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HOUSE BILL 294

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

T. Ryan Lane

AN ACT

RELATING TO TAXATION; CREATING THE EDUCATION ENRICHMENT INCOME
TAX CREDIT.

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] EDUCATION ENRICHMENT INCOME TAX CREDIT.--

A. Prior to January 1, 2034, a taxpayer who is not
a dependent of another individual and who purchases education
enrichment services for a qualified student for whom the
taxpayer is a parent or guardian may apply for, and the
department may allow, a credit against the taxpayer's tax
liability imposed pursuant to the Income Tax Act. The tax
credit provided by this section may be referred to as the
"education enrichment income tax credit".

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1 B. The amount of the credit allowed by this section
2 shall be in an amount equal to the amount paid for education
3 enrichment services in a calendar year, not to exceed two
4 thousand dollars (\$2,000). The department shall allow a tax
5 credit only for education enrichment services certified
6 pursuant to Subsection C of this section.

7 C. A taxpayer shall apply for a certificate of
8 eligibility for the credit allowed by this section from the
9 public education department on forms and in the manner
10 prescribed by that department. The aggregate amount of credits
11 that may be certified in any calendar year is ten million
12 dollars (\$10,000,000). Completed applications shall be
13 considered in the order received. Applications for
14 certification received after this limitation has been met in a
15 calendar year shall not be approved. The application shall
16 include proof of purchase of education enrichment services
17 purchased by the taxpayer and that the services meet the
18 standards required by the public education department.

19 D. A taxpayer may claim the credit allowed by this
20 section for the taxable year in which the taxpayer purchases
21 education enrichment services. To receive the credit, a
22 taxpayer shall apply to the department on forms and in the
23 manner prescribed by the department within twelve months
24 following the calendar year in which the education enrichment
25 services are purchased. The application shall include a

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1 certificate issued pursuant to Subsection C of this section.

2 E. That portion of a tax credit that exceeds a
3 taxpayer's tax liability in the taxable year in which the
4 credit is claimed may be carried forward for three consecutive
5 taxable years.

6 F. Married individuals filing separate returns for
7 a taxable year for which they could have filed a joint return
8 may each claim only one-half of the credit that would have been
9 claimed on a joint return.

10 G. A taxpayer allowed a tax credit pursuant to this
11 section shall report the amount of the credit to the department
12 in a manner required by the department.

13 H. The department shall compile an annual report on
14 the credit that shall include the number of taxpayers approved
15 by the department to receive the credit, the aggregate amount
16 of credits approved and any other information necessary to
17 evaluate the credit. The department shall present the report
18 to the revenue stabilization and tax policy committee and the
19 legislative finance committee with an analysis of the cost of
20 the tax credit.

21 I. As used in this section:

22 (1) "education enrichment services" means
23 recreational, social and after-school programs, including
24 tutoring and academic and arts-related day or summer camps,
25 that are held in New Mexico and offered by school districts or

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1 other organizations;

2 (2) "guardian" means a person appointed as a
3 guardian by a court or Indian tribal authority; and

4 (3) "qualified student" means a school-age
5 child, as that term is used in the Public School Code, and is:

6 (a) a foster child living in the same
7 household as the taxpayer;

8 (b) classified as developmentally
9 disabled pursuant to the Developmental Disabilities Act; or

10 (c) a member of a household for which
11 the total annual income does not exceed four hundred percent of
12 the amount used to qualify for a reduced-price lunch through
13 the federal school lunch programs established pursuant to 42
14 USCA Sections 1751 through 1769, as amended."

15 SECTION 2. APPLICABILITY.--The provisions of this act
16 apply to taxable years beginning on or after January 1, 2024.