LFC Requester:	

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.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}

Check all that apply:

Original X **Amendment** ____
Correction ___ **Substitute** ____

Date 1/17/24
Bill No: SB22

Sponsor: Ron Griggs
Short Title: Mall Renovation Tax Credit

Agency Name and Code Number: Economic Development Dept. 41900
Person Writing Joel Salas
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	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:
Senate bill 22 (SB22) creates the mall renovation income tax credit and the mall renovation corporate income tax credit that are eligible for use in taxable years between January 1, 2024, and January 1, 2034, when a taxpayer has incurred qualifying costs for a mall renovation project. The income tax credit amount will be calculated by multiplying the qualifying costs of a mall renovation project by the state and local gross receipts tax rates at the project location. A claim for the mall renovation income tax credit can claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act. A claim for the mall renovation corporate income tax credit can claim a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act.

SB22 requires that taxpayers who wish to receive either credit, apply for pre-certification of their proposed mall renovation with the Economic Development Department (EDD) before beginning the project. EDD will determine if the project is likely to meet the requirements for qualifying costs and issue a pre-certification to taxpayers who are deemed eligible.
Qualifying costs include:

- Costs incurred for planning, designing, construction, and construction-related equipment for the restoration, renovation, and rehabilitation of a mall
- The costs should amount to or exceed $250,000.
- The costs should not include amounts for which a tax credit pursuant to the federal new markets tax credit has been claimed.

Taxpayers will apply for certification of eligibility within one calendar year of the renovation project’s completion with EDD and will be considered in the order received. The aggregate amount of credits that may be certified as eligible per calendar year is capped at $50,000,000. Any application for certification that is reviewed after the aggregate amount of credits is reached, will not be approved. The credit can be carried forward for five consecutive taxable years if it exceeds the taxpayer's tax liability in the year it is claimed.

Taxpayers who receive this credit are required to report the amount of the credit to the Taxation and Revenue Department (TRD). TRD will compile an annual report and present on the credit, including the number of taxpayers approved to receive the credit, the aggregate amount of tax credits approved, and an analysis of the cost of the credit to the revenue stabilization and tax policy committee and the legislative finance committee.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

This bill would create an additional administrative burden on EDD. This burden would likely be occasional as the number of projects would likely be spread out over the years. However, the duties required of EDD in this bill would be assigned to the Mainstreet team within EDD, who have the same number of full-time employees as they did five years ago when they were handling $500,000 in capital outlay while they are now handling $10,000,000 in capital outlay. The additional administrative burden would be minimal to moderate to EDD but would be a large burden on the Mainstreet team that are currently stretched thin.

EDD is aware and acknowledges that some malls around the state have fallen into disrepair and in some cases have become blights on their communities.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS