

State Personal Income Tax Changes¹ Will Benefit Many New Mexico Families with Children

State Personal Income Tax Change, All Tax Filers			State Personal Income Tax Change, Tax Filers with Kids		
	Percentage	Share of tax cut or increase		Percentage	Share of tax cut or increase
All tax filers getting income tax cut	29%		Tax filers with kids getting income tax cut	70%	
All tax filers in the bottom 80%	33%	82%	Tax filers with kids in the bottom 80%	79%	82%
All tax filers in the top 20%	19%	17%	Tax filers with kids in the top 20%	51%	17%
All tax filers getting income tax increase ²	5%		Tax filers with kids getting income tax increase ²	2%	
All tax filers in the bottom 80%	2%	2%	Tax filers with kids in the bottom 80%	1%	3%
All tax filers in the top 20%	17%	98%	Tax filers with kids in the top 20%	9%	97%

New Mexico State Personal Income Tax Change by Income Quintile							
New Mexico incomes by quintile (2019)	Bottom 80%				Top 20%		
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income range	Less than \$19,000	\$19,000 to \$35,000	\$35,000 to \$54,000	\$54,000 to \$94,000	\$94,000 to \$187,000	\$187,000 to \$419,000	\$419,000 or more
Average income	\$12,000	\$28,000	\$44,000	\$72,000	\$127,000	\$258,000	\$924,000
Percent of filers getting income tax cut	42%	39%	28%	22%	20%	19%	3%
Average tax cut amount	-\$187	-\$199	-\$202	-\$260	-\$311	-\$237	-\$283
Percent of filers with kids getting income tax cut	92%	92%	70%	63%	53%	49%	11%
Average tax cut amount	-\$269	-\$240	-\$207	-\$268	-\$311	-\$237	-\$283
Percent of filers getting income tax increase ²	—	0.4%	1%	6%	9%	33%	89%
Average tax increase ² amount	—	+\$10	+\$41	+\$56	+\$69	+\$260	+\$5,245
Percent of filers with kids getting income tax increase ²	—	—	0.1%	3%	2%	19%	81%
Average tax increase ² amount	—	—	+\$5	+\$50	+\$50	+\$294	+\$1,452

1. Changes in HB 6: Increased Working Families Tax Credit from 10% of the federal EITC to 17% (tax cut); created \$4,000 dependent deduction beyond the first (tax cut); reduced capital gains deduction from 50% to 40% (tax increase); added 5.9% income tax rate at \$315,000 if married filing jointly/head of household, \$210,000 if single, \$157,500 if married filing separately (tax increase if triggered).

2. The analysis lumps both tax increases together. However, the new tax rates for those at the top will only be implemented if new revenue does not meet a certain level and, if triggered, will not impact those tax filers until 2021.

Source: Analysis by Institute on Taxation and Economic Policy

10.7.19