

HOUSE BILL 296

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; INCREASING THE WORKING FAMILIES TAX
CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-2-18.15 NMSA 1978 (being Laws 2007,
Chapter 45, Section 9, as amended) is amended to read:

"7-2-18.15. WORKING FAMILIES TAX CREDIT.--

A. A taxpayer who is a resident and who files an
individual New Mexico income tax return may claim a credit in
an amount equal to [~~twenty percent for taxable years beginning
on or after January 1, 2021, and twenty-five percent for
taxable years beginning on or after January 1, 2023~~] fifty
percent of the federal earned income tax credit for which that
taxpayer is eligible for the same taxable year or would have
been eligible but for the identification number requirement

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1 pursuant to 26 U.S.C. 32(m), as that section may be amended or
2 renumbered.

3 B. A taxpayer who is a resident and who files an
4 individual New Mexico tax return may claim a credit in an
5 amount equal to [~~twenty percent for taxable years beginning on~~
6 ~~or after January 1, 2021, and twenty-five percent for taxable~~
7 ~~years beginning on or after January 1, 2023]~~ fifty percent of
8 the federal earned income tax credit for which that taxpayer
9 would have been eligible for the same taxable year but for the
10 age requirement pursuant to 26 U.S.C. 32(c)(1)(A)(ii)(II), as
11 that section may be amended or renumbered; provided that the
12 taxpayer is at least eighteen years of age but has not reached
13 the age of twenty-five.

14 C. The credit provided in this section may be
15 referred to as the "working families tax credit".

16 D. The working families tax credit may be deducted
17 from the income tax liability of an individual who claims the
18 credit and qualifies for the credit pursuant to this section.
19 If the credit exceeds the individual's income tax liability for
20 the taxable year, the excess shall be refunded to the
21 individual.

22 E. As used in this section, "federal earned income
23 tax credit" means the tax credit allowed pursuant to 26 U.S.C.
24 32, as that section may be amended or renumbered."

25 SECTION 2. APPLICABILITY.--The provisions of this act

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apply to taxable years beginning on or after January 1, 2026.