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SENATE BILL 94

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

INTRODUCED BY

Eric G. Griego

AN ACT

RELATING TO TAXATION; AMENDING THE INCOME TAX ACT; CREATING A
GRADUATED SURTAX FOR HIGHER LEVELS OF TAXABLE INCOME;
DISTRIBUTING NET RECEIPTS GENERATED BY THE INCOME TAX SURTAX;
AMENDING THE PUBLIC SCHOOL FUND TO PREVENT FISCAL YEAR-END
REVERSIONS.

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

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

"[NEW MATERIAL] DISTRIBUTION--INCOME TAX SURTAX.--A
distribution of the net receipts, exclusive of penalties and
interest, attributable to the receipts from personal income tax
liabilities paid for taxable years 2011 through 2013 shall be
made pursuant to Section 7-1-6.1 NMSA 1978 as follows:

A. six and sixty-five hundredths percent to the

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1 public school fund; and

2 B. six and sixty-five hundredths percent to the
3 human services department for expenditures for the state's
4 medicaid program."

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

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

10 A. For married individuals filing separate returns:

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

19 B. For heads of household, surviving spouses and
20 married individuals filing joint returns:

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

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1 excess over \$ 16,000
2 Over \$ 24,000 \$ 768 plus 4.9% of
3 excess over \$ 24,000.

4 C. For single individuals and for estates and
5 trusts:

6	If the taxable income is:	The tax shall be:
7	Not over \$5,500	1.7% of taxable income
8	Over \$ 5,500 but not over \$ 11,000	\$ 93.50 plus 3.2% of
9		excess over \$ 5,500
10	Over \$ 11,000 but not over \$ 16,000	\$ 269.50 plus 4.7% of
11		excess over \$ 11,000
12	Over \$ 16,000	\$ 504.50 plus 4.9% of
13		excess over \$ 16,000.

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

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

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

23 E. The tax imposed by Section 7-2-3 NMSA 1978 is
24 increased for taxable years 2011 through 2013 by a surtax that
25 may be cited as the "income tax surtax" and that is imposed at

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1 the rate of:

2 (1) for married individuals filing separate
3 returns, three and three-tenths percent on taxable income in
4 excess of seventy-five thousand dollars (\$75,000);

5 (2) for heads of households, surviving spouses
6 and married individuals filing joint returns, three and three-
7 tenths percent on taxable income in excess of one hundred fifty
8 thousand dollars (\$150,000); and

9 (3) for single individuals and for estates and
10 trusts, three and three-tenths percent on taxable income in
11 excess of one hundred thousand dollars (\$100,000)."

12 SECTION 3. Section 22-8-14 NMSA 1978 (being Laws 1967,
13 Chapter 16, Section 69, as amended) is amended to read:

14 "22-8-14. PUBLIC SCHOOL FUND.--

15 A. The "public school fund" is created.

16 B. The public school fund shall be distributed to
17 school districts and state-chartered charter schools in the
18 following parts:

19 (1) state equalization guarantee distribution;

20 (2) transportation distribution; and

21 (3) supplemental distributions:

22 (a) out-of-state tuition to school
23 districts;

24 (b) emergency; and

25 (c) program enrichment.

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1 C. The distributions of the public school fund
2 shall be made by the department within limits established by
3 law. The balance remaining in the public school fund at the
4 end of each fiscal year shall not revert to the general fund
5 [~~unless otherwise provided by law~~]."

6 SECTION 4. TEMPORARY PROVISION.--For the taxable year
7 2011, a taxpayer is deemed to have complied with the provisions
8 of Section 7-2-12.2 NMSA 1978 if the taxpayer has made the
9 first required annual payment of estimated taxes due for
10 taxable year 2011 based on the provisions of the version of
11 Section 7-2-7 NMSA 1978 applicable on January 1, 2010 through
12 December 31, 2010.

13 SECTION 5. APPLICABILITY.--The provisions of Section 2 of
14 this act apply to taxable years beginning on or after January
15 1, 2011.