

LFC Requester:	
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 1/21/2026 *Check all that apply:*
Bill Number: HB 77 Original Correction
 Amendment Substitute

Sponsor: <u>Rebecca Dow</u>	Agency Name and Code Number: <u>Economic Development Department 41900</u>
Short Title: <u>Affordable Housing Revitalization Tax Credit</u>	Person Writing Phone: <u>Austin Anaya 505-618-0889</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	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:

House Bill 77 (HB 77) creates the Affordable Housing Revitalization Corporate Income Tax Credit under the Corporate Income and Franchise Tax Act. The bill provides a corporate income tax credit to taxpayers that incur rehabilitation expenses for revitalization projects that convert long-vacant buildings or vacant lots into single-family or multifamily residential housing in New Mexico.

The credit equals 30 percent of eligible rehabilitation expenses for properties vacant for more than two years but less than five years, capped at \$2 million per taxpayer, and 40 percent of eligible expenses for properties vacant for five years or longer, capped at \$4 million per taxpayer. To qualify, at least 15 percent of residential units must be affordable housing for households earning at or below 85 percent of area median income, as defined by the U.S. Department of Housing and Urban Development. Eligible rehabilitation expenses include qualified capital costs associated with redevelopment but exclude personal property.

Taxpayers must obtain pre-certification and final certification of eligibility from the New Mexico Mortgage Finance Authority. Final certification requires verification of eligible rehabilitation expenses by a certified public accountant and must be submitted within one year of project completion. The total amount of credits that may be certified statewide is capped at \$100 million per calendar year, with no more than \$50 million available for projects located in non-rural areas. Credits are allocated on a first-come, first-served basis.

The credit is transferable, non-refundable, and may be carried forward for up to five consecutive taxable years. The credit must be reported in the state tax expenditure budget. The provisions of the bill apply to taxable years beginning on or after January 1, 2026, and the credit is repealed effective January 1, 2038.

FISCAL IMPLICATIONS

There are no fiscal implications for EDD.

SIGNIFICANT ISSUES

Redevelopment of long-vacant buildings and underutilized lots can support community revitalization and housing supply expansion. Incentives tied to rehabilitation may help offset redevelopment costs and encourage reinvestment in existing communities.

HB 77 allows both single-family and multifamily residential projects to qualify and does not establish limits based on housing type or density. Because the bill does not override local land use regulations or establish preferences based on zoning capacity, redevelopment outcomes may be shaped by existing zoning constraints and market conditions, particularly in jurisdictions where multifamily development is limited. As a result, the credit may be more readily utilized for single-family redevelopment projects, which could affect the number of housing units produced.

The bill also limits the number of credits available to non-rural projects, reserving a portion of the

annual cap for rural areas. Population and employment trends may influence utilization across regions, as housing demand and economic development activity have been more concentrated in urban and metropolitan areas, which could affect the availability of qualifying projects in rural communities.

The availability of a transferable corporate income tax credit may improve project financing feasibility. Transferability and carryforward provisions allow the credit to be monetized and applied toward project costs, reducing reliance on debt financing and supporting project completion.

While the credit represents forgone corporate income tax revenue to the state, redevelopment activity supported by the program may generate economic effects through construction activity, increased property utilization, business attraction, and reduced housing instability, with outcomes varying by project and location.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

None for EDD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 77 is not enacted, redevelopment of long-vacant buildings and vacant lots into residential housing would continue to rely on existing financing tools and incentive programs, which may limit the feasibility of certain rehabilitation projects with higher costs or lower expected returns.

AMENDMENTS