

1 SENATE BILL 294

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Heather Berghmans and Christine Chandler and Angel M. Charley
5 and Cindy Nava
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10 AN ACT

11 RELATING TO TAXATION; INCREASING THE CHILD INCOME TAX CREDIT
12 FOR QUALIFYING CHILDREN UNDER THE AGE OF SIX.
13

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

15 SECTION 1. Section 7-2-18.34 NMSA 1978 (being Laws 2022,
16 Chapter 47, Section 5, as amended) is amended to read:

17 "7-2-18.34. CHILD INCOME TAX CREDIT.--

18 A. For taxable years prior to January 1, 2032, a
19 taxpayer who is a resident and is not a dependent of another
20 individual may apply for, and the department may allow, a
21 credit against the taxpayer's tax liability imposed pursuant to
22 the Income Tax Act for each qualifying child of the taxpayer.
23 The tax credit provided by this section may be referred to as
24 the "child income tax credit".

25 B. Except as provided in [~~Subsection D~~] Subsections

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1 C and E of this section, the child income tax credit may be
2 claimed as shown in the following table:

Adjusted gross income is		Amount of credit per
Over	But not over	qualifying child is
\$ 0	\$ 25,000	\$600
25,000	50,000	400
50,000	75,000	200
75,000	100,000	100
100,000	200,000	75
200,000	350,000	50
350,000		25.

12 C. For each qualifying child under age six, the
13 amount of credit shown in Subsection B of this section, as
14 adjusted pursuant to Subsection E of this section, shall be
15 multiplied by two.

16 [~~E.~~] D. If a taxpayer's adjusted gross income is
17 less than zero, the taxpayer may claim a tax credit in the
18 amount shown in the first row of the table provided in
19 Subsection B of this section.

20 [~~D.~~] E. For the 2024 taxable year and each
21 subsequent taxable year, the amount of credit shown in the
22 table in Subsection B of this section shall be adjusted to
23 account for inflation. The department shall make the
24 adjustment by multiplying each amount of credit by a fraction,
25 the numerator of which is the consumer price index ending
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1 during the prior taxable year and the denominator of which is
2 the consumer price index ending in tax year 2022. The result
3 of the multiplication shall be rounded down to the nearest one
4 dollar (\$1.00), except that if the result would be an amount
5 less than the corresponding amount for the preceding taxable
6 year, then no adjustment shall be made.

7 ~~[E.]~~ F. To receive a child income tax credit, a
8 taxpayer shall apply to the department on forms and in the
9 manner prescribed by the department.

10 ~~[F.]~~ G. That portion of a child income tax credit
11 that exceeds a taxpayer's tax liability in the taxable year in
12 which the credit is claimed shall be refunded.

13 ~~[G.]~~ H. Married individuals filing separate returns
14 for a taxable year for which they could have filed a joint
15 return may each claim only one-half of the child income tax
16 credit that would have been claimed on a joint return.

17 ~~[H.]~~ I. A taxpayer allowed a tax credit pursuant to
18 this section shall report the amount of the credit to the
19 department in a manner required by the department.

20 ~~[I.]~~ J. The department shall compile an annual
21 report on the child income tax credit that shall include the
22 number of taxpayers approved by the department to receive the
23 credit, the aggregate amount of credits approved and any other
24 information necessary to evaluate the effectiveness of the
25 credit. The department shall compile and present the annual

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1 report to the revenue stabilization and tax policy committee
2 and the legislative finance committee with an analysis of the
3 cost of the tax credit.

4 [~~J~~] K. As used in this section:

5 (1) "consumer price index" means the consumer
6 price index for all urban consumers published by the United
7 States department of labor for the month ending September 30;
8 and

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

17 SECTION 2. APPLICABILITY.--The provisions of this act
18 apply to taxable years beginning on and after January 1, 2025.