



# FOSTER YOUTH EMPLOYMENT TAX CREDITS LAW

## Creating Incentives for Employers to Hire Current and Former Foster Youth

### WHAT IS THE FOSTER YOUTH EMPLOYMENT TAX CREDITS LAW?

New Mexico Senate Bill 231 applies to taxable years beginning on or after January 1, 2018. The law was created because young people aging out of foster care leave the child welfare system without the life experiences and necessary family supports to become successful adults. Many are ill-prepared to secure and succeed in their employment and career interests, and few employers are willing to hire these young people who may require additional resources and support.

### HOW DOES THE LAW WORK?

Under the Foster Youth Employment Tax Credits Law, taxpayers who employ 'qualified foster youth' for at least 20 hours per week may claim a tax credit of up to \$1,000 of the gross wages paid to each foster youth employed for a full taxable year. For foster youth who are employed for less than a full taxable year, the employer may receive a credit for the fraction of the year for which the foster youth worked. The tax credit can be carried forward up to three years if the credit exceeds the employer's tax liability in the year the credit is claimed.

### WHO ARE 'QUALIFIED FOSTER YOUTH'?

For the purposes of this law, a 'qualified foster youth' is an individual:

- Currently in the legal custody of State of New Mexico's Children, Youth, & Families Department or a New Mexico Indian nation, tribe, or pueblo human services; OR
- Who was, within the last seven years, in the legal custody of one of the above entities when they were 14 years or older; AND
- Worked as an employee for at least 20 hours per week; AND
- Was not employed by the employer prior to the year in which the credit was claimed.

**LEARN MORE** by contacting:

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