

HOUSE BILL 77

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

INTRODUCED BY

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AN ACT

RELATING TO TAXATION; CREATING THE AFFORDABLE HOUSING
REVITALIZATION CORPORATE INCOME TAX CREDIT; PROVIDING A DELAYED
REPEAL.

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

SECTION 1. A new section of the Corporate Income and Franchise Tax Act is enacted to read:

"NEW MATERIAL" AFFORDABLE HOUSING REVITALIZATION
CORPORATE INCOME TAX CREDIT.--

A. A taxpayer that, beginning on the effective date of this section and prior to January 1, 2037, incurs rehabilitation expenses for a revitalization project in New Mexico may claim a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act. The tax credit provided by this section may be referred to as

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1 the "affordable housing revitalization corporate income tax
2 credit".

3 B. The amount of tax credit shall be in an amount
4 equal to thirty percent of the rehabilitation expenses incurred
5 for a building or lot that has been vacant for more than two
6 years but less than five years, up to a maximum of two million
7 dollars (\$2,000,000) per taxpayer, or forty percent of the
8 rehabilitation expenses incurred for a building or lot that has
9 been vacant for five years or longer, up to a maximum of four
10 million dollars (\$4,000,000) per taxpayer; provided that:

11 (1) at least fifteen percent of the
12 residential housing units developed are affordable housing; and

13 (2) the rehabilitation expenses are at least
14 eighty percent but not more than one hundred twenty-five
15 percent of the estimated rehabilitation expenses stated in the
16 notice of intent to rehabilitate pursuant to Subsection C of
17 this section.

18 C. Prior to incurring rehabilitation expenses, a
19 taxpayer shall apply for pre-certification from the New Mexico
20 mortgage finance authority on forms and in the manner
21 prescribed by the authority. The application shall include a
22 proposal for the revitalization project and a notice of intent
23 to rehabilitate that provides the location of the building or
24 lot, the estimated expenses and the proposed use upon the
25 completion of the project. If the New Mexico mortgage finance

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1 authority determines that the projected costs are likely to
2 meet the requirements to be rehabilitation expenses eligible
3 for the tax credit, the authority shall issue a pre-
4 certification to the taxpayer; provided that pre-certification
5 received shall not mean that the actual costs for the
6 revitalization project will be approved for a credit provided
7 by this section.

8 D. Within one calendar year of the date the
9 revitalization project is complete and the building is ready
10 for occupancy, the taxpayer shall apply for certification of
11 eligibility from the New Mexico mortgage finance authority on
12 forms and in the manner prescribed by the authority. The
13 application shall include an affidavit from a certified public
14 accountant verifying that the rehabilitation expenses were
15 incurred by the taxpayer and meet the requirements of this
16 section. The aggregate amount of credits that may be certified
17 as eligible in a calendar year is one hundred million dollars
18 (\$100,000,000); provided that no more than fifty million
19 dollars (\$50,000,000) in credits shall be allowed for projects
20 developed in areas that are not rural areas. Completed
21 applications shall be considered in the order received.
22 Applications for certification received after the limitation on
23 the aggregate amount of credits has been met in a calendar year
24 shall not be approved. If a taxpayer is eligible for the
25 credit, a dated certificate of eligibility shall be issued to

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1 the taxpayer providing the amount of credit for which the
2 taxpayer is eligible.

3 E. A certificate of eligibility provided by this
4 section may be sold, exchanged or otherwise transferred to
5 another taxpayer for the full value of the credit. The parties
6 to such a transaction shall notify the department of the sale,
7 exchange or transfer within ten days of the sale, exchange or
8 transfer.

9 F. That portion of approved credit claimed by a
10 taxpayer that exceeds the taxpayer's income tax liability in
11 the taxable year in which the credit is claimed shall not be
12 refunded but may be carried forward for a maximum of five
13 consecutive taxable years.

14 G. To receive a tax credit provided by this
15 section, a taxpayer shall claim the credit on forms and in the
16 manner prescribed by the department within twelve months
17 following the calendar year in which the certificate of
18 eligibility was issued.

19 H. The credit provided by this section shall be
20 included in the tax expenditure budget pursuant to Section
21 7-1-84 NMSA 1978, including the annual aggregate cost of the
22 credit.

23 I. As used in this section:

24 (1) "abandoned building" means a structure or
25 part of a structure in New Mexico that has been unoccupied and

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1 non-operational for income-producing purposes for at least two
2 years prior to the filing of a notice of intent to
3 rehabilitate;

4 (2) "affordable housing" means single-family
5 or multifamily residential housing primarily for persons or
6 households of low or moderate income;

7 (3) "low or moderate income" means a household
8 in which the current annual income is at or below eighty-five
9 percent of the area median income for the geographic area in
10 which the household is located, adjusted for family size, as
11 determined by the United States department of housing and urban
12 development;

13 (4) "rehabilitation expenses" means capital
14 expenditures incurred while participating in a voluntary
15 remediation program administered by the department of
16 environment or for a revitalization project, including
17 structural repairs, environmental remediation, site
18 improvements, new construction related to the project,
19 acquisition, design, engineering and permitting, but excluding
20 costs related to personal property;

21 (5) "revitalization project" means the
22 renovation, development or redevelopment of an abandoned
23 building or a vacant lot into single-family or multifamily
24 residential housing;

25 (6) "rural area" means a county that has a

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1 population less than one hundred twenty-five thousand persons
2 according to the most recent federal decennial census or a
3 municipality with a population less than fifty thousand persons
4 according to the most recent federal decennial census; and

5 (7) "vacant lot" means a parcel of land in New
6 Mexico without a structure or part of a structure that has been
7 unoccupied and non-operational for income-producing purposes
8 for at least two years prior to the filing of a notice of
9 intent to rehabilitate."

10 **SECTION 2. DELAYED REPEAL.**--Section 1 of this act is
11 repealed effective January 1, 2038.

12 **SECTION 3. APPLICABILITY.**--The provisions of this act
13 apply to taxable years beginning on or after January 1, 2026.

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