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HOUSE BILL 200

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

INTRODUCED BY

Micaela Lara Cadena and Rebecca Dow

AN ACT

RELATING TO TAXATION; CREATING THE EARLY CHILDHOOD WORKER  
INCOME TAX CREDIT; CREATING A GROSS RECEIPTS TAX DEDUCTION FOR  
THE SALE OF CHILD CARE ASSISTANCE THROUGH A LICENSED EARLY  
CHILDHOOD PROGRAM.

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] EARLY CHILDHOOD WORKER INCOME TAX  
CREDIT.--

A. For taxable years prior to January 1, 2025, a  
taxpayer who is not a dependent of another individual and who  
is an early childhood worker may apply for, and the department  
may allow, a credit against the taxpayer's tax liability  
imposed pursuant to the Income Tax Act. The tax credit

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1 provided by this section may be referred to as the "early  
2 childhood worker income tax credit".

3 B. The early childhood worker income tax credit  
4 shall not exceed the following amounts:

5 (1) one thousand five hundred dollars (\$1,500)  
6 for an early childhood worker who has achieved a child  
7 development certificate, a certificate in infant family studies  
8 or a certificate in early childhood administration as awarded  
9 by the early childhood education and care department;

10 (2) three thousand dollars (\$3,000) for an  
11 early childhood worker who has achieved an associate degree in  
12 early childhood education from an accredited post-secondary  
13 educational institution; and

14 (3) five thousand dollars (\$5,000) for an  
15 early childhood worker who has achieved a bachelor's degree in  
16 early childhood education from an accredited post-secondary  
17 educational institution.

18 C. A taxpayer may claim an early childhood worker  
19 income tax credit for the taxable year in which the taxpayer  
20 meets the requirements of this section. To receive the tax  
21 credit, a taxpayer shall apply to the department on forms and  
22 in the manner prescribed by the department. The application  
23 shall include a certification from the early childhood  
24 education and care department certifying that the taxpayer  
25 meets the requirements as an early childhood worker and the

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1 education requirements pursuant to Subsection B of this  
2 section.

3 D. That portion of an early childhood worker income  
4 tax credit that exceeds a taxpayer's tax liability in the  
5 taxable year in which the credit is claimed shall be refunded  
6 to the taxpayer.

7 E. Married individuals filing separate returns for  
8 a taxable year for which they could have filed a joint return  
9 may each claim only one-half of the early childhood worker  
10 income tax credit that would have been claimed on a joint  
11 return.

12 F. A taxpayer allowed a tax credit pursuant to this  
13 section shall report the amount of the credit to the department  
14 in a manner required by the department.

15 G. The department shall compile an annual report on  
16 the early childhood worker income tax credit that shall include  
17 the number of taxpayers approved by the department to receive  
18 the credit, for each level of credit, the aggregate amount of  
19 credits approved and any other information necessary to  
20 evaluate the credit. The department shall present the report  
21 to the revenue stabilization and tax policy committee and the  
22 legislative finance committee with an analysis of the cost of  
23 the tax credit.

24 H. As used in this section:

25 (1) "early childhood provider" means a child

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1 care provider licensed by or registered with the early  
2 childhood education and care department to provide child care  
3 services in the provider's home or other facility; and

4 (2) "early childhood worker" means an  
5 individual who:

6 (a) is employed by an early childhood  
7 provider or is an early childhood provider who is a sole  
8 proprietor;

9 (b) works at least thirty hours per week  
10 for thirty-two weeks per year for an early childhood provider  
11 or as an early childhood provider sole proprietor; and

12 (c) has been awarded a certificate or  
13 degree described in Paragraphs (1) through (3) of Subsection B  
14 of this section."

15 SECTION 2. A new section of the Gross Receipts and  
16 Compensating Tax Act is enacted to read:

17 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--CHILD CARE  
18 ASSISTANCE THROUGH A LICENSED EARLY CHILDHOOD PROGRAM.--

19 A. Prior to July 1, 2025, receipts from the sale of  
20 child care assistance services by a taxpayer pursuant to a  
21 contract with the early childhood education and care department  
22 to provide such services through an early childhood program  
23 licensed by that department may be deducted from gross  
24 receipts.

25 B. A taxpayer allowed a deduction pursuant to this

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1 section shall report the amount of the deduction separately in  
2 a manner required by the department.

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

12 SECTION 3. APPLICABILITY.--The provisions of Section 1 of  
13 this act apply to taxable years beginning on or after January  
14 1, 2020.

15 SECTION 4. EFFECTIVE DATE.--The effective date of the  
16 provisions of this act is July 1, 2020.