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HOUSE BILL 1055

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Miguel P. Garcia

AN ACT

RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX CREDIT FOR CERTAIN EXPENDITURES MADE BY GRANDPARENTS OR GREAT-GRANDPARENTS.

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] INCOME TAX--CREDIT--CHILD CARE EXPENDITURES PAID BY GRANDPARENTS OR GREAT-GRANDPARENTS.--

A. A taxpayer who files an individual New Mexico income tax return who is not a dependent of another individual and who is a biological grandparent or great-grandparent of a minor child or who becomes a grandparent or great-grandparent due to the adoption of a minor child by a family member may claim, and the department may allow, a tax credit in an amount

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1 equal to the child care expenditures for that child that are
2 paid by the taxpayer during the taxable year for which the
3 return is filed.

4 B. The credit provided pursuant to this section may
5 only be deducted from the taxpayer's New Mexico income tax
6 liability.

7 C. The credit provided pursuant to this section
8 shall not be allowed for a taxpayer who has claimed a tax
9 credit pursuant to Section 24 of the Internal Revenue Code or
10 for any child care expenditures included in the taxpayer's
11 itemized deductions, as defined in Section 63 of the Internal
12 Revenue Code.

13 D. As used in this section, "child care
14 expenditure" means an expenditure for the provision of care to
15 a minor child and includes an expenditure for:

16 (1) cost incurred in providing food, clothing
17 and medical care to the child; and

18 (2) extra rent or utilities paid as the result
19 of providing space for the child."

20 Section 2. APPLICABILITY.--The provisions of this act
21 apply to taxable years beginning on or after January 1, 2005.