

LFC Requester: _____

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: _____ *Check all that apply:*
Bill Number: HB264 Original Correction
 Amendment Substitute

Sponsor: M Duncan, M Murphy, J Henry, **Agency Name and Code** CYFD - 690
 R Dow, WA Hall II **Number:** _____
Short Title: VARIOUS INCOME TAX **Person Writing** Kathleen Hardy
 DEDUCTIONS **Phone:** 505-660-8508 **Email** Kathleen.hardy@cyfd.nm.gov

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: This bill amends and adds new sections to the Income Tax Act.

Specific to CYFD, this bill adds a new section to the Income Tax Act to create a tax credit for licensed foster parents of children in CYFD foster care and guardians appointed by the court pursuant to the Kinship Guardianship Act. This credit shall be in the amount of \$250 (two hundred fifty) per month for each month the taxpayer is a foster parent or guardian for more than 50% of that month, up to \$3,000 (three thousand) per year.

The taxpayer must apply to CYFD for certification of eligibility. After confirming that the taxpayer meets the requirements, CYFD shall issue a certificate of eligibility to the taxpayer, and provide copies of same in an electronic format to the Taxation and Revenue Department at regular intervals.

Any portion of the tax credit which exceeds the taxpayer's liability shall be refunded to the taxpayer. The credit must be claimed within one taxable year of the end of the year in which the credit has been certified.

FISCAL IMPLICATIONS

The fiscal implications of developing the application process, affirming taxpayer status, and issuing certificates will be absorbed by existing resources.

SIGNIFICANT ISSUES

While this bill provides a direct measurable benefit to foster families licensed by CYFD by providing financial relief through a refundable tax credit, helping offset the costs associated with fostering, that tax credit is half of what is established in SB088, which has a \$500 (five hundred) per month up to \$6,000 (six thousand) per year credit.

This bill also supports kinship guardians who have stepped up to support their family outside of the child welfare system, who are often on fixed or limited incomes. This bill fills a critical gap in support and ensures that all caregivers providing stable, loving homes receive much-needed financial relief. This approach promotes fairness and consistency in supporting all resource families.

Financial incentives like tax credits are proven tools for retention and recruitment. A refundable credit allows foster families to recover costs that are not covered by maintenance payments, such as transportation, extracurricular activities, and other quality-of-life expenses for children in care. This flexibility makes fostering more financially sustainable.

The bill does not preclude the state from increasing maintenance rates in the future. Instead, it provides an additional, efficient way to reduce the financial impact of caring for children for foster parents without being dependent on federal approval processes. Many foster parents face substantial expenses related to childcare, medical needs, and daily living costs that state stipends do not fully cover. By offering up to \$3,000 annually, this bill provides a tangible incentive for existing foster parents to continue their role. Additionally, financial support can improve placement stability. Retaining experienced foster families is critical to maintaining a strong and

reliable foster care system, ultimately benefiting the well-being and development of children in state custody.

PERFORMANCE IMPLICATIONS

CYFD has performance measures related to recruitment and retention of foster parents which could be positively affected by this bill.

ADMINISTRATIVE IMPLICATIONS

Any administrative implications for CYFD (developing the application process, affirming taxpayer status, and issuing certificates) will be absorbed by existing resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflicts with SB088, which has a \$500 (five hundred) per month up to \$6,000 (six thousand) per year credit for foster parents and guardians.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None proposed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None proposed.