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SENATE BILL 9

**50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

INTRODUCED BY

Peter Wirth

AN ACT

RELATING TO TAXATION; REDUCING CORPORATE INCOME TAX RATES;  
REQUIRING COMBINED REPORTING FOR CERTAIN UNITARY CORPORATIONS.

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

SECTION 1. Section 7-2A-5 NMSA 1978 (being Laws 1981,  
Chapter 37, Section 38, as amended) is amended to read:

"7-2A-5. CORPORATE INCOME TAX RATES.--The corporate  
income tax imposed on corporations by Section 7-2A-3 NMSA 1978  
shall be at the rates specified in the following table:

|  |  |
|--|--|
| If the net income is:                      | The tax shall be:  |
| Not over \$500,000                         | <del>[4.8%]</del> <u>4.2%</u> of net<br>income                                 |
| Over \$500,000 but not<br>over \$1,000,000 | <del>[\$24,000]</del> <u>\$21,000</u><br>plus <del>[6.4%]</del> <u>5.8%</u> of |

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1 excess over \$500,000  
2 Over \$1,000,000 [~~\$56,000~~] \$50,000  
3 plus [~~7.6%~~] 7.0% of  
4 excess over  
5 \$1,000,000."

6 SECTION 2. Section 7-2A-8.3 NMSA 1978 (being Laws 1983,  
7 Chapter 213, Section 12, as amended by Laws 1993, Chapter 307,  
8 Section 4 and also by Laws 1993, Chapter 309, Section 2) is  
9 amended to read:

10 "7-2A-8.3. COMBINED RETURNS.--

11 A. A unitary corporation that is subject to taxation  
12 under the Corporate Income and Franchise Tax Act and that has  
13 not previously filed [~~a combined return pursuant to this~~  
14 ~~section or~~] a consolidated return pursuant to Section 7-2A-8.4  
15 NMSA 1978 [~~may elect to~~] shall file a combined return with  
16 other unitary corporations as though the entire combined net  
17 income were that of one corporation. The return filed under  
18 this method of reporting shall include the net income of all  
19 the unitary corporations. Transactions among the unitary  
20 corporations may be eliminated by applying the appropriate  
21 rules for reporting income for a consolidated federal income  
22 tax return. Any corporation that has filed an income tax  
23 return with New Mexico pursuant to Section 7-2A-8.4 NMSA 1978  
24 shall not file pursuant to this section unless the secretary  
25 gives prior permission to file on a combined return basis.

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1           B. Once corporations have reported net income through  
2 a combined return for any taxable year, they shall file  
3 combined returns for subsequent taxable years, so long as they  
4 remain unitary corporations, unless the corporations elect to  
5 file pursuant to Section 7-2A-8.4 NMSA 1978 or unless the  
6 secretary grants prior permission for one or more of the  
7 corporations to file individually.

8           ~~[G. For taxable years beginning on or after January~~  
9 ~~1, 1993, no unitary corporation once included in a combined~~  
10 ~~return may elect, or be granted permission by the secretary,~~  
11 ~~for any subsequent taxable year to separately account pursuant~~  
12 ~~to Paragraph (4) of Subsection A of Section 7-2A-8 NMSA 1978.]"~~

13           SECTION 3. APPLICABILITY.--The provisions of this act  
14 apply to taxable years beginning on or after January 1, 2013.

15           SECTION 4. EFFECTIVE DATE.--The effective date of the  
16 provisions of this act is January 1, 2013.