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SENATE BILL 586

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Stuart Ingle

AN ACT

**RELATING TO TAXATION; ENACTING THE CHILD CARE QUALITY
INVESTMENT TAX CREDIT ACT; PROVIDING TAX CREDITS FOR CERTAIN
EXPENDITURES BY QUALIFIED CHILD CARE CENTERS AND FOR EXPANSION
OF CARE TO LOW-INCOME CHILDREN BY NATIONALLY ACCREDITED
FACILITIES.**

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

**Section 1. SHORT TITLE. --This act may be cited as the
"Child Care Quality Investment Tax Credit Act".**

**Section 2. PURPOSE OF ACT. --It is the purpose of the
Child Care Quality Investment Tax Credit Act to promote the
availability of high quality child care for all children in
New Mexico by providing tax incentives to child care providers
who invest in quality through increases in employment and
training of child care workers and to encourage nationally**

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1 accredited child care centers to enroll low-income children.

2 Section 3. DEFINITIONS. --As used in the Child Care
3 Quality Investment Tax Credit Act:

4 A. "accredited child care facility" means a child
5 care center that is accredited by the national association for
6 the education of young children division of the national
7 academy of early childhood programs or the national early
8 childhood program accreditation division of the national child
9 care association;

10 B. "child care center" means a person licensed as
11 a child care center by the children, youth and families
12 department;

13 C. "department" means the taxation and revenue
14 department, the secretary of taxation and revenue and any
15 employee of the department exercising authority lawfully
16 delegated to that employee by the secretary;

17 D. "qualified child care facility" means a child
18 care center that includes provision of care for children under
19 twenty-four months of age and for one or more children of any
20 age whose care is subsidized by the children, youth and
21 families department; and

22 E. "taxpayer" means a person liable for payment of
23 any tax, a person responsible for withholding and payment over
24 or for collection and payment over of any tax or a person to
25 whom an assessment has been made, if the assessment remains

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1 unabated or the amount thereof has not been paid.

2 Section 4. CHILD CARE QUALITY INVESTMENT TAX CREDIT--
3 AMOUNT-- ELIGIBILITY-- QUALIFIED EXPENDITURES. --

4 A. A taxpayer who provides child care at a
5 qualified child care facility may claim a tax credit in an
6 amount equal to eighty percent of qualified expenditures made
7 by the taxpayer, not to exceed twenty thousand dollars
8 (\$20,000) in any calendar year. The tax credit provided in
9 this section may be cited as the "child care quality
10 investment tax credit".

11 B. For purposes of Subsection A of this section,
12 the amount of a taxpayer's qualified expenditures is the sum
13 of:

14 (1) the increase in the taxpayer's gross
15 annual payroll expenses, including benefits paid by the
16 taxpayer, from a calendar year in which the ratio of children
17 under twenty-four months of age to child care workers for
18 those children is higher than four to one to an immediately
19 succeeding calendar year in which the ratio of children under
20 twenty-four months of age to child care workers for those
21 children is four to one or less; and

22 (2) the amount of the taxpayer's expenditures
23 for training or education of child care workers employed by
24 the taxpayer in a qualified child care facility, if the
25 training or education is provided by a college, university or

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1 other accredited source outside the facility or is conducted
2 at the facility at a time that the facility is not open for
3 child care. Qualified expenditures include expenditures for
4 tuition, books, supplies and fees associated with such
5 training or education, as well as salary or wages paid for the
6 hours spent in education or training, if the salary or wages
7 have not been counted toward the credit in Paragraph (1) of
8 this subsection.

9 Section 5. ACCESS TO QUALITY CHILD CARE TAX CREDIT--
10 AMOUNT--ELIGIBILITY--QUALIFIED EXPENDITURES.--A taxpayer who
11 provides child care at an accredited child care facility may
12 claim a tax credit in an amount equal to twenty percent of
13 payments made by the children, youth and families department
14 to the facility for subsidized care of low-income children,
15 not to exceed ten thousand dollars (\$10,000) in any calendar
16 year. The tax credit provided in this section may be cited as
17 the "access to quality child care tax credit".

18 Section 6. CLAIMING THE TAX CREDITS AGAINST CERTAIN
19 TAXES.--

20 A. A taxpayer shall apply for approval of a tax
21 credit within one year following the end of the calendar year
22 in which the qualified expenditures were made or following the
23 period for which the accredited child care facility is
24 claiming a credit for subsidy payments received. A taxpayer
25 who qualifies for both the child care quality investment tax

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1 credit and the access to quality child care tax credit may
2 claim both credits.

3 B. A taxpayer having applied for and been granted
4 approval for the child care quality investment tax credit or
5 the access to quality child care tax credit may claim the
6 amount of the credit against the taxpayer's gross receipts
7 tax, compensating tax or withholding tax due, or any
8 combination of those taxes, provided that no taxpayer may
9 claim an amount of available credit for a reporting period
10 that exceeds the taxpayer's tax liability.

11 C. Any amount of the child care quality investment
12 tax credit or the access to quality child care tax credit not
13 claimed against a taxpayer's gross receipts tax, compensating
14 tax or withholding tax due for a reporting period may be
15 claimed against gross receipts tax, compensating tax or
16 withholding tax in subsequent reporting periods, but not later
17 than three years from the date an amount of the credit was
18 first claimed.

19 Section 7. CREDIT CLAIM FORMS--CERTIFICATION BY
20 CHILDREN, YOUTH AND FAMILIES DEPARTMENT. --

21 A. The department shall provide credit claim
22 forms. A credit claim shall accompany any return to which the
23 taxpayer wishes to apply the child care quality investment tax
24 credit or the access to quality child care tax credit, and the
25 claim shall specify the amount and type of credit intended to

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1 apply to each return.

2 B. The taxpayer shall submit with the credit claim
3 form written certification from the children, youth and
4 families department that:

5 (1) in the case of the child care quality
6 investment tax credit, the child care center is a qualified
7 child care facility and the taxpayer has made the qualified
8 expenditures for which the taxpayer claims the credit; and

9 (2) in the case of the access to quality
10 child care tax credit, the child care center is an accredited
11 child care facility and has received the subsidy payments for
12 care of low-income children for which the taxpayer claims the
13 credit.

14 Section 8. INTERPRETATION OF ACT--ADMINISTRATION OF
15 ACT.--The department shall interpret the provisions of the
16 Child Care Quality Investment Tax Credit Act and shall
17 administer the tax credits under that act pursuant to the
18 provisions of the Tax Administration Act.

19 Section 9. EFFECTIVE DATE.--The effective date of the
20 provisions of this act is July 1, 2001.