

HOUSE BILL 144

**56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

INTRODUCED BY

Christine Chandler and Derrick J. Lente and  
Elizabeth "Liz" Stefanics

AN ACT

RELATING TO TAXATION; INCREASING AND INDEXING THE AMOUNT OF THE  
CHILD INCOME TAX CREDIT FOR CERTAIN TAXPAYERS.

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

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

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

A. For taxable years beginning January 1, 2023 and  
prior to January 1, 2032, a taxpayer who is a resident and is  
not a dependent of another individual may apply for, and the  
department may allow, a credit against the taxpayer's tax  
liability imposed pursuant to the Income Tax Act for each  
qualifying child of the taxpayer. The tax credit provided by  
this section may be referred to as the "child income tax  
credit".

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1           B. Except as provided in Subsection D of this  
2 section, the child income tax credit may be claimed as shown in  
3 the following table:

Adjusted gross income is		Amount of credit per
Over	But not over	qualifying child is
\$ 0	\$ 25,000	<del>[\$175]</del> <u>\$600</u>
25,000	50,000	<del>[150]</del> <u>400</u>
50,000	75,000	<del>[125]</del> <u>200</u>
75,000	100,000	100
100,000	200,000	75
200,000	350,000	50
350,000		25.

13           C. If a taxpayer's adjusted gross income is less  
14 than zero, the taxpayer may claim a tax credit in the amount  
15 shown in the first row of the table provided in Subsection B of  
16 this section.

17           D. For the 2024 taxable year and each subsequent  
18 taxable year, the amount of rebate shown in the table in  
19 Subsection B of this section shall be adjusted to account for  
20 inflation. The department shall make the adjustment by  
21 multiplying each amount of rebate by a fraction, the numerator  
22 of which is the consumer price index ending during the prior  
23 taxable year and the denominator of which is the consumer price  
24 index ending in tax year 2023. The result of the  
25 multiplication shall be rounded down to the nearest one dollar

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1 (\$1.00), except that if the result would be an amount less than  
2 the corresponding amount for the preceding taxable year, then  
3 no adjustment shall be made.

4 ~~[D.]~~ E. To receive a child income tax credit, a  
5 taxpayer shall apply to the department on forms and in the  
6 manner prescribed by the department.

7 ~~[E.]~~ F. That portion of a child income tax credit  
8 that exceeds a taxpayer's tax liability in the taxable year in  
9 which the credit is claimed shall be refunded.

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

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

17 ~~[H.]~~ I. The department shall compile an annual  
18 report on the child income tax credit that shall include the  
19 number of taxpayers approved by the department to receive the  
20 credit, the aggregate amount of credits approved and any other  
21 information necessary to evaluate the effectiveness of the  
22 credit. The department shall compile and present the annual  
23 report to the revenue stabilization and tax policy committee  
24 and the legislative finance committee with an analysis of the  
25 cost of the tax credit.

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[~~F.~~] J. As used in this section:

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

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