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HOUSE BILL 241

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Gail C. Beam

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR
CERTAIN CHILD AND DEPENDENT CARE EXPENSES.

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:

"~~[NEW MATERIAL]~~ CREDIT FOR CHILD AND DEPENDENT CARE
EXPENSES. --

A. A taxpayer who files an individual New Mexico
income tax return, who is not a dependent of another
individual, who is eligible to claim a credit pursuant to 26
U.S.C. Section 21 and who is otherwise eligible pursuant to
this section may take a tax credit for certain child and
dependent care expenses.

B. The amount of the tax credit shall equal the

1 base credit reduced by eighty-three hundredths of one percent
2 of the base credit for each one hundred dollars (\$100) or
3 fraction thereof that the taxpayer's adjusted gross income
4 exceeds the threshold income.

5 C. No taxpayer may take a credit pursuant to this
6 section if the taxpayer is eligible for child care assistance
7 pursuant to the New Mexico Works Act and has failed to accept
8 the assistance available under that act.

9 D. The tax credit provided for in this section may
10 be deducted from the taxpayer's income tax liability for the
11 taxable year. If the credit exceeds the taxpayer's income tax
12 liability, the excess shall be refunded to the taxpayer.

13 E. As used in this section:

14 (1) "base credit" means the product of the
15 federal income tax credit allowed the taxpayer for the taxable
16 year pursuant to 26 U.S.C. Section 21 multiplied by a
17 fraction, the numerator of which is the annual consumer price
18 index for the calendar year preceding the beginning of the
19 taxable year and the denominator of which is the annual
20 consumer price index for the calendar year 2001; provided
21 that, if 26 U.S.C. Section 21 is amended to increase the
22 amount of the employment-related expenses incurred during any
23 taxable year that may be taken into account pursuant to that
24 section, then the denominator shall equal the annual consumer
25 price index for the calendar year preceding the effective date

underscored material = new
[bracketed material] = delete

1 of the increased amount;

2 (2) "consumer price index" means the consumer
3 price index for all urban consumers computed and published by
4 the United States bureau of labor statistics; and

5 (3) "threshold income" means the product of
6 thirty-two thousand dollars (\$32,000) multiplied by a
7 fraction, the numerator of which is the annual consumer price
8 index for the calendar year preceding the beginning of the
9 taxable year and the denominator of which is the annual
10 consumer price index for the calendar year 2001. "

11 Section 2. REPEAL. -- Section 7-2-18.1 NMSA 1978 (being
12 Laws 1981, Chapter 170, Section 1, as amended) is repealed.

13 Section 3. APPLICABILITY. -- The provisions of this act
14 are applicable to taxable years beginning on or after
15 January 1, 2002.