

HOUSE COMMERCE AND ECONOMIC DEVELOPMENT  
COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 77

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

AN ACT

RELATING TO TAXATION; CREATING THE AFFORDABLE HOUSING  
REVITALIZATION CORPORATE INCOME TAX CREDIT; PROVIDING A DELAYED  
REPEAL.

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

SECTION 1. A new section of the Corporate Income and  
Franchise Tax Act is enacted to read:

"[NEW MATERIAL] AFFORDABLE HOUSING REVITALIZATION  
CORPORATE INCOME TAX CREDIT.--

A. Beginning on the effective date of this section  
and prior to January 1, 2037, a taxpayer that is a qualifying  
grantee pursuant to the Affordable Housing Act and that incurs  
rehabilitation expenses for a revitalization project in New  
Mexico may claim a credit against the taxpayer's tax liability  
imposed pursuant to the Corporate Income and Franchise Tax Act.

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underscored material = new  
[bracketed material] = delete

The tax credit provided by this section may be referred to as the "affordable housing revitalization corporate income tax credit".

B. The amount of tax credit shall be in an amount equal to thirty percent of the rehabilitation expenses incurred for a building or lot that has been vacant for more than two years but less than five years, up to a maximum of two million dollars (\$2,000,000) per taxpayer, or forty percent of the rehabilitation expenses incurred for a building or lot that has been vacant for five years or longer, up to a maximum of four million dollars (\$4,000,000) per taxpayer; provided that:

(1) at least eighty percent of the residential housing units developed are affordable housing; and

(2) the rehabilitation expenses are at least eighty percent but not more than one hundred twenty-five percent of the estimated rehabilitation expenses stated in the notice of intent to rehabilitate pursuant to Subsection C of this section.

C. Prior to incurring rehabilitation expenses, a taxpayer shall apply for pre-certification from the New Mexico mortgage finance authority on forms and in the manner prescribed by the authority. The application shall include a proposal for the revitalization project and a notice of intent to rehabilitate that provides the location of the building or lot, the estimated expenses and the proposed use upon the

1 completion of the project. If the New Mexico mortgage finance  
2 authority determines that the projected costs are likely to  
3 meet the requirements to be rehabilitation expenses eligible  
4 for the tax credit, the authority shall issue a pre-  
5 certification to the taxpayer; provided that pre-certification  
6 received shall not mean that the actual costs for the  
7 revitalization project will be approved for a credit provided  
8 by this section.

9 D. Within one calendar year of the date the  
10 revitalization project is complete and the building is ready  
11 for occupancy, the taxpayer shall apply for certification of  
12 eligibility from the New Mexico mortgage finance authority on  
13 forms and in the manner prescribed by the authority. The  
14 application shall include an affidavit from a certified public  
15 accountant verifying that the rehabilitation expenses were  
16 incurred by the taxpayer and meet the requirements of this  
17 section.

18 E. The aggregate amount of credits that may be  
19 certified as eligible in a calendar year is one hundred million  
20 dollars (\$100,000,000); provided that no more than fifty  
21 million dollars (\$50,000,000) in credits shall be allowed for  
22 projects developed in areas that are not rural areas.  
23 Completed applications shall be considered in the order  
24 received. Applications for certification received after the  
25 limitation on the aggregate amount of credits has been met in a

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1 calendar year shall not be approved for that calendar year, but  
 2 shall be considered for certification in the following calendar  
 3 year. If a taxpayer is eligible for the credit, a dated  
 4 certificate of eligibility shall be issued to the taxpayer  
 5 providing the amount of credit for which the taxpayer is  
 6 eligible.

7 F. A certificate of eligibility provided by this  
 8 section may be sold, exchanged or otherwise transferred to  
 9 another taxpayer for the full value of the credit. The parties  
 10 to such a transaction shall notify the department of the sale,  
 11 exchange or transfer within ten days of the sale, exchange or  
 12 transfer.

13 G. That portion of approved credit claimed by a  
 14 taxpayer that exceeds the taxpayer's income tax liability in  
 15 the taxable year in which the credit is claimed shall not be  
 16 refunded but may be carried forward for a maximum of five  
 17 consecutive taxable years.

18 H. To receive a tax credit provided by this  
 19 section, a taxpayer shall claim the credit on forms and in the  
 20 manner prescribed by the department within twelve months  
 21 following the calendar year in which the certificate of  
 22 eligibility was issued.

23 I. The credit provided by this section shall be  
 24 included in the tax expenditure budget pursuant to Section  
 25 7-1-84 NMSA 1978, including the annual aggregate cost of the

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credit.

J. As used in this section:

(1) "abandoned building" means a structure or part of a structure in New Mexico that had once been occupied and has since been unoccupied and non-operational for income-producing purposes for at least two years prior to the filing of a notice of intent to rehabilitate;

(2) "affordable housing" means single-family or multifamily residential housing primarily for persons or households of low or moderate income;

(3) "low or moderate income" means a household in which the current annual income is at or below eighty-five percent of the area median income for the geographic area in which the household is located, adjusted for family size, as determined by the United States department of housing and urban development;

(4) "rehabilitation expenses" means capital expenditures for a revitalization project, including structural repairs, environmental remediation, site improvements, new construction related to the project, acquisition, design, engineering and permitting, but excluding costs related to personal property;

(5) "revitalization project" means the renovation, development or redevelopment of an abandoned building or a vacant lot into single-family or multifamily

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1 residential housing, including a revitalization project that is  
2 part of a voluntary remediation program administered by the  
3 department of environment;

4 (6) "rural area" means a county that has a  
5 population less than one hundred twenty-five thousand persons  
6 according to the most recent federal decennial census or a  
7 municipality with a population less than fifty thousand persons  
8 according to the most recent federal decennial census; and

9 (7) "vacant lot" means a parcel of land in New  
10 Mexico without a structure or part of a structure that had once  
11 been occupied and has since been unoccupied and non-operational  
12 for income-producing purposes for at least two years prior to  
13 the filing of a notice of intent to rehabilitate."

14 SECTION 2. DELAYED REPEAL.--Section 1 of this act is  
15 repealed effective January 1, 2038.

16 SECTION 3. APPLICABILITY.--The provisions of this act  
17 apply to taxable years beginning on or after January 1, 2026.