

LFC Requester:	Jennifer Faubion
----------------	------------------

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: 1/26/2026 *Check all that apply:*
Bill Number: SB 92 Original Correction
 Amendment Substitute

Sponsor: Michael Padilla **Agency Name** 992 – New Mexico Mortgage
Cindy Nava **and Code** Finance Authority
Short CONSTRUCTION MATERIALS **Number:** (Housing New Mexico | MFA)
GROSS RECEIPTS **Person Writing** Robyn Powell
Phone: 505-757-2271 **Email** rpowell@housingnm.org

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
NA	NA	NA	NA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
NA	NA	NA	NA	NA

(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	NA	NA	NA	NA	NA	NA
--------------	----	----	----	----	----	----

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: NA

Duplicates/Relates to Appropriation in the General Appropriation Act: NA

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 92 amends the Gross Receipts and Compensating Tax Act by allowing for a gross receipts deduction for the sale of construction materials and labor used for the development of affordable housing multifamily residential housing projects prior to July 1, 2033.

The conditions for the deductions include:

- Construction materials and labor are being used for the purpose of developing multifamily residential housing.
- Housing units developed will be affordable at the 80% area median income level
- Construction materials and labor are sold to a qualifying grantee pursuant to the Affordable Housing Act.

The deduction provided by Senate Bill 92 will be included in the annual aggregate cost of the deduction.

The effective date of this provision is July 1, 2026.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

The Affordable Housing Act (AHA) was signed into law in 2004. Like the Local Economic Development Act (LEDA), it is an exemption from the state's Anti-Donation clause. It permits the state and local governments to contribute public funds, land, buildings and other resources to create and preserve affordable housing. The New Mexico Mortgage Finance Authority is charged with rulemaking authority and oversight of the Act but receives no funds for these purposes.

Certifying Grantees

The Affordable Housing Act requires that a government entity must certify that a grantee is qualified to receive assistance under the Act and the Affordable Housing Act Rules. **Senate Bill 92** does not specify if the State or the local government, or both, will be certifying the qualifying grantees, as both entities will forgo the gross tax receipts from the project. In order for a local government to deduct the gross tax receipts on a multifamily project applicable to this bill, the local government will need to be in compliance with the Affordable Housing Act.

Period of Affordability

Senate Bill 92 does not stipulate any affordability requirements or monitoring on the multifamily projects, as required under the Affordable Housing Act when a governmental entity, including the State, makes a donation to provide affordable housing.

Senate Bill 92 does not specify if the developer or the contractor will collect the gross receipts tax deduction.

Senate Bill 92 only pertains to construction materials and labor that are being used for the purpose of developing multifamily residential housing projects.

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