

LFC Requester:

Ismael Torres

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.state.nm.us/AgencyAnalysis.nmlegis.gov) and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Date Prepared: 2/21/2025 *Check all that apply:*
Bill Number: HB542 Original Correction
 Amendment Substitute

Sponsor: John Block, Angelita **Agency Name**
Mejia, Rebecca Dow **and Code**
Number: ECECD
Person Writing
Analysis: Elizabeth Groginsky
Short Title: Childbirth Income Tax **Phone:** 505-231- **Email:** Elizabeth.groginsky@ecd.nm.gov
Credit **Phone:** 2997 **Email:** ecd.nm.gov

SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NFI	NFI		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NFI	NFI	NFI		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

This act establishes the "Childbirth Income Tax Credit" within the Income Tax Act, allowing eligible taxpayers who are residents, not dependents, and give birth to a child to claim a \$7,000 credit for the taxable year in which the child is born. Taxpayers must apply for certification from the Children, Youth, and Families Department, which will issue certificates of eligibility and provide this information to the Department of Finance and Administration. If the credit exceeds the taxpayer's income tax liability, the excess will be refunded. The credit must be claimed within three taxable years of certification and will be included in the tax expenditure budget. The provisions apply to taxable years beginning on or after January 1, 2025.

FISCAL IMPLICATIONS

No fiscal implications identified for ECECD.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS