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HOUSE BILL 64

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Miguel P. Garcia

AN ACT

RELATING TO TAXATION; RESTORING PROGRESSIVITY TO INCOME TAX RATES.

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

Section 1. Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, [2008] 2010:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$ 4,000 but not over \$ 8,000	\$68.00 plus 3.2% of excess over \$4,000
Over \$ 8,000 but not over \$ 12,000	\$196 plus 4.7% of

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1 excess over \$8,000
2 Over \$ 12,000 \$384 plus [~~4.9%~~] 5.3% of
3 excess over \$12,000.

4 B. For [~~heads of household~~] surviving spouses and
5 married individuals filing joint returns:

6 If the taxable income is: The tax shall be:
7 Not over \$8,000 1.7% of taxable income
8 Over \$ 8,000 but not over \$ 16,000 \$136 plus 3.2% of
9 excess over \$8,000
10 Over \$ 16,000 but not over \$ 24,000 \$392 plus 4.7% of
11 excess over \$16,000
12 Over \$ 24,000 \$768 plus [~~4.9%~~] 5.3% of
13 excess over \$24,000.

14 C. For single individuals and for estates and
15 trusts:

16 If the taxable income is: The tax shall be:
17 Not over \$5,500 1.7% of taxable income
18 Over \$ 5,500 but not over \$ 11,000 \$93.50 plus 3.2% of
19 excess over \$5,500
20 Over \$ 11,000 but not over \$ 16,000 \$269.50 plus 4.7% of
21 excess over \$11,000
22 Over \$ 16,000 \$504.50 plus [~~4.9%~~] 5.3%
23 of excess over \$16,000.

24 D. For heads of households filing returns:

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

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1	<u>Not over \$7,000</u>	<u>1.7% of taxable income</u>
2	<u>Over \$7,000 but not over \$14,000</u>	<u>\$119 plus 3.2% of excess</u>
3		<u>over \$7,000</u>
4	<u>Over \$14,000 but not over \$20,000</u>	<u>\$343 plus 4.7% of excess</u>
5		<u>over \$14,000</u>
6	<u>Over \$20,000</u>	<u>\$625 plus 5.3% of excess</u>
7		<u>over \$20,000.</u>

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

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

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

17 Section 2. Section 7-2-7 NMSA 1978 (being Laws 2005,
18 Chapter 104, Section 4, as amended by Section 1 of this act if
19 it becomes law) is repealed and a new Section 7-2-7 NMSA 1978
20 is enacted to read:

21 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The
22 tax imposed by Section 7-2-3 NMSA 1978 shall be at the
23 following rates for a taxable year beginning in 2011:

24 A. For married individuals filing separate returns:
25 If the taxable income is: The tax shall be:

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1 Not over \$4,000 1.7% of taxable income
2 Over \$4,000 but not over \$8,000 \$68.00 plus 3.2% of
3 excess over \$4,000
4 Over \$8,000 but not over \$12,000 \$196 plus 4.7% of excess
5 over \$8,000
6 Over \$12,000 \$384 plus 6.0% of excess
7 over \$12,000.

8 B. For surviving spouses and married individuals
9 filing joint returns:

10 If the taxable income is: The tax shall be:
11 Not over \$8,000 1.7% of taxable income
12 Over \$8,000 but not over \$16,000 \$136 plus 3.2% of excess
13 over \$8,000
14 Over \$16,000 but not over \$24,000 \$392 plus 4.7% of excess
15 over \$16,000
16 Over \$24,000 \$768 plus 6.0% of excess
17 over \$24,000.

18 C. For single individuals and for estates and
19 trusts:
20 If the taxable income is: The tax shall be:
21 Not over \$5,500 1.7% of taxable income
22 Over \$5,500 but not over \$11,000 \$93.50 plus 3.2% of
23 excess over \$5,500
24 Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of
25 excess over \$11,000

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1 Over \$16,000 \$504.50 plus 6.0% of
2 excess over \$16,000.

3 D. For heads of household filing returns:

4 If the taxable income is:	The tax shall be:
5 Not over \$7,000	1.7% of taxable income
6 Over \$7,000 but not over \$14,000	\$119 plus 3.2% of excess
7	over \$7,000
8 Over \$14,000 but not over \$20,000	\$343 plus 4.7% of excess
9	over \$14,000
10 Over \$20,000	\$625 plus 6.0% of excess
11	over \$20,000.

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

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

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

21 Section 3. Section 7-2-7 NMSA 1978 (being Section 2 of
22 this act if it becomes law) is repealed and a new Section 7-2-7
23 NMSA 1978 is enacted to read:

24 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The
25 tax imposed by Section 7-2-3 NMSA 1978 shall be at the

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1 following rates for a taxable year beginning in 2012:

2 A. For married individuals filing separate returns:

3 If the taxable income is:	The tax shall be:
4 Not over \$4,000	1.7% of taxable income
5 Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of
6	excess over \$4,000
7 Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess
8	over \$8,000
9 Over \$12,000 but not over \$20,000	\$384 plus 6.0% of excess
10	over \$12,000
11 Over \$20,000	\$864 plus 6.8% of excess
12	over \$20,000.

13 B. For surviving spouses and married individuals
14 filing joint returns:

15 If the taxable income is:	The tax shall be:
16 Not over \$8,000	1.7% of taxable income
17 Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess
18	over \$8,000
19 Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess
20	over \$16,000
21 Over \$24,000 but not over \$40,000	\$768 plus 6.0% of excess
22	over \$24,000
23 Over \$40,000	\$1,728 plus 6.8% of
24	excess over \$40,000.

25 C. For single individuals and for estates and

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1 trusts:

2 If the taxable income is:	The tax shall be:
3 Not over \$5,500	1.7% of taxable income
4 Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
5	excess over \$5,500
6 Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
7	excess over \$11,000
8 Over \$16,000 but not over \$26,000	\$504.50 plus 6.0% of
9	excess over \$16,000
10 Over \$26,000	\$1,104.50 plus 6.8% of
11	excess over \$26,000.

12 D. For heads of household filing returns:

13 If the taxable income is:	The tax shall be:
14 Not over \$7,000	1.7% of taxable income
15 Over \$7,000 but not over \$14,000	\$119 plus 3.2% of excess
16	over \$7,000
17 Over \$14,000 but not over \$20,000	\$343 plus 4.7% of excess
18	over \$14,000
19 Over \$20,000 but not over \$33,000	\$625 plus 6.0% of excess
20	over \$20,000
21 Over \$33,000	\$1,405 plus 6.8% of
22	excess over \$33,000.

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

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[bracketed material] = delete

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

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

7 Section 4. Section 7-2-7 NMSA 1978 (being Section 3 of
8 this act if it becomes law) is repealed and a new Section 7-2-7
9 NMSA 1978 is enacted to read:

10 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The
11 tax imposed by Section 7-2-3 NMSA 1978 shall be at the
12 following rates for a taxable year beginning in 2013:

13 A. For married individuals filing separate returns:

14 If the taxable income is:	The tax shall be:
15 Not over \$4,000	1.7% of taxable income
16 Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of 17 excess over \$4,000
18 Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess 19 over \$8,000
20 Over \$12,000 but not over \$20,000	\$384 plus 6.0% of excess 21 over \$12,000
22 Over \$20,000 but not over \$32,000	\$864 plus 7.1% of excess 23 over \$20,000
24 Over \$32,000	\$1,716 plus 7.7% of 25 excess over \$32,000.

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1 B. For surviving spouses and married individuals
2 filing joint returns:
3 If the taxable income is: The tax shall be:
4 Not over \$8,000 1.7% of taxable income
5 Over \$8,000 but not over \$16,000 \$136 plus 3.2% of excess
6 over \$8,000
7 Over \$16,000 but not over \$24,000 \$392 plus 4.7% of excess
8 over \$16,000
9 Over \$24,000 but not over \$40,000 \$768 plus 6.0% of excess
10 over \$24,000
11 Over \$40,000 but not over \$64,000 \$1,728 plus 7.1% of
12 excess over \$40,000
13 Over \$64,000 \$3,432 plus 7.7% of
14 excess over \$64,000.

15 C. For single individuals and for estates and
16 trusts:
17 If the taxable income is: The tax shall be:
18 Not over \$5,500 1.7% of taxable income
19 Over \$5,500 but not over \$11,000 \$93.50 plus 3.2% of
20 excess over \$5,500
21 Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of
22 excess over \$11,000
23 Over \$16,000 but not over \$26,000 \$504.50 plus 6.0% of
24 excess over \$16,000
25 Over \$ 26,000 but not over \$42,000 \$1,104.50 plus 7.1% of

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1 excess over \$26,000
2 Over \$42,000 \$2,240.50 plus 7.7% of
3 excess over \$42,000.

4 D. For heads of household filing returns:

5 If the taxable income is:	The tax shall be:
6 Not over \$7,000	1.7% of taxable income
7 Over \$7,000 but not over \$14,000	\$119 plus 3.2% of excess
8	over \$7,000
9 Over \$14,000 but not over \$20,000	\$343 plus 4.7% of excess
10	over \$14,000
11 Over \$20,000 but not over \$33,000	\$625 plus 6.0% of excess
12	over \$20,000
13 Over \$33,000 but not over \$53,000	\$1,405 plus 7.1% of
14	excess over \$33,000
15 Over \$53,000	\$2,825 plus 7.7% of
16	excess over \$53,000.

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

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

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

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1 Section 5. Section 7-2-7 NMSA 1978 (being Section 4 of
2 this act if it becomes law) is repealed and a new Section 7-2-7
3 NMSA 1978 is enacted to read:

4 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The
5 tax imposed by Section 7-2-3 NMSA 1978 shall be at the
6 following rates for a taxable year beginning in 2014:

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
11	excess over \$4,000
12 Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess
13	over \$8,000
14 Over \$12,000 but not over \$20,000	\$384 plus 6.0% of excess
15	over \$12,000
16 Over \$20,000 but not over \$32,000	\$864 plus 7.1% of excess
17	over \$20,000
18 Over \$32,000 but not over \$50,000	\$1,716 plus 7.9% of
19	excess over \$32,000
20 Over \$50,000	\$3,138 plus 8.2% of
21	excess over \$50,000.

22 B. For surviving spouses and married individuals
23 filing joint returns:

24 If the taxable income is:	The tax shall be:
25 Not over \$8,000	1.7% of taxable income

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1	Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess
2		over \$8,000
3	Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess
4		over \$16,000
5	Over \$24,000 but not over \$40,000	\$768 plus 6.0% of excess
6		over \$24,000
7	Over \$40,000 but not over \$64,000	\$1,728 plus 7.1% of
8		excess over \$40,000
9	Over \$64,000 but not over \$100,000	\$3,432 plus 7.9% of
10		excess over \$64,000
11	Over \$100,000	\$6,276 plus 8.2% of
12		excess over \$100,000.

13 C. For single individuals and for estates and
14 trusts:

15	If the taxable income is:	The tax shall be:
16	Not over \$5,500	1.7% of taxable income
17	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
18		excess over \$5,500
19	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
20		excess over \$11,000
21	Over \$16,000 but not over \$26,000	\$504.50 plus 6.0% of
22		excess over \$16,000
23	Over \$26,000 but not over \$42,000	\$1,104.50 plus 7.1% of
24		excess over \$26,000
25	Over \$42,000 but not over \$65,000	\$2,240.50 plus 7.9% of

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1 excess over \$42,000
2 Over \$65,000 \$4,057.50 plus 8.2% of
3 excess over \$65,000.

4 D. For heads of household filing returns:

5 If the taxable income is:	The tax shall be:
6 Not over \$7,000	1.7% of taxable income
7 Over \$7,000 but not over \$14,000	\$119 plus 3.2% of excess
8	over \$7,000
9 Over \$14,000 but not over \$20,000	\$343 plus 4.7% of excess
10	over \$14,000
11 Over \$20,000 but not over \$33,000	\$625 plus 6.0% of excess
12	over \$20,000
13 Over \$33,000 but not over \$53,000	\$1,405 plus 7.1% of
14	excess over \$33,000
15 Over \$53,000 but not over \$83,000	\$2,825 plus 7.9% of
16	excess over \$53,000
17 Over \$83,000	\$5,195 plus 8.2% of
18	excess over \$83,000.

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

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

24 (2) the amount of tax that would be due on an
25 amount equal to the taxpayer's taxable income and twenty

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1 percent of the taxpayer's lump-sum amounts included in net
2 income."

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