

1 SENATE BILL 117

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO TAXATION; INCREASING THE AMOUNT OF THE SPECIAL
12 NEEDS ADOPTED CHILD TAX CREDIT.

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

15 SECTION 1. Section 7-2-18.16 NMSA 1978 (being Laws 2007,
16 Chapter 45, Section 10) is amended to read:

17 "7-2-18.16. CREDIT--SPECIAL NEEDS ADOPTED CHILD TAX
18 CREDIT--CREATED--QUALIFICATIONS--DURATION OF CREDIT.--

19 A. A taxpayer who files an individual New Mexico
20 income tax return, who is not a dependent of another individual
21 and who adopts a special needs child on or after January 1,
22 2007 or has adopted a special needs child prior to January 1,
23 2007, may claim a credit against the taxpayer's tax liability
24 imposed pursuant to the Income Tax Act. The credit authorized
25 pursuant to this section may be referred to as the "special

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1 needs adopted child tax credit".

2 B. A taxpayer may claim and the department may
3 allow a special needs adopted child tax credit in the amount of
4 [~~one thousand dollars (\$1,000)~~] one thousand five hundred
5 dollars (\$1,500) to be claimed against the taxpayer's tax
6 liability for the taxable year imposed pursuant to the Income
7 Tax Act.

8 C. A taxpayer may claim a special needs adopted
9 child tax credit for each year that the child may be claimed as
10 a dependent for federal taxation purposes by the taxpayer.

11 D. If the amount of the special needs adopted child
12 tax credit due to the taxpayer exceeds the taxpayer's
13 individual income tax liability, the excess shall be refunded.

14 E. [~~A husband and wife~~] Married individuals who
15 file separate returns for a taxable year in which they could
16 have filed a joint return may each claim only one-half of the
17 special needs adopted child tax credit provided in this section
18 that would have been allowed on a joint return.

19 F. A taxpayer allowed a tax credit pursuant to this
20 section shall report the amount of the credit to the department
21 in a manner required by the department.

22 G. The department shall compile an annual report on
23 the credit provided by this section that shall include the
24 number of taxpayers approved by the department to receive the
25 credit, the aggregate amount of credits approved and any other

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1 information necessary to evaluate the credit. The department
2 shall present the report to the revenue stabilization and tax
3 policy committee and the legislative finance committee with an
4 analysis of the cost of the tax credit.

5 [F-] H. As used in this section, "special needs
6 adopted child" means an individual who may be over eighteen
7 years of age and who is certified by the children, youth and
8 families department or a licensed child placement agency as
9 meeting the definition of a "difficult to place child" pursuant
10 to the Adoption Act; provided, however, if the classification
11 as a "difficult to place child" is based on a physical or
12 mental impairment or an emotional disturbance the physical or
13 mental impairment or emotional disturbance shall be at least
14 moderately disabling."

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