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HOUSE BILL 176

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

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AN ACT

RELATING TO HOUSING; CREATING THE ZERO INTEREST DOWN PAYMENT  
LOAN FUND FOR FIRST-TIME HOME BUYERS; CHANGING CERTAIN  
DISTRIBUTIONS MADE TO THE EARLY CHILDHOOD EDUCATION AND CARE  
FUND, THE BEHAVIORAL HEALTH TRUST FUND AND THE MEDICAID TRUST  
FUND TO BE MADE TO THE ZERO INTEREST DOWN PAYMENT LOAN FUND;  
MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 6-4-27 NMSA 1978 (being Laws 2020,  
Chapter 3, Section 4, as amended) is amended to read:

"6-4-27. EXCESS EXTRACTION TAXES SUSPENSE FUND--TRANSFER  
OF EXCESS OIL AND GAS EMERGENCY SCHOOL TAX REVENUE--TAX  
STABILIZATION RESERVE--~~[EARLY CHILDHOOD EDUCATION AND CARE  
FUND--BEHAVIORAL HEALTH TRUST FUND]~~ ZERO INTEREST DOWN PAYMENT  
LOAN FUND--SEVERANCE TAX PERMANENT FUND.--

1           A. The "excess extraction taxes suspense fund" is  
2 created as a nonreverting fund in the state treasury. Money in  
3 the fund shall only be used to make transfers by the department  
4 of finance and administration as required by this section.

5           B. At the end of each fiscal year, the department  
6 of finance and administration shall calculate and transfer the  
7 balance of the fund attributable to that fiscal year as  
8 follows:

9                   (1) if in the current fiscal year the total  
10 net receipts attributable to the tax imposed pursuant to  
11 Section 7-31-4 NMSA 1978 and distributed pursuant to Section  
12 7-1-6.20 NMSA 1978 exceed the annual average amount, the  
13 department shall distribute the excess amount above the annual  
14 average amount as follows:

15                           (a) to the tax stabilization reserve,  
16 the amount necessary to bring the balance of state reserves to  
17 a level equal to twenty-five percent of the aggregate recurring  
18 appropriations for that fiscal year from the general fund, as  
19 determined by the department; provided that, if the balance in  
20 the excess extraction taxes suspense fund is not sufficient to  
21 meet that level, the entire balance shall be transferred to the  
22 tax stabilization reserve; and

23                           (b) to the zero interest down payment  
24 loan fund, the balance of the excess amount above the annual  
25 average amount, if any, after the transfer is made pursuant to

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1 Subparagraph (a) of this paragraph ~~[shall be transferred as~~  
2 ~~follows: 1) for fiscal years 2026 through 2028, fifty percent~~  
3 ~~to the early childhood education and care fund and fifty~~  
4 ~~percent to the behavioral health trust fund; provided that if,~~  
5 ~~as of the end of one of those fiscal years, the balance of the~~  
6 ~~early childhood education and care fund is less than the~~  
7 ~~balance of that fund as of the end of fiscal year 2025, the~~  
8 ~~transfer to the behavioral health trust fund made pursuant to~~  
9 ~~this item shall be decreased by an amount equal to one-half of~~  
10 ~~the difference between the balance of the early childhood~~  
11 ~~education and care fund as of the end of fiscal year 2025 and~~  
12 ~~the balance of that fund as of the end of that fiscal year; and~~  
13 ~~2) for fiscal year 2029 and each fiscal year thereafter, one~~  
14 ~~hundred percent to the early childhood education and care~~  
15 ~~fund]; and~~

16 (2) the remaining balance of the fund, if any,  
17 shall be distributed to the severance tax permanent fund.

18 C. As used in this section:

19 (1) "annual average amount" means the total  
20 net receipts attributable to the tax imposed pursuant to  
21 Section 7-31-4 NMSA 1978 and distributed pursuant to Section  
22 7-1-6.20 NMSA 1978 in the immediately preceding five fiscal  
23 years, divided by five; and

24 (2) "state reserves" means the general fund  
25 balances, as determined by the department of finance and

1 administration, including all authorized revenues and transfers  
2 to the general fund and balances in the appropriation  
3 contingency fund, the general fund operating reserve, the  
4 state-support reserve fund and the tax stabilization reserve."

5 SECTION 2. Section 9-29A-3 NMSA 1978 (being Laws 2020,  
6 Chapter 3, Section 3, as amended) is amended to read:

7 "9-29A-3. DISTRIBUTION--~~[EARLY CHILDHOOD EDUCATION AND~~  
8 ~~CARE FUND--MEDICAID TRUST FUND]~~ ZERO INTEREST DOWN PAYMENT LOAN  
9 FUND--SEVERANCE TAX PERMANENT FUND--PAYMENTS PURSUANT TO  
10 FEDERAL MINERAL LEASING ACT.--

11 A. If, by June 30 of each fiscal year, the net  
12 receipts for that fiscal year of the money received by the  
13 state pursuant to the federal Mineral Leasing Act exceed the  
14 annual average amount, the excess amount above the annual  
15 average amount shall be distributed ~~[as follows and attributed~~  
16 ~~to that fiscal year:~~

17 ~~(1) for fiscal years 2026 through 2028:~~

18 ~~(a) fifty percent to the early childhood~~  
19 ~~education and care fund and fifty percent to the medicaid trust~~  
20 ~~fund; provided that~~

21 ~~(b) if, as of the end of one of those~~  
22 ~~fiscal years, the balance of the early childhood education and~~  
23 ~~care fund is less than the balance of that fund as of the end~~  
24 ~~of fiscal year 2025, the distribution to the medicaid trust~~  
25 ~~fund made pursuant to Subparagraph (a) of this paragraph shall~~

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1 ~~be decreased by an amount equal to one-half of the difference~~  
2 ~~between the balance of the early childhood education and care~~  
3 ~~fund as of the end of fiscal year 2025 and the balance of that~~  
4 ~~fund as of the end of that fiscal year; and~~

5 ~~(2) for fiscal year 2029 and each fiscal year~~  
6 ~~thereafter, one hundred percent to the early childhood~~  
7 ~~education and care fund] to the zero interest down payment loan~~  
8 fund and attributed to that fiscal year.

9 B. If, ~~[by June 30, 2025, and]~~ by June 30 of each  
10 fiscal year, ~~[thereafter]~~ the remaining amount of the net  
11 receipts for that fiscal year of the money received by the  
12 state pursuant to the federal Mineral Leasing Act after the  
13 distribution pursuant to Subsection A of this section exceeds  
14 the threshold amount, the excess shall be distributed to the  
15 severance tax permanent fund.

16 C. The department of finance and administration  
17 shall make the calculations to determine if excess amounts  
18 shall be distributed pursuant to this section. If there is an  
19 excess amount, the distribution shall be made as soon as  
20 practicable. If there is not an excess amount, no distribution  
21 shall be made.

22 D. As used in this section:

23 (1) "annual average amount" means the total  
24 net receipts attributable to money received by the state  
25 pursuant to the federal Mineral Leasing Act in the immediately

1 preceding five fiscal years, divided by five; and

2 (2) "threshold amount" means the net receipts  
3 of the money received by the state pursuant to the federal  
4 Mineral Leasing Act distributed in fiscal year 2024 pursuant to  
5 Subsection B of Section 22-8-34 NMSA 1978."

6 SECTION 3. A new section of the Mortgage Finance  
7 Authority Act is enacted to read:

8 "[NEW MATERIAL] ZERO INTEREST DOWN PAYMENT LOAN FUND FOR  
9 FIRST-TIME HOME BUYERS--REQUIREMENTS.--

10 A. The "zero interest down payment loan fund" is  
11 created as a nonreverting fund in the state treasury. The fund  
12 consists of distributions, appropriations, gifts, grants,  
13 donations and income from investment of the fund. The  
14 authority shall administer the fund, and money in the fund is  
15 appropriated to the department of finance and administration to  
16 contract with the authority to provide loans as provided in  
17 this section. Expenditures from the fund shall be by warrant  
18 of the secretary of finance and administration pursuant to  
19 vouchers signed by the secretary of finance and administration  
20 or the secretary's authorized representative.

21 B. Subject to availability of money in the fund,  
22 money in the fund shall be used to provide zero interest loans  
23 to eligible home buyers for up to twenty percent of the  
24 purchase price of residential housing in New Mexico that is the  
25 first home of the eligible home buyer; provided that the loan

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1 provided by the authority shall be a lien on the property  
2 secured by a thirty-year mortgage. If the property is sold in  
3 less than thirty years, the balance of the loan shall be  
4 immediately repaid. The authority may foreclose on the loan if  
5 the home buyer defaults on the loan.

6 C. Applications for a zero interest loan shall be  
7 submitted to the authority on forms and in a manner prescribed  
8 by the authority.

9 D. The authority may promulgate rules to carry out  
10 the provisions of this section.

11 E. As used in this section, "eligible home buyer"  
12 means a person whose household income is less than four hundred  
13 percent of the federal poverty level."

14 SECTION 4. EFFECTIVE DATE.--The effective date of the  
15 provisions of this act is July 1, 2026.

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