

HOUSE BILL

58TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2027

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; CREATING THE SINGLE-FAMILY HOME
DEVELOPMENT INCOME TAX CREDIT AND THE SINGLE-FAMILY HOME
DEVELOPMENT CORPORATE INCOME TAX CREDIT.

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

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

"[NEW MATERIAL] SINGLE-FAMILY HOME DEVELOPMENT INCOME TAX
CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who develops at least five new single-family
homes in New Mexico may claim a tax credit in the amount
provided in Subsection B of this section. The tax credit
provided by this section may be referred to as the "single-
family home development income tax credit".

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underscored material = new
[bracketed material] = delete

1 B. The amount of the tax credit shall be in an
2 amount equal to ten thousand dollars (\$10,000) per single-
3 family home developed by a taxpayer; provided that the taxpayer
4 shall not be eligible to receive a tax credit for more than one
5 hundred homes.

6 C. After a certificate of occupancy is issued for a
7 home developed by a taxpayer, the taxpayer seeking the tax
8 credit shall apply for certification of eligibility from the
9 construction industries division of the regulation and
10 licensing department on forms and in the manner prescribed by
11 that division no later than one year following the end of the
12 calendar year in which the certificate of occupancy is issued.
13 The total annual aggregate amount of single-family home
14 development income tax credits that may be certified in a
15 calendar year shall not exceed one hundred million dollars
16 (\$100,000,000). Completed applications shall be considered in
17 the order received.

18 D. If the construction industries division of the
19 regulation and licensing department determines that a taxpayer
20 meets the requirements of this section, the department shall
21 issue a dated certificate of eligibility to the taxpayer
22 providing the amount of tax credit for which the taxpayer is
23 eligible and the taxable years in which the credit may be
24 claimed.

25 E. That portion of the tax credit that exceeds a
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1 taxpayer's income tax liability in the taxable year in which
2 the credit is claimed shall not be refunded but may be carried
3 forward for up to five consecutive taxable years.

4 F. Married individuals filing separate returns for
5 a taxable year for which they could have filed a joint return
6 may each claim only one-half of the tax credit that would have
7 been claimed on a joint return.

8 G. A taxpayer may be allocated the right to claim a
9 tax credit in proportion to the taxpayer's ownership interest
10 if the taxpayer owns an interest in a business entity that is
11 taxed for federal income tax purposes as a partnership or
12 limited liability company and the business entity has met all
13 requirements to be eligible for the credit. The total credit
14 claimed by all members of the partnership or limited liability
15 company shall not exceed the allowable credit pursuant to this
16 section.

17 H. A taxpayer allowed to claim a tax credit
18 pursuant to this section shall claim the tax credit in a manner
19 required by the department.

20 I. The tax credit provided by this section shall be
21 included in the tax expenditure budget pursuant to Section
22 7-1-84 NMSA 1978, including the total annual aggregate cost of
23 the tax credit."

24 SECTION 2. A new section of the Corporate Income and
25 Franchise Tax Act is enacted to read:

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1 "[NEW MATERIAL]" SINGLE-FAMILY HOME DEVELOPMENT CORPORATE
2 INCOME TAX CREDIT.--

3 A. A taxpayer that develops at least five new
4 single-family homes in New Mexico may claim a tax credit
5 against the taxpayer's tax liability imposed pursuant to the
6 Corporate Income and Franchise Tax Act in the amount provided
7 in Subsection B of this section. The tax credit provided by
8 this section may be referred to as the "single-family home
9 development corporate income tax credit".

10 B. The amount of the tax credit shall be in an
11 amount equal to ten thousand dollars (\$10,000) per single-
12 family home developed by a taxpayer; provided that the taxpayer
13 shall not be eligible to receive a tax credit for more than one
14 hundred homes.

15 C. After a certificate of occupancy is issued for a
16 home developed by a taxpayer, the taxpayer seeking the tax
17 credit shall apply for certification of eligibility from the
18 construction industries division of the regulation and
19 licensing department on forms and in the manner prescribed by
20 that division no later than one year following the end of the
21 calendar year in which the certificate of occupancy is issued.
22 The total annual aggregate amount of single-family home
23 development corporate income tax credits that may be certified
24 in a calendar year shall not exceed one hundred million dollars
25 (\$100,000,000). Completed applications shall be considered in

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1 the order received.

2 D. If the construction industries division of the
3 regulation and licensing department determines that a taxpayer
4 meets the requirements of this section, the department shall
5 issue a dated certificate of eligibility to the taxpayer
6 providing the amount of tax credit for which the taxpayer is
7 eligible and the taxable years in which the credit may be
8 claimed.

9 E. That portion of the tax credit that exceeds a
10 taxpayer's corporate income tax liability in the taxable year
11 in which the credit is claimed shall not be refunded but may be
12 carried forward for up to five consecutive taxable years.

13 F. A taxpayer allowed to claim a tax credit
14 pursuant to this section shall claim the tax credit in a manner
15 required by the department.

16 G. The tax credit provided by this section shall be
17 included in the tax expenditure budget pursuant to Section
18 7-1-84 NMSA 1978, including the total annual aggregate cost of
19 the tax credit."

20 SECTION 3. APPLICABILITY.--The provisions of this act
21 apply to taxable years beginning on or after January 1, 2027.