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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.

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

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

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

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

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

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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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1 credit.

2                   J. As used in this section:

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

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

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

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

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

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

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

(7) "vacant lot" means a parcel of land in New Mexico without a structure or part of a structure 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."

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

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

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