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HOUSE BILL 18

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

Micaela Lara Cadena

AN ACT

RELATING TO TAXATION; CREATING A CHILD INCOME TAX CREDIT.

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] CHILD INCOME TAX CREDIT.--

A. A taxpayer who is a resident and is not a dependent of another individual may apply for, and the department may allow, a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act for each qualifying child of the taxpayer; provided that the exemption amount in effect pursuant to Section 151 of the Internal Revenue Code, as that section may be amended or renumbered, is set to zero. The tax credit provided by this section may be referred to as the "child income tax credit".

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1                   B. The child income tax credit may be claimed as  
2 shown in the following table:

Adjusted gross income is		Amount of credit per
Over	But not over	qualifying child is
\$ 0	\$25,000	\$175
25,000	50,000	150
50,000	75,000	125
75,000	100,000	100
100,000	200,000	75
200,000	350,000	50
350,000		25.

12                   C. To receive a child income tax credit, a taxpayer  
13 shall apply to the department on forms and in the manner  
14 prescribed by the department.

15                   D. That portion of a child income tax credit that  
16 exceeds a taxpayer's tax liability in the taxable year in which  
17 the credit is claimed shall be refunded.

18                   E. Married individuals filing separate returns for  
19 a taxable year for which they could have filed a joint return  
20 may each claim only one-half of the child income tax credit  
21 that would have been claimed on a joint return.

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

25                   G. The department shall compile an annual report on

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1 the child income tax credit that shall include the number of  
2 taxpayers approved by the department to receive the credit, the  
3 aggregate amount of credits approved and any other information  
4 necessary to evaluate the effectiveness of the credit. Each  
5 year that the credit is in effect, the department shall compile  
6 and present the annual report to the revenue stabilization and  
7 tax policy committee and the legislative finance committee with  
8 an analysis of the cost of the tax credit.

9 H. As used in this section, "qualifying child"  
10 means "qualifying" as defined by Section 152(c) of the Internal  
11 Revenue Code, as that section may be amended or renumbered, but  
12 includes any minor child or stepchild of the taxpayer who would  
13 be a qualifying child for federal income tax purposes if the  
14 public assistance contributing to the support of the child or  
15 stepchild was considered to have been contributed by the  
16 taxpayer."

17 SECTION 2. APPLICABILITY.--The provisions of this act  
18 apply to taxable years beginning on or after January 1, 2019.