

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 213

**55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022**

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;  
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. The tax credit provided by  
this section may be referred to as the "child income tax  
credit".

B. The child income tax credit may be claimed as

1 shown in the following table:

2	Adjusted gross income is		Amount of credit per
3	Over	But not over	qualifying child is
4	\$ 0	\$25,000	\$350
5	25,000	50,000	300
6	50,000	75,000	250
7	75,000	100,000	200
8	100,000	200,000	150
9	200,000	350,000	100
10	350,000		50.

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

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

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

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

24 G. The department shall compile an annual report on  
25 the child income tax credit that shall include the number of

underscored material = new  
[bracketed material] = delete

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

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

16 SECTION 2. APPLICABILITY.--The provisions of this act  
17 apply to taxable years beginning on or after January 1, 2022.