

LFC Requester:

Ismael Torres

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/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: 1/29/2026 *Check all that apply:*
Bill Number: SB170 Original X Correction
 Amendment Substitute

Sponsor: Heather Berghmans **Agency Name and Code Number:** ECECD 61100
Short Title: Child Care Facility Donation Tax Credit **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)

	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

SB 170 proposes to create personal and corporate income child care facility donation tax credits for taxpayers who donate to a child care center, home, or out-of-school time program that is licensed by the Early Childhood Education and Care Department (ECECD). The provisions of the act apply beginning on or after January 1, 2026, and for taxable years prior to January 1, 2037.

The tax credits are claimed against the taxpayer's tax liability imposed pursuant to the Income Tax Act or the Corporate Income and Franchise Tax Act. The donation must be monetary and made to a child care facility where at least 50% of children in care are enrolled in child care assistance with ECECD. The donor cannot be an owner of, investor of, or be otherwise affiliated with the child care facility to which the donation is being made. The recipient must use the donation to support child care in New Mexico for children 12 years of age and younger.

To receive the tax credit, taxpayers must apply for a certification of eligibility from ECECD. If ECECD determines that the taxpayer meets the requirements of eligibility, ECECD shall issue a certificate of eligibility that includes the amount of the tax credit for which the taxpayer is eligible and the taxable years in which the credit may be claimed. The amount of the tax credit will be equal to the amount donated in the taxable year and any portion of the credit that exceeds the taxpayer's liability will be refunded to the taxpayer.

This bill stipulates multiple restrictions, including a limit of one tax credit per taxpayer each taxable year, a cap of \$500,000 per taxpayer each taxable year, and an aggregate cap of \$10 million each calendar year. ECECD must review applications in the order received and may not approve any applications after the aggregate cap has been met for the calendar year. ECECD must post on their website monthly the aggregate amount of credits claimed per calendar year.

FISCAL IMPLICATIONS

ECECD estimates that minimal additional employee time will be required to receive and process applications for certification of eligibility and to issue and track the certifications

SIGNIFICANT ISSUES

SB 170 incentivizes businesses and individuals to make philanthropic investments in local child care facilities. These investments will improve the stability, supply, and quality of child care in New Mexico. With this additional revenue, child care facilities will be able to invest in growing capacity and quality improvements. SB 170 is a key component of ECECD's commitment to building a universal system for children and families and strengthens the provider infrastructure needed to sustain and expand access to services statewide. SB 170 helps ensure providers have the capital necessary to meet demand, enhance quality, and maintain program sustainability. These

efforts create a balanced public – private approach that supports families, providers, and New Mexico’s overall economic growth.

Ultimately, SB 170 will increase philanthropic investment in local child care systems, which will generate lasting benefits for families, communities, and the economy.

PERFORMANCE IMPLICATIONS

SB 170 aims to expand child care capacity and stability for New Mexico families by incentivizing private investment in qualifying facilities.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB 170 is not enacted, philanthropic investments in child care will not be incentivized. The child care sector will continue to rely primarily on child care assistance and private-pay families to cover the high costs of providing quality care. Child care providers will be limited in their ability to make quality improvements and grow capacity to serve more families.

AMENDMENTS