

<b>LFC Requester:</b>	<b>Antonio Ortega</b>

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:** 1/27/2026 *Check all that apply:*  
**Bill Number:** HB176 Original   X   Correction       
 Amendment      Substitute     

**Sponsor:** A.Martinez/Dow/Henry **Agency Name and Code Number:** ECECD 61100  
**Short Title:** Create Zero Interest Down Payment Loan Fund **Person Writing Analysis:** Elizabeth Groginsky  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis ( ) indicate expenditure decreases)

**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)**

	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(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:

HB 176 proposes the creation of a Zero Interest Down Payment Loan Fund to support first-time homebuyers by providing zero-interest loans of up to 20 percent of a home’s purchase price of residential housing in New Mexico for eligible households earning less than 400 percent of the federal poverty level. The fund would be established in the State Treasury and administered by the New Mexico Mortgage Finance Authority, with loans secured by a 30-year mortgage lien and repayable if the property is sold in less than 30 years. To fund the program, the bill amends existing revenue distribution statutes to redirect certain excess severance tax and federal mineral leasing net receipts – funds that under current law would have been deposited into the Early Childhood Education and Care Fund, the Behavioral Health Trust Fund, and the Medicaid Trust Fund – into the new loan fund. By removing the Early Childhood Education and Care Fund, the Behavioral Health Trust Fund, and the Medicaid Trust Fund from the list of recipients of excess extraction and leasing revenues, the bill redirects future automatic deposits from the Early Childhood Education and Care Fund and the Behavioral Health Trust Fund to the Zero Interest Down Payment Loan Fund. The bill includes an appropriation and would take effect on July 1, 2026.

**FISCAL IMPLICATIONS**

While HB176 does not amend the Early Childhood Trust Fund distribution rate, it diverts future automatic deposits away from early childhood and toward a new housing loan fund, which would weaken the long-term sustainability framework intended to support early childhood services across New Mexico. The consequence is not merely an accounting change: it reduces the state’s ability to maintain care and education of young children as a stable, predictable program over time and increases the likelihood of future funding shortfalls or greater reliance on the general fund.

**SIGNIFICANT ISSUES**

New Mexico created the Early Childhood Trust Fund in 2020 to provide a long-term, sustainable revenue source for early childhood education and care programs. In the 2025 session, the legislature voted to increase the minimum distribution of the trust fund to \$500 million per year or 5% of the funds three-year average balance so that the state could sustain and expand early childhood programs. This legislation passed because the legislature recognized that investments in early childhood education and care yield substantial long-term benefits for families and society - a 13% annual return on investment through improved outcomes in education, health and economic productivity.

Redirecting all future automatic deposits from the Early Childhood Education and Care Fund would have devastating impacts on the growth of this fund, weakening the fund's ability to support early childhood programs over the long term. Without continued deposits, the corpus of the fund would stagnate or decline, weakening its capacity to provide sustainable distributions over time. As the balance erodes, then distributions to the Early Childhood Education and Care Department may decrease, impacting the department's ability to fund high-quality early childhood programming across the state.

## **PERFORMANCE IMPLICATIONS**

HB 176 diverts excess oil-and-gas and federal mineral leasing revenues into the new down-payment loan fund and reduces future growth in trust funds that were designed to stabilize early childhood programs, behavioral health services, and Medicaid.

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If HB176 is not enacted, then monies received by the state pursuant to the Mineral Leasing Act will continue to be distributed to the Early Childhood Education and Care Fund, the Behavioral Health Trust Fund, and the Medicaid Trust Fund

## **AMENDMENTS**