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HOUSE BILL 276

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Cathrynn N. Brown

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX DEDUCTION AND
CORPORATE INCOME TAX DEDUCTION FOR DONATIONS MADE TO A COUNTY
ROAD FUND.

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]~~ DEDUCTION--DONATION TO COUNTY ROAD FUND.--

A. A taxpayer who is not a dependent of another
individual and who makes a donation to a county road fund may
claim a deduction from net income in an amount equal to fifty
percent of the amount donated, not to exceed one million
dollars (\$1,000,000).

B. A taxpayer may request a county to apply the
donated amount to a specific road or bridge, or portion

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1 thereof; provided that, if a county does not agree to the
2 request, the donation shall be deemed not made, the donated
3 amount, if received by the county, shall be returned to the
4 taxpayer and the taxpayer shall not be eligible for a county
5 road fund donation income tax credit for that donated amount.

6 C. To claim a deduction pursuant to this section, a
7 taxpayer shall submit to the department information required by
8 the secretary establishing that the taxpayer is eligible to
9 claim a deduction pursuant to this section.

10 D. Married individuals who file separate returns
11 for a taxable year in which they could have filed a joint
12 return may each claim only one-half of the deduction provided
13 by this section that would have been allowed on a joint return.

14 E. A taxpayer may be allocated the right to claim
15 the deduction provided by this section in proportion to the
16 taxpayer's ownership interest if the taxpayer owns an interest
17 in a business entity that is taxed for federal income tax
18 purposes as a partnership or limited liability company and that
19 business entity has met all of the requirements to be eligible
20 for the credit. The total deduction claimed by all members of
21 the partnership or a limited liability company shall not exceed
22 the allowable amount provided in Subsection A of this section.

23 F. A taxpayer allowed a deduction pursuant to this
24 section shall report the amount of the deduction to the
25 department in a manner required by the department.

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1 G. The department shall compile an annual report on
2 the deduction provided by this section that shall include the
3 number of taxpayers that claimed the deduction, the aggregate
4 amount of deductions claimed and any other information
5 necessary to evaluate the effectiveness of the deduction. The
6 department shall present the annual report to the revenue
7 stabilization and tax policy committee and the legislative
8 finance committee with an analysis of the cost of the
9 deduction."

10 SECTION 2. A new section of the Corporate Income and
11 Franchise Tax Act is enacted to read:

12 "[NEW MATERIAL] DEDUCTION--DONATION TO COUNTY ROAD FUND.--

13 A. A taxpayer that makes a donation to a county
14 road fund may claim a deduction from taxable income in an
15 amount equal to fifty percent of the amount donated, not to
16 exceed one million dollars (\$1,000,000).

17 B. A taxpayer may request a county to apply the
18 donated amount to a specific road or bridge, or portion
19 thereof; provided that, if a county does not agree to the
20 request, the donation shall be deemed not made, the donated
21 amount, if received by the county, shall be returned to the
22 taxpayer and the taxpayer shall not be eligible for a county
23 road fund donation income tax credit for that donated amount.

24 C. To claim a deduction pursuant to this section, a
25 taxpayer shall submit to the department information required by

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1 the secretary establishing that the taxpayer is eligible to
2 claim a deduction pursuant to this section.

3 D. A taxpayer allowed a deduction pursuant to this
4 section shall report the amount of the deduction to the
5 department in a manner required by the department.

6 E. The department shall compile an annual report on
7 the deduction provided by this section that shall include the
8 number of taxpayers that claimed the deduction, the aggregate
9 amount of deductions claimed and any other information
10 necessary to evaluate the effectiveness of the deduction. The
11 department shall present the annual report to the revenue
12 stabilization and tax policy committee and the legislative
13 finance committee with an analysis of the cost of the
14 deduction."

15 SECTION 3. APPLICABILITY.--The provisions of this act
16 apply to taxable years beginning on or after January 1, 2020.