

1 AN ACT

2 RELATING TO TAXATION; INCREASING AND INDEXING THE LOW-INCOME
3 COMPREHENSIVE TAX REBATE; INCREASING THE AMOUNT OF THE
4 WORKING FAMILIES TAX CREDIT; EXPANDING THE CREDIT TO CERTAIN
5 RESIDENTS WHO ARE INELIGIBLE FOR THE FEDERAL EARNED INCOME
6 TAX CREDIT ON WHICH THE WORKING FAMILIES TAX CREDIT IS BASED;
7 REQUIRING WITHHOLDERS OF THE WITHHOLDING TAX TO PROVIDE TO
8 WITHHOLDEES INFORMATION REGARDING STATE ASSISTANCE FOR
9 LOW-INCOME NEW MEXICANS FROM THE TAXATION AND REVENUE
10 DEPARTMENT.

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

13 SECTION 1. Section 7-2-14 NMSA 1978 (being Laws 1972,
14 Chapter 20, Section 2, as amended) is amended to read:

15 "7-2-14. LOW-INCOME COMPREHENSIVE TAX REBATE.--

16 A. Except as otherwise provided in Subsection B of
17 this section, any resident who files an individual New Mexico
18 income tax return and who is not a dependent of another
19 individual may claim a tax rebate for a portion of state and
20 local taxes to which the resident has been subject during the
21 taxable year for which the return is filed. The tax rebate
22 may be claimed even though the resident has no income taxable
23 under the Income Tax Act. Married individuals who file
24 separate returns for a taxable year in which they could have
25 filed a joint return may each claim only one-half of the tax

1 rebate that would have been allowed on a joint return.

2 B. No claim for the tax rebate provided in this
3 section shall be filed by a resident who was an inmate of a
4 public institution for more than six months during the
5 taxable year for which the tax rebate could be claimed or who
6 was not physically present in New Mexico for at least six
7 months during the taxable year for which the tax rebate could
8 be claimed.

9 C. For the purposes of this section, the total
10 number of exemptions for which a tax rebate may be claimed or
11 allowed is determined by adding the number of federal
12 exemptions allowable for federal income tax purposes for each
13 individual included in the return who is domiciled in New
14 Mexico plus two additional exemptions for each individual
15 domiciled in New Mexico included in the return who is sixty-
16 five years of age or older plus one additional exemption for
17 each individual domiciled in New Mexico included in the
18 return who, for federal income tax purposes, is blind plus
19 one exemption for each minor child or stepchild of the
20 resident who would be a dependent for federal income tax
21 purposes if the public assistance contributing to the support
22 of the child or stepchild was considered to have been
23 contributed by the resident.

24 D. Except as provided in Subsection F of this
25 section, the tax rebate provided for in this section may be

1 claimed in the amount shown in the following table:

2 Modified gross And the total number

3 income is: of exemptions is:

4 But Not 6 or

5 Over Over 1 2 3 4 5 More

6 \$ 0 \$ 1,000 \$ 195 \$ 260 \$ 325 \$ 390 \$ 455 \$ 520

7 1,000 1,500 220 315 405 505 570 675

8 1,500 2,500 220 315 405 505 570 705

9 2,500 7,500 220 315 405 505 570 730

10 7,500 8,000 205 310 390 495 575 730

11 8,000 9,000 185 285 375 480 575 700

12 9,000 10,000 170 250 340 425 510 665

13 10,000 11,500 145 210 275 360 445 600

14 11,500 13,000 130 185 235 295 365 480

15 13,000 14,500 115 170 220 275 315 390

16 14,500 16,500 105 155 185 235 285 335

17 16,500 18,000 100 130 165 210 250 300

18 18,000 19,500 90 115 145 180 220 260

19 19,500 21,000 80 105 140 165 185 230

20 21,000 23,000 80 105 140 165 185 230

21 23,000 24,500 75 100 120 145 170 195

22 24,500 26,000 65 90 115 140 155 180

23 26,000 27,500 55 80 105 130 140 170

24 27,500 29,500 50 75 100 115 130 155

25 29,500 31,000 40 55 80 100 115 130

1	<u>31,000</u>	<u>32,500</u>	<u>35</u>	<u>50</u>	<u>65</u>	<u>80</u>	<u>100</u>	<u>105</u>
2	<u>32,500</u>	<u>34,000</u>	<u>25</u>	<u>40</u>	<u>50</u>	<u>65</u>	<u>80</u>	<u>90</u>
3	<u>34,000</u>	<u>36,000</u>	<u>15</u>	<u>35</u>	<u>40</u>	<u>55</u>	<u>65</u>	<u>75</u> .

4 E. If a taxpayer's modified gross income is zero,
5 the taxpayer may claim a credit in the amount shown in the
6 first row of the table appropriate for the taxpayer's number
7 of exemptions as adjusted by the provisions of Subsection F
8 of this section.

9 F. For the 2022 taxable year and each subsequent
10 taxable year, the amount of rebate shown in the table in
11 Subsection D of this section shall be adjusted to account for
12 inflation. The department shall make the adjustment by
13 multiplying each amount of rebate by a fraction, the
14 numerator of which is the consumer price index ending during
15 the prior taxable year and the denominator of which is the
16 consumer price index ending in tax year 2021. The result of
17 the multiplication shall be rounded down to the nearest one
18 dollar (\$1.00), except that if the result would be an amount
19 less than the corresponding amount for the preceding taxable
20 year, then no adjustment shall be made.

21 G. The tax rebates provided for in this section
22 may be deducted from the taxpayer's New Mexico income tax
23 liability for the taxable year. If the tax rebates exceed
24 the taxpayer's income tax liability, the excess shall be
25 refunded to the taxpayer.

1 H. For purposes of this section:

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

6 (2) "dependent" means "dependent" as defined
7 by Section 152 of the Internal Revenue Code of 1986, as that
8 section may be amended or renumbered, but also includes any
9 minor child or stepchild of the resident who would be a
10 dependent for federal income tax purposes if the public
11 assistance contributing to the support of the child or
12 stepchild was considered to have been contributed by the
13 resident."

14 SECTION 2. Section 7-2-18.15 NMSA 1978 (being Laws
15 2007, Chapter 45, Section 9, as amended) is amended to read:

16 "7-2-18.15. WORKING FAMILIES TAX CREDIT.--

17 A. A taxpayer who is a resident and who files an
18 individual New Mexico income tax return may claim a credit in
19 an amount equal to twenty percent for taxable years beginning
20 on or after January 1, 2021, and twenty-five percent for
21 taxable years beginning on or after January 1, 2023, of the
22 federal earned income tax credit for which that taxpayer is
23 eligible for the same taxable year or would have been
24 eligible but for the identification number requirement
25 pursuant to 26 U.S.C. 32(m), as that section may be amended

1 or renumbered.

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

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

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

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

24 SECTION 3. Section 7-3-8 NMSA 1978 (being Laws 1961,
25 Chapter 243, Section 9, as amended) is amended to read:

1 "7-3-8. ANNUAL STATEMENT OF WITHHOLDING AND INFORMATION
2 REGARDING STATE ASSISTANCE FOR LOW-INCOME NEW MEXICANS TO BE
3 PROVIDED TO WITHHOLDEES.--On or before January 31 of the year
4 following that for which the annual statement of withholding
5 is made pursuant to Section 7-3-7 NMSA 1978, a withholder
6 shall provide to a withholdee:

7 A. a copy of the annual statement of withholding;
8 and

9 B. information regarding state assistance for low-
10 income New Mexicans, including information regarding
11 refundable tax rebates and credits for low-income filers
12 provided by the state, such as the low-income comprehensive
13 tax rebate and the working families tax credit. The
14 information shall be provided in English and in Spanish on a
15 form and in a manner required by the department, and the
16 department shall make the information available on the
17 department's website."

18 SECTION 4. APPLICABILITY.--The provisions of Sections 1
19 and 2 of this act apply to taxable years beginning on or after
20 January 1, 2021.

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