

HOUSE CONSUMER AND PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 973

**48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

AN ACT

RELATING TO TAXATION; CREATING AN INCOME TAX CREDIT FOR  
ADOPTION OF SPECIAL NEEDS CHILDREN; REPEALING AND ENACTING  
SECTIONS OF THE NMSA 1978.

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]~~ CREDIT--SPECIAL NEEDS ADOPTED CHILD TAX  
CREDIT--CREATED--QUALIFICATIONS--DURATION OF CREDIT.--

A. A taxpayer who files an individual New Mexico  
income tax return, who is not a dependent of another individual  
and who adopts a special needs child on or after January 1,  
2007 or has adopted a special needs child prior to January 1,  
2007, may claim a credit against the taxpayer's tax liability  
imposed pursuant to the Income Tax Act. The credit authorized

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underscored material = new  
[bracketed material] = delete

1 pursuant to this section may be referred to as the "special  
2 needs adopted child tax credit".

3 B. A taxpayer may claim and the department may  
4 allow a special needs adopted child tax credit in the amount of  
5 one thousand dollars (\$1,000) to be claimed against the  
6 taxpayer's tax liability for the taxable year imposed pursuant  
7 to the Income Tax Act.

8 C. A taxpayer may claim a special needs adopted  
9 child tax credit for each year that the child may be claimed as  
10 a dependent for federal taxation purposes by the taxpayer.

11 D. If the amount of the special needs adopted child  
12 tax credit due to the taxpayer exceeds the taxpayer's  
13 individual income tax liability, the excess shall be refunded.

14 E. A husband and wife who file separate returns for  
15 a taxable year in which they could have filed a joint return  
16 may each claim only one-half of the special needs adopted child  
17 tax credit provided in this section that would have been  
18 allowed on a joint return.

19 F. As used in this section, "special needs adopted  
20 child" means an individual who may be over eighteen years of  
21 age and who is certified by the children, youth and families  
22 department or a licensed child placement agency as meeting the  
23 definition of a "difficult to place child" pursuant to the  
24 Adoption Act; provided, however, if the classification as a  
25 "difficult to place child" is based on a physical or mental

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1 impairment or an emotional disturbance the physical or mental  
2 impairment or emotional disturbance shall be at least  
3 moderately disabling."

4 Section 2. REPEAL.--Section 7-2-5.4 NMSA 1978 (being Laws  
5 1988, Chapter 59, Section 1, as amended) is repealed.

6 Section 3. APPLICABILITY.--The provisions of this act  
7 apply to taxable years beginning on or after January 1, 2007.