

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 113

50TH LEGISLATURE - STATE OF NEW MEXICO FIRST SESSION, 2011

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO TAXATION; PROVIDING A PERSONAL INCOME TAX CREDIT FOR CONTRIBUTIONS MADE TO CERTAIN ORGANIZATIONS THAT PROVIDE TUITION SCHOLARSHIPS FOR STUDENTS TO ATTEND NONGOVERNMENTAL SCHOOLS.

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

SECTION 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] TUITION SCHOLARSHIP TAX CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return and is not a dependent of another taxpayer may claim a credit for a contribution made to a school tuition organization if a receipt has been received from the organization certifying that the contribution will be used for educational scholarships or tuition grants for one or more

.183420.2

underscoring material = new
~~[bracketed material] = delete~~

underscoring material = new
~~[bracketed material] = delete~~

1 children. The credit may be claimed in an amount equal to the
2 total contributions made by the taxpayer during the taxable
3 year for which the credit is claimed but shall not exceed five
4 hundred dollars (\$500) in a taxable year. The credit provided
5 in this section may be referred to as the "tuition scholarship
6 tax credit".

7 B. The purpose of the tuition scholarship tax
8 credit is to encourage individuals and businesses to contribute
9 money to school tuition organizations that provide scholarships
10 or grants for students to attend nongovernmental schools chosen
11 by the students' parents.

12 C. The tuition scholarship tax credit shall not be
13 allowed for a contribution that is included in the taxpayer's
14 itemized deductions, as defined in Section 63 of the Internal
15 Revenue Code for the taxable year.

16 D. A husband and wife who file separate returns for
17 a taxable year in which they could have filed a joint return
18 may each claim only one-half of the tuition scholarship tax
19 credit that would have been allowed on a joint return.

20 E. The tuition scholarship tax credit may only be
21 deducted from the taxpayer's New Mexico income tax liability
22 for the taxable year in which the contribution was made.

23 F. The department shall provide a standardized
24 receipt to be issued by a school tuition organization to
25 indicate the tuition scholarship tax credit value of a

.183420.2

underscoring material = new
~~[bracketed material] = delete~~

1 contribution to the school tuition organization. The
2 department shall require a taxpayer claiming the tuition
3 scholarship tax credit to submit a copy of the receipt with the
4 taxpayer's claim for the credit.

5 G. The department shall compile a report annually
6 for the revenue stabilization and tax policy committee that
7 sets forth the number of taxpayers approved to receive tuition
8 scholarship tax credits, the aggregate amount of tuition
9 scholarship tax credits approved and the average and median
10 amounts of tuition scholarship tax credits approved. The
11 department shall determine every four years beginning in 2015
12 whether the tuition scholarship tax credit is achieving the
13 purpose for which it was created.

14 H. Acceptance of the tuition scholarship tax credit
15 is authorization to the department to disclose the amount of
16 the tax credit claimed by the taxpayer as needed to report
17 fully as required by this section to the revenue stabilization
18 and tax policy committee of the legislature.

19 I. As used in this section:

20 (1) "nongovernmental school" means a not-for-
21 profit or for-profit elementary, middle or secondary school;

22 (2) "qualified school" means an accredited
23 nongovernmental elementary, middle or secondary school in New
24 Mexico;

25 (3) "school tuition organization" means an

.183420.2

underscoring material = new
~~[bracketed material] = delete~~

1 organization that:

2 (a) demonstrates to the department that
3 it has been granted exemption from the federal income tax as an
4 organization described in Section 501(c)(3) of the Internal
5 Revenue Code;

6 (b) provides financial assistance for
7 the education of children in the form of educational
8 scholarships or tuition grants to students allowing them to
9 attend any qualified school of their parents' choice; and

10 (c) expends one hundred percent of its
11 tax-credit-qualifying revenues for educational scholarships or
12 tuition grants for children enrolled in qualified schools; and

13 (4) "tax-credit-qualifying revenue" means a
14 contribution to a school tuition organization for which a
15 receipt has been issued by the school tuition organization
16 pursuant to this section to the donor of the contribution."