. Except as provided in Subsection C of this
21 section, in determining taxable income a taxpayer may claim a
22 deduction ~~[from net income]~~ in an amount equal to the greater
23 of:

24 (1) the taxpayer's net capital gain income for
25 the taxable year for which the deduction is being claimed, but

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1 not to exceed one thousand dollars (\$1,000); or

2 (2) [~~the following percentage~~] fifty percent
3 of the taxpayer's net capital gain income for the taxable year
4 for which the deduction is being claimed

5 [~~(a) for a taxable year beginning in~~
6 ~~2003, ten percent;~~

7 ~~(b) for a taxable year beginning in 2004,~~
8 ~~twenty percent;~~

9 ~~(c) for a taxable year beginning in 2005,~~
10 ~~thirty percent;~~

11 ~~(d) for a taxable year beginning in 2006,~~
12 ~~forty percent; and~~

13 ~~(e) for taxable years beginning on or~~
14 ~~after January 1, 2007, fifty percent].~~

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

19 C. A taxpayer may not claim the deduction provided
20 in Subsection A of this section if the taxpayer has claimed the
21 credit provided in Section 7-2D-8.1 NMSA 1978.

22 D. As used in this section, "net capital gain" means
23 "net capital gain" as defined in Section 1222 (11) of the
24 Internal Revenue Code."

25 Section 22. Section 7-2-35 NMSA 1978 (being Laws 2000

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1 (2nd S.S.), Chapter 7, Section 1) is amended to read:

2 "7-2-35. DEDUCTION--UNREIMBURSED OR UNCOMPENSATED MEDICAL
3 CARE EXPENSES.--

4 A. In determining taxable income, a taxpayer may
5 claim a deduction [~~from net income~~] in an amount determined
6 pursuant to Subsection B of this section for medical care
7 expenses paid during the taxable year for medical care of the
8 taxpayer, the taxpayer's spouse or a dependent if the expenses
9 are not reimbursed or compensated for by insurance or otherwise
10 and have not been included in the taxpayer's itemized
11 deductions, as defined in Section 63 of the Internal Revenue
12 Code for the taxable year.

13 B. The deduction provided in Subsection A of this
14 section may be claimed in an amount equal to the following
15 percentage of medical care expenses paid during the taxable year
16 based on the taxpayer's filing status and adjusted gross income
17 as follows:

18 (1) for surviving spouses and married
19 individuals filing joint returns:

20 If adjusted gross income is:	21 The following percent of 22 medical care expenses 23 paid may be deducted:
24 Not over \$30,000	25 25 percent
26 More than \$30,000 but not more than \$70,000	15 percent
27 Over \$70,000	10 percent;

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1 (2) for single individuals and married
 2 individuals filing separate returns:
 3 If adjusted gross income is: The following percent of
 4 medical care expenses
 5 paid may be deducted:
 6 Not over \$15,000 25 percent
 7 More than \$15,000 but not more than \$35,000 15 percent
 8 Over \$35,000 10 percent; and

9 (3) for heads of household:
 10 If adjusted gross income is: The following percent of
 11 medical care expenses
 12 paid may be deducted:
 13 Not over \$20,000 25 percent
 14 More than \$20,000 but not more than \$50,000 15 percent
 15 Over \$50,000 10 percent.

16 C. As used in this section:

17 [~~(1)~~] "~~dependent~~" means ~~dependent as defined in~~
 18 ~~Section 152 of the Internal Revenue Code;~~

19 ~~(2)~~] (1) "health care facility" means a
 20 hospital, outpatient facility, diagnostic and treatment center,
 21 rehabilitation center, [~~free-standing~~] freestanding hospice or
 22 other similar facility at which medical care is provided;

23 [~~(3)~~] (2) "medical care" means the diagnosis,
 24 cure, mitigation, treatment or prevention of disease or for the
 25 purpose of affecting any structure or function of the body;

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1 [~~(4)~~] (3) "medical care expenses" means
2 amounts paid for:

3 (a) the diagnosis, cure, mitigation,
4 treatment or prevention of disease or for the purpose of
5 affecting any structure or function of the body, excluding
6 cosmetic surgery, if provided by a physician or in a health care
7 facility;

8 (b) prescribed drugs or insulin;

9 (c) qualified long-term care services as
10 defined in Section 7702B(c) of the Internal Revenue Code;

11 (d) insurance covering medical care,
12 including amounts paid as premiums under Part B of Title [~~XVIII~~]
13 18 of the Social Security Act or for a qualified long-term care
14 insurance contract defined in Section 7702B(b) of the Internal
15 Revenue Code, if the insurance or other amount is paid from
16 income included in the taxpayer's adjusted gross income for the
17 taxable year;

18 (e) nursing services, regardless of where
19 the services are rendered, if provided by a practical nurse or a
20 professional nurse licensed to practice in [~~the state~~] New
21 Mexico pursuant to the Nursing Practice Act;

22 (f) specialized treatment or the use of
23 special therapeutic devices if the treatment or device is
24 prescribed by a physician and the patient can show that the
25 expense was incurred primarily for the prevention or alleviation

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1 of a physical or mental defect or illness; and

2 (g) care in an institution other than a
3 hospital, such as a sanitarium or rest home, if the principal
4 reason for the presence of the person in the institution is to
5 receive the medical care available; provided that if the meals
6 and lodging are furnished as a necessary part of such care, the
7 cost of the meals and lodging are "medical care expenses";

8 [~~4~~] (4) "physician" means a medical doctor,
9 osteopathic physician, dentist, podiatrist, chiropractic
10 physician or psychologist licensed or certified to practice in
11 New Mexico; and

12 [~~5~~] (5) "prescribed drug" means a drug or
13 biological that requires a prescription of a physician for its
14 use by an individual."

15 Section 23. Section 7-2-36 NMSA 1978 (being Laws 2005,
16 Chapter 113, Section 1) is amended to read:

17 "7-2-36. DEDUCTION--EXPENSES RELATED TO ORGAN DONATION.--

18 A. In determining taxable income, a taxpayer may
19 claim a deduction [~~from net income~~] in an amount not to exceed
20 ten thousand dollars (\$10,000) of organ donation-related
21 expenses, including lost wages, lodging expenses and travel
22 expenses, incurred during the taxable year by the taxpayer or
23 the taxpayer's dependent as a result of the taxpayer's or
24 dependent's donation of a human organ to another person for
25 transfer of that human organ to the body of another person.

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

5 C. ~~[For the purposes of]~~ As used in this section,
6 ~~{(1) "dependent" means "dependent" as defined~~
7 ~~by Section 152 of the Internal Revenue Code, as that section may~~
8 ~~be amended or renumbered; and~~

9 ~~{(2)}~~ "human organ" means all or part of a
10 heart, liver, pancreas, kidney, intestine, lung or bone marrow."

11 Section 24. A new section of the Income Tax Act, Section
12 7-2-37 NMSA 1978, is enacted to read:

13 "7-2-37. [NEW MATERIAL] DEDUCTION--FEDERAL ITEMIZED OR
14 STANDARD DEDUCTION.--In determining taxable income:

15 A. a taxpayer other than an estate or trust who is
16 not a dependent of another taxpayer for the taxable year may
17 claim a deduction in an amount equal to the excess of the
18 standard or itemized deductions allowed the taxpayer for the
19 taxpayer's taxable year under Section 63 of the Internal Revenue
20 Code over an amount equal to the basic standard deduction
21 allowed the taxpayer for the taxpayer's taxable year under
22 Section 63 of the Internal Revenue Code provided that the excess
23 shall not be less than zero; and

24 B. a taxpayer other than an estate or trust who is a
25 dependent of another taxpayer for the taxable year may claim a

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1 deduction in an amount equal to the amount allowed the taxpayer
2 for the taxpayer's taxable year for a standard or itemized
3 deductions under Section 63 of the Internal Revenue Code."

4 Section 25. A new section of the Income Tax Act is
5 enacted to read:

6 "[NEW MATERIAL] CREDIT--WELLNESS PROGRAM PROVIDED BY
7 EMPLOYER.--

8 A. The tax credit provided by this section may be
9 referred to as the "wellness program tax credit". A taxpayer
10 who is an employer of thirty-two or fewer employees and who
11 files an individual New Mexico income tax return may claim a
12 credit in an amount equal to fifty percent of the amount
13 expended by the taxpayer in a taxable year for a qualified
14 wellness program for the taxpayer's employees who are residents
15 of New Mexico; provided that the credit allowed under this
16 section for any taxable year shall not exceed the product of one
17 hundred fifty dollars (\$150) multiplied by the number of
18 employees who are residents of New Mexico.

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

23 C. A taxpayer who otherwise qualifies and claims a
24 credit pursuant to Subsection A of this section and who is a
25 member of a partnership or business association that is the

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1 employer incurring expenditures for wellness programs may claim
2 a credit only in proportion to the taxpayer's interest in the
3 partnership or association. The total credit claimed by all
4 members of the partnership or association shall not exceed the
5 amount of the tax credit that could have been claimed by a sole
6 employer.

7 D. The credit provided in this section may only be
8 deducted from the taxpayer's income tax liability for the
9 taxable year for which the credit is claimed.

10 E. A taxpayer may apply for certification of
11 eligibility for the wellness program tax credit from the
12 department of health. If the department of health determines
13 that the taxpayer meets the requirements of this section and
14 rules adopted by the department of health to administer the
15 provisions of this section, it may issue a certificate of
16 eligibility to the taxpayer. To be eligible for the wellness
17 program tax credit, the taxpayer must provide to the taxation
18 and revenue department a certificate of eligibility issued by
19 the department of health.

20 F. As used in this section, "qualified wellness
21 program" means a program implemented by an employer for
22 employees that contains at least three of the following four
23 components:

24 (1) a health awareness component that provides
25 for:

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1 (a) the dissemination of health
2 information that addresses the specific needs and health risks
3 of employees; or

4 (b) the opportunity for periodic
5 screenings for health problems and referrals for appropriate
6 follow-up measures;

7 (2) an employee engagement component that
8 provides for:

9 (a) the establishment of a committee to
10 engage employees actively in workplace wellness programs through
11 workplace assessments and program planning, delivery, evaluation
12 and improvement efforts; and

13 (b) the tracking of employee
14 participation;

15 (3) a behavioral change component that
16 provides for altering employee lifestyles to encourage healthy
17 living through counseling, seminars, on-line programs or
18 self-help materials that provide technical assistance and
19 problem-solving skills. The component may include programs
20 relating to:

- 21 (a) tobacco use;
- 22 (b) obesity;
- 23 (c) stress management;
- 24 (d) physical fitness;
- 25 (e) nutrition;

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- 1 (f) substance abuse;
2 (g) depression; or
3 (h) mental health promotion; and
4 (4) a supportive environment component that
5 includes:

6 (a) policies and services at the
7 workplace that promote a healthy lifestyle, including policies
8 and services relating to: 1) tobacco use at the workplace; 2)
9 the nutrition of food available at the workplace through
10 cafeterias and vending machines; 3) minimizing stress and
11 promoting positive mental health in the workplace; 4) where
12 applicable, the provision of accessible and attractive stairs;
13 or 5) the encouragement of physical activity before, during and
14 after work hours; or

15 (b) benefits as incentives for each
16 employee who participates in: 1) the health screenings
17 described in Subparagraph (b) of Paragraph (1) of this
18 subsection; or 2) the behavioral change programs described in
19 Paragraph (3) of this subsection.

20 G. The department of health, in consultation with
21 the taxation and revenue department, the workforce solutions
22 department and the New Mexico health policy commission, shall
23 promulgate such rules as are necessary to effectuate the
24 provisions of this section."

25 Section 26. A new section of the Income Tax Act is

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1 enacted to read:

2 "[NEW MATERIAL] CREDIT FOR PURCHASE OF LIQUID WASTE
3 TREATMENT SYSTEM.--

4 A. A taxpayer who is a resident of New Mexico, who
5 files an individual New Mexico income tax return and who is not
6 a dependent of another taxpayer may claim a credit not to exceed
7 one thousand two hundred fifty dollars (\$1,250) for costs
8 incurred for purchase and installation of an eligible liquid
9 waste treatment system installed on property owned and occupied
10 by the taxpayer as the taxpayer's principal place of residence.

11 B. To be eligible for the credit, the liquid waste
12 treatment system must comply with the liquid waste disposal and
13 treatment regulations of the department of environment and must
14 be installed by a qualifying contractor as determined by the
15 department of environment.

16 C. To claim the credit provided by this section, the
17 taxpayer must furnish, in a form to be determined by the
18 taxation and revenue department, certification from the
19 department of environment that the taxpayer's liquid waste
20 treatment system complies with department of environment
21 regulations and was installed by a qualifying contractor.

22 D. A taxpayer may deduct the credit provided by this
23 section from the taxpayer's income tax liability for the taxable
24 year in which the cost was incurred. If the amount of the
25 credit exceeds the taxpayer's income tax liability, the excess

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1 credit may be carried forward for up to three years.

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

6 F. As used in this section, "liquid waste treatment
7 system" means an advanced on-site liquid waste treatment system
8 that uses any process of wastewater treatment that removes a
9 greater amount of contaminant than is accomplished through
10 primary treatment."

11 Section 27. A new section of the Income Tax Act is
12 enacted to read:

13 "[NEW MATERIAL] NEW MEXICO 2012 VOLUNTEER TAX CREDIT--
14 QUALIFYING--AMOUNT OF CREDIT.--

15 A. For taxable years 2008 through 2012, a taxpayer
16 who files an individual New Mexico income tax return who is a
17 qualified New Mexico 2012 volunteer as provided in Section 33 of
18 this 2008 act may claim a credit against the tax liability
19 imposed by the Income Tax Act. The credit provided in this
20 section may be referred to as the "New Mexico 2012 volunteer tax
21 credit".

22 B. A taxpayer may claim and the department may allow
23 a New Mexico 2012 volunteer tax credit for service rendered to
24 the state as a subject-matter expert volunteer in the public
25 schools. New Mexico state university shall issue a certificate

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1 of eligibility for the New Mexico 2012 volunteer tax credit
 2 based on criteria established by the math and science council of
 3 the public education department. The income tax credit shall
 4 not exceed five hundred dollars (\$500). The certificate shall
 5 be filed with the taxpayer's income tax return. A taxpayer may
 6 apply the credit against the taxpayer's income tax liability for
 7 the taxable year in which the credit is earned. A taxpayer may
 8 claim the New Mexico 2012 volunteer tax credit for a maximum of
 9 five years."

10 Section 28. A new section of the Corporate Income and
 11 Franchise Tax Act is enacted to read:

12 "[NEW MATERIAL] CREDIT--WELLNESS PROGRAM PROVIDED BY
 13 EMPLOYER.--

14 A. The tax credit provided by this section may be
 15 referred to as the "wellness program tax credit". A taxpayer
 16 that is an employer of thirty-two or fewer employees and that
 17 files a corporate income tax return may claim a credit in an
 18 amount equal to fifty percent of the amount expended by the
 19 taxpayer in a taxable year for a qualified wellness program for
 20 the taxpayer's employees who are residents of New Mexico;
 21 provided that the credit allowed under this section for any
 22 taxable year shall not exceed the product of one hundred fifty
 23 dollars (\$150) multiplied by the number of employees who are
 24 residents of New Mexico.

25 B. A taxpayer that otherwise qualifies and claims a

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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 incurring expenditures for wellness programs may claim
4 a credit only in proportion to the taxpayer's interest in the
5 partnership or association. The total credit claimed by all
6 members of the partnership or association shall not exceed the
7 amount of the tax credit that could have been claimed by a sole
8 employer.

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

12 D. A taxpayer may apply for certification of
13 eligibility for the wellness program tax credit from the
14 department of health. If the department of health determines
15 that the taxpayer meets the requirements of this section and
16 rules adopted by the department of health to administer the
17 provisions of this section, it may issue a certificate of
18 eligibility to the taxpayer. To be eligible for the wellness
19 program tax credit, the taxpayer must provide to the taxation
20 and revenue department a certificate of eligibility issued by
21 the department of health.

22 E. As used in this section, a "qualified wellness
23 program" means a program implemented by an employer for
24 employees that contains at least three of the following four
25 components:

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1 (1) a health awareness component that provides
2 for:

3 (a) the dissemination of health
4 information that addresses the specific needs and health risks
5 of employees; or

6 (b) the opportunity for periodic
7 screenings for health problems and referrals for appropriate
8 follow-up measures;

9 (2) an employee engagement component that
10 provides for:

11 (a) the establishment of a committee to
12 engage employees actively in workplace wellness programs through
13 workplace assessments and program planning, delivery, evaluation
14 and improvement efforts; and

15 (b) the tracking of employee
16 participation;

17 (3) a behavioral change component that
18 provides for altering employee lifestyles to encourage healthy
19 living through counseling, seminars, on-line programs or
20 self-help materials that provide technical assistance and
21 problem-solving skills. The component may include programs
22 relating to:

- 23 (a) tobacco use;
- 24 (b) obesity;
- 25 (c) stress management;

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- 1 (d) physical fitness;
- 2 (e) nutrition;
- 3 (f) substance abuse;
- 4 (g) depression; or
- 5 (h) mental health promotion; and
- 6 (4) a supportive environment component that
- 7 includes:

8 (a) policies and services at the work
9 place that promote a healthy lifestyle, including policies and
10 services relating to: 1) tobacco use at the workplace; 2) the
11 nutrition of food available at the workplace through cafeterias
12 and vending machines; 3) minimizing stress and promoting
13 positive mental health in the workplace; 4) where applicable,
14 the provision of accessible and attractive stairs; or 5) the
15 encouragement of physical activity before, during and after work
16 hours; or

17 (b) benefits as incentives for each
18 employee who participates in: 1) the health screenings
19 described in Subparagraph (b) of Paragraph (1) of this
20 subsection; or 2) the behavioral change programs described in
21 Paragraph (3) of this subsection.

22 F. The department of health, in consultation with
23 the taxation and revenue department, the workforce solutions
24 department and the New Mexico health policy commission, shall
25 promulgate such rules as are necessary to effectuate the

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1 provisions of this section."

2 Section 29. A new section of the Gross Receipts and
3 Compensating Tax Act is enacted to read:

4 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--DENTAL SERVICES
5 TO MEDICAID PATIENTS.--Receipts from the provision of dental
6 services to medicaid patients pursuant to Title 19 or Title 21
7 of the federal Social Security Act that are not otherwise
8 deductible pursuant to another provision of the Gross Receipts
9 and Compensating Tax Act may be deducted from gross receipts.
10 For the purposes of this section, "dental services" means
11 services that are provided by a dentist or dental hygienist
12 licensed pursuant to the Dental Health Care Act and that are
13 within the scope of that license."

14 Section 30. A new section of the Gross Receipts and
15 Compensating Tax Act is enacted to read:

16 "[NEW MATERIAL] EXEMPTION--GROSS RECEIPTS TAX--BENEFITS
17 ADMINISTRATION SERVICES.--

18 A. Exempted from the gross receipts tax are the
19 receipts from benefits administration services provided by a
20 business located in New Mexico if:

21 (1) at least ninety-five percent of benefits
22 administration services performed by the business located in New
23 Mexico are provided to clients located outside New Mexico; and

24 (2) less than five percent of the total
25 revenue of the business located in New Mexico is attributable to

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1 clients located in New Mexico.

2 B. As used in this section, "benefits administration
3 services" means providing human resources outsourcing
4 administration and services, including payroll, performance
5 improvement consulting, benefits expertise and comprehensive
6 benefit management services."

7 Section 31. A new section of the Gross Receipts and
8 Compensating Tax Act is enacted to read:

9 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--COMPUTATION OF
10 COMPENSATING TAXES--CYBERSPACE COMMAND CENTER.--

11 A. Receipts from services to construct, supply or
12 operate a cyberspace command center at a United States air force
13 base in New Mexico may be deducted from gross receipts of the
14 taxpayer providing the service.

15 B. The value of services and tangible personal
16 property purchased to construct, supply or operate a cyberspace
17 command center at a United States air force base in New Mexico
18 may be deducted in computing a taxpayer's compensating tax due.

19 C. As used in this section, "cyberspace command
20 center" means an installation that defends the United States
21 against attacks conducted over the internet or other
22 communications systems that may disable or interrupt computer,
23 communications or satellite systems or other vital strategic
24 infrastructure or contaminate, destroy or access the information
25 stored or processed through those systems."

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1 Section 32. A new section of the Gross Receipts and
2 Compensating Tax Act is enacted to read:

3 "[NEW MATERIAL] EXEMPTION--SPORTING EVENTS OFFICIATING.--
4 Exempted from the gross receipts tax are the receipts of
5 refereeing, umpiring, scoring or other athletic officiating at
6 sporting events in New Mexico sponsored by the New Mexico
7 activities association or a municipality, a county or a
8 nonprofit organization."

9 Section 33. [NEW MATERIAL] NEW MEXICO STATE UNIVERSITY--
10 NEW MEXICO 2012 PROJECT.--

11 A. The "New Mexico 2012 project" is created at New
12 Mexico state university as a web-based, short-term collaboration
13 between public schools and subject-matter experts, known as "New
14 Mexico 2012 volunteers", who volunteer to teach mathematics and
15 science subjects in the public schools or mentor public school
16 teachers in those subjects. The purpose of the project is to
17 use the expertise of subject-matter experts to improve the
18 knowledge, competence and confidence of public school students
19 and teachers in mathematics and science. New Mexico 2012
20 volunteers may assist in the classroom or serve as mentors for
21 teachers.

22 B. A New Mexico 2012 volunteer may be a
23 mathematician, scientist or engineer who qualifies by both
24 education and experience as an expert in the subject in which
25 the volunteer proposes to teach public school students or mentor

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1 teachers. In addition, a New Mexico 2012 volunteer shall
2 receive pedagogical training approved by the mathematics and
3 science advisory council.

4 C. New Mexico state university shall qualify each
5 proposed New Mexico 2012 volunteer by validating the volunteer's
6 credentials as a subject-matter expert and the receipt of the
7 required pedagogical training.

8 D. A school principal shall approve the use of a New
9 Mexico 2012 volunteer in the classroom. A teacher who proposes
10 to use a New Mexico 2012 volunteer shall ensure that any
11 lectures or other assistance meet the public education
12 department's content standards.

13 E. The school principal shall validate and submit to
14 New Mexico state university the hours that a New Mexico 2012
15 volunteer spent volunteering in the classroom or in mentoring
16 one or more teachers.

17 F. A New Mexico 2012 volunteer is entitled to
18 receive per diem and mileage as provided for state employees in
19 the Per Diem and Mileage Act. New Mexico state university shall
20 establish how volunteers document requests for per diem and
21 mileage.

22 G. New Mexico state university shall monitor and
23 evaluate the efficacy of the program and shall report annually
24 to the mathematics and science advisory council.

25 Section 34. REPEAL.--Sections 7-2-5.8 and 7-2-14 NMSA

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1 1978 (being Laws 2005, Chapter 104, Section 5 and Laws 1972,
2 Chapter 20, Section 2, as amended) are repealed.

3 Section 35. APPLICABILITY.--

4 A. The provisions of Sections 2 through 24, 26 and
5 27 of this 2008 act are applicable to tax years beginning on or
6 after January 1, 2008.

7 B. The provisions of Sections 25 and 28 of this 2008
8 act are applicable to tax years beginning on or after January 1,
9 2008 and ending before January 1, 2018.

10 C. The distribution pursuant to Section 1 of this
11 2008 act applies to revenue earned on a modified accrual basis
12 after June 30, 2009.

13 Section 36. CONTINGENT EFFECTIVE DATE.--The effective
14 date of the provisions of Section 29 of this 2008 act is July 1,
15 2009, contingent on the secretary of human services receiving
16 approval from the federal centers for medicare and medicaid
17 services for continued federal medical assistance percentage
18 reimbursement.

19 Section 37. EFFECTIVE DATE.--The effective date of the
20 provisions of:

21 A. Sections 30 through 33 of this 2008 act is July
22 1, 2008; and

23 B. Section 1 of this 2008 act is July 1, 2009.

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