

1 SENATE BILL 225

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

4 Gay G. Kernan

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE LIVABLE HOME INCOME TAX
12 CREDIT AGAINST THE PERSONAL INCOME TAX.

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

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

17 "[NEW MATERIAL] LIVABLE HOME INCOME TAX CREDIT.--

18 A. For taxable years beginning on or after January
19 1, 2016 and ending on or before December 31, 2023, a taxpayer
20 may receive a nontransferable "livable home income tax credit"
21 if that taxpayer:

22 (1) is not a dependent of another taxpayer;

23 (2) in the taxable year in which the credit is
24 claimed, incurs costs to retrofit or renovate an existing
25 residence to improve accessibility; and

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1 (3) meets the other requirements of this
2 section.

3 B. A taxpayer may receive a livable home income tax
4 credit against the taxpayer's tax liability imposed by the
5 Income Tax Act in an amount equal to fifty percent of the
6 qualifying costs to retrofit or renovate an existing residence
7 to improve accessibility, but only up to five thousand dollars
8 (\$5,000). The qualifying costs to retrofit or renovate an
9 existing residence to improve accessibility consist of the
10 costs to:

- 11 (1) construct an entrance or exit ramp;
- 12 (2) widen an exterior or interior doorway;
- 13 (3) widen a hallway;
- 14 (4) install a handrail or grab bar;
- 15 (5) move an electrical outlet or switch;
- 16 (6) install a stairway lift;
- 17 (7) install or modify a fire alarm, smoke
18 detector or other alerting system;
- 19 (8) modify door hardware;
- 20 (9) modify a bathroom; and
- 21 (10) install accessible and useable kitchen
22 facilities.

23 C. That portion of a livable home income tax credit
24 that exceeds a taxpayer's tax liability in the taxable year in
25 which the credit is claimed may not be refunded or transferred,

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1 but may be carried forward by the taxpayer for up to seven
2 consecutive taxable years.

3 D. To receive a livable home income tax credit, a
4 taxpayer shall apply for and report the amount of the credit to
5 the department on forms and in the manner prescribed by the
6 department. Before July 1, 2016, the department shall adopt
7 rules establishing the documentation that a taxpayer claiming
8 the credit must submit with the application for the credit.

9 E. A taxpayer who claims the livable home income
10 tax credit may not claim any other New Mexico tax credit for
11 having incurred the costs that make the taxpayer eligible for
12 the livable home income tax credit.

13 F. Married individuals filing separate returns for
14 a taxable year in which they could have filed a joint return
15 may each claim no more than one-half of the livable home income
16 tax credit that could have been claimed on a joint return.

17 G. A taxpayer who owns an interest in a business
18 entity that is taxed for federal income tax purposes as a
19 partnership or a limited liability company and that is eligible
20 for the livable home income tax credit may claim the credit in
21 proportion to the taxpayer's ownership interest in the business
22 entity. The total credit claimed by all members of the
23 business entity shall not exceed the amount allowed by this
24 section.

25 H. Beginning in 2017 and every year thereafter that

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1 the livable home income tax credit is in effect, the department
2 shall compile an annual report on the credit that includes the
3 number of taxpayers who took the credit, the aggregate amount
4 of the credits taken and an analysis of the credit's
5 effectiveness and cost. The department shall present the
6 report to the revenue stabilization and tax policy committee
7 and the legislative finance committee."

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