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AN ACT

RELATING TO TAXATION; ENACTING THE FOSTER YOUTH EMPLOYMENT
INCOME TAX CREDIT AND THE FOSTER YOUTH EMPLOYMENT CORPORATE
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:

"FOSTER YOUTH EMPLOYMENT INCOME TAX CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who employs a qualified foster youth in New
Mexico is eligible for a credit against the taxpayer's tax
liability imposed pursuant to the Income Tax Act in an amount
up to one thousand dollars (\$1,000) of the gross wages paid
to each qualified foster youth by the taxpayer during the
taxable year for which the return is filed. A taxpayer who
employs a qualified foster youth for less than the full
taxable year is eligible for a credit amount equal to one
thousand dollars (\$1,000) multiplied by the fraction of a
full year for which the qualified foster youth was employed.
The tax credit provided by this section may be referred to as
the "foster youth employment income tax credit".

B. The purpose of the foster youth employment
income tax credit is to encourage the employment of
individuals who as youth were adjudicated as abused or

1 neglected or who were in the legal custody of the children,
2 youth and families department under the Children's Code or in
3 the legal custody of a New Mexico Indian nation, tribe or
4 pueblo or the United States department of the interior bureau
5 of Indian affairs division of human services.

6 C. A taxpayer may claim the foster youth
7 employment income tax credit provided in this section for
8 each taxable year in which the taxpayer employs one or more
9 qualified foster youths; provided that the taxpayer may not
10 claim the foster youth employment income tax credit for any
11 individual qualified foster youth for more than one calendar
12 year from the date of hire.

13 D. That portion of a foster youth employment
14 income tax credit approved by the department that exceeds a
15 taxpayer's income tax liability in the taxable year in which
16 the foster youth employment income tax credit is claimed
17 shall not be refunded to the taxpayer but may be carried
18 forward for up to three years. The foster youth employment
19 income tax credit shall not be transferred to another
20 taxpayer.

21 E. Married individuals filing separate returns for
22 a taxable year for which they could have filed a joint return
23 may each claim only one-half of the foster youth employment
24 income tax credit that would have been claimed on a joint
25 return.

1 F. A taxpayer may be allocated the right to claim
2 a foster youth employment income tax credit in proportion to
3 the taxpayer's ownership interest if the taxpayer owns an
4 interest in a business entity that is taxed for federal
5 income tax purposes as a partnership or limited liability
6 company and that business entity has met all of the
7 requirements to be eligible for the credit. The total credit
8 claimed by all members of the partnership or limited
9 liability company shall not exceed the allowable credit
10 pursuant to Subsection A of this section.

11 G. The taxpayer shall submit to the department
12 with respect to each employee for whom the foster youth
13 employment income tax credit is claimed information required
14 by the department with respect to the qualified foster
15 youth's employment by the taxpayer during the taxable year
16 for which the foster youth employment income tax credit is
17 claimed, including information establishing that the employee
18 is a qualified foster youth that can be used to determine
19 that the employee was not also employed in the same taxable
20 year by another taxpayer claiming a foster youth employment
21 income or corporate income tax credit for that employee
22 pursuant to this section or the Corporate Income and
23 Franchise Tax Act.

24 H. The department shall:

25 (1) adopt rules establishing procedures to

1 certify that an employee is a qualified foster youth for
2 purposes of obtaining a foster youth employment income tax
3 credit. The rules shall ensure that not more than one foster
4 youth employment income tax credit per qualified foster youth
5 shall be allowed in a taxable year and that the credits
6 allowed per qualified foster youth are limited to a maximum
7 of one year's employment; and

8 (2) collaborate with the children, youth and
9 families department, the New Mexico Indian nations, tribes
10 and pueblos and the United States department of the interior
11 bureau of Indian affairs division of human services to
12 establish the certification procedures.

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

16 J. The department shall compile an annual report
17 on the foster youth employment income tax credit that shall
18 include the number of taxpayers approved by the department to
19 receive the credit, the aggregate amount of credits approved
20 and any other information necessary to evaluate the
21 effectiveness of the credit. The department shall present
22 the annual report to the revenue stabilization and tax policy
23 committee and the legislative finance committee with an
24 analysis of the effectiveness and cost of the tax credit and
25 whether the tax credit is performing the purpose for which it

1 was created.

2 K. As used in this section, "qualified foster
3 youth" means an individual:

4 (1) who:

5 (a) is currently in the legal custody
6 of the children, youth and families department pursuant to
7 the Children's Code or in the legal custody of a New Mexico
8 Indian nation, tribe or pueblo or the United States
9 department of the interior bureau of Indian affairs division
10 of human services; or

11 (b) within the seven years prior to the
12 taxable year for which the tax credit is claimed, was aged
13 fourteen years or older and was in the legal custody of the
14 children, youth and families department pursuant to the
15 Children's Code or in the legal custody of a New Mexico
16 Indian nation, tribe or pueblo or the United States
17 department of the interior bureau of Indian affairs division
18 of human services;

19 (2) who works at least twenty hours per week
20 during the taxable year for which the foster youth employment
21 income tax credit is claimed; and

22 (3) who was not previously employed by the
23 taxpayer prior to the taxable year for which the foster youth
24 employment income tax credit is claimed."

25 SECTION 2. A new section of the Corporate Income and

1 Franchise Tax Act is enacted to read:

2 "FOSTER YOUTH EMPLOYMENT CORPORATE INCOME TAX CREDIT.--

3 A. A taxpayer that employs a qualified foster
4 youth in New Mexico is eligible for a credit against the
5 taxpayer's tax liability imposed pursuant to the Corporate
6 Income and Franchise Tax Act in an amount up to one thousand
7 dollars (\$1,000) of the gross wages paid to each qualified
8 foster youth by the taxpayer during the taxable year for
9 which the return is filed. A taxpayer that employs a
10 qualified foster youth for less than the full taxable year is
11 eligible for a credit amount equal to one thousand dollars
12 (\$1,000) multiplied by the fraction of a full year for which
13 the qualified foster youth was employed. The tax credit
14 provided by this section may be referred to as the "foster
15 youth employment corporate income tax credit".

16 B. The purpose of the foster youth employment
17 corporate income tax credit is to encourage the employment of
18 individuals who as youth were adjudicated as abused or
19 neglected or who were in the legal custody of the children,
20 youth and families department under the Children's Code or in
21 the legal custody of a New Mexico Indian nation, tribe or
22 pueblo or the United States department of the interior bureau
23 of Indian affairs division of human services.

24 C. A taxpayer may claim the foster youth
25 employment corporate income tax credit provided in this

1 section for each taxable year in which the taxpayer employs
2 one or more qualified foster youths; provided that the
3 taxpayer may not claim the foster youth employment corporate
4 income tax credit for any individual qualified foster youth
5 for more than one calendar year from the date of hire.

6 D. That portion of a foster youth employment
7 corporate income tax credit approved by the department that
8 exceeds a taxpayer's corporate income tax liability in the
9 taxable year in which the foster youth employment corporate
10 income tax credit is claimed shall not be refunded to the
11 taxpayer but may be carried forward for up to three years.
12 The foster youth employment corporate income tax credit shall
13 not be transferred to another taxpayer.

14 E. The taxpayer shall submit to the department
15 with respect to each employee for whom the foster youth
16 employment corporate income tax credit is claimed information
17 required by the department with respect to the qualified
18 foster youth's employment by the taxpayer during the taxable
19 year for which the foster youth employment corporate income
20 tax credit is claimed, including information establishing
21 that the employee is a qualified foster youth that can be
22 used to determine that the employee was not also employed in
23 the same taxable year by another taxpayer claiming a foster
24 youth employment income or corporate income tax credit for
25 that employee pursuant to this section or the Income Tax Act.

1 F. The department shall:

2 (1) adopt rules establishing procedures to
3 certify that an employee is a qualified foster youth for
4 purposes of obtaining a foster youth employment corporate
5 income tax credit. The rules shall ensure that not more than
6 one foster youth employment corporate income tax credit per
7 qualified foster youth shall be allowed in a taxable year and
8 that the credits allowed per qualified foster youth are
9 limited to a maximum of one year's employment; and

10 (2) collaborate with the children, youth and
11 families department, the New Mexico Indian nations, tribes
12 and pueblos and the United States department of the interior
13 bureau of Indian affairs division of human services to
14 establish the certification procedures.

15 G. A taxpayer allowed a tax credit pursuant to
16 this section shall report the amount of the credit to the
17 department in a manner required by the department.

18 H. The department shall compile an annual report
19 on the foster youth employment corporate income tax credit
20 that shall include the number of taxpayers approved by the
21 department to receive the credit, the aggregate amount of
22 credits approved and any other information necessary to
23 evaluate the effectiveness of the credit. The department
24 shall present the annual report to the revenue stabilization
25 and tax policy committee and the legislative finance

1 committee with an analysis of the effectiveness and cost of
2 the tax credit and whether the tax credit is performing the
3 purpose for which it was created.

4 I. As used in this section, "qualified foster
5 youth" means an individual:

6 (1) who:

7 (a) is currently in the legal custody
8 of the children, youth and families department pursuant to
9 the Children's Code or in the legal custody of a New Mexico
10 Indian nation, tribe or pueblo or the United States
11 department of the interior bureau of Indian affairs division
12 of human services; or

13 (b) within the seven years prior to the
14 taxable year for which the tax credit is claimed, was aged
15 fourteen years or older and was in the legal custody of the
16 children, youth and families department pursuant to the
17 Children's Code or in the legal custody of a New Mexico
18 Indian nation, tribe or pueblo or the United States
19 department of the interior bureau of Indian affairs division
20 of human services;

21 (2) who works at least twenty hours per week
22 during the taxable year for which the foster youth employment
23 corporate income tax credit is claimed; and

24 (3) who was not previously employed by the
25 taxpayer prior to the taxable year for which the foster youth

1 employment corporate income tax credit is claimed."

2 SECTION 3. APPLICABILITY.--The provisions of this act
3 apply to taxable years beginning on or after January 1, 2018.==

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