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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 119

SHORT TITLE: Create Demolition Fund

SPONSOR: Maestas

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/14/26 **ANALYST:** Gygi

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$5,000.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DFA	\$0.0	\$100.0	\$100.0	\$200.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 472 from the 2025 Legislative Session

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Department of Workforce Solutions

Agency or Agencies That Were Asked for Analysis but did not Respond

Department of Finance and Administration

Economic Development Department

SUMMARY

Synopsis of Senate Bill 119

Senate Bill 119 (SB119) would create the demolition fund in the state treasury to be administered by the Local Government Division of the Department of Finance and Administration (DFA). The fund consists of appropriations, gifts, grants, donations and income from investment of the fund.

By implication, the bill would also create a new grant “program” at DFA for counties and municipalities to pay for demolition of condemned residential properties and reimburse residential property owners incurring costs pursuant to a county or municipal demolition program. DFA must promulgate rules and grant procedures by December 1, 2026.

SB119 appropriates \$5 million from the general fund to the newly created demolition fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in SB119 is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert to any other fund. Although the bill does not specify future appropriations, establishing a new fund and a new grant program could create an expectation that the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

DFA did not submit an analysis for this bill, but for a similar program in House Bill 24, it reported an annual cost of \$150 thousand to create and administer the program.

SIGNIFICANT ISSUES

In its analysis for the related House Bill 472 from the 2025 Legislative Session, the Economic Development Department states that:

Local governments are often forced to prioritize whether to undertake the costs associated with removal of these abandoned buildings, and remediation of derelict properties or providing for the community’s basic needs, such as sanitation, water, street repairs, fire and police protection.

Under SB119, counties and municipalities would be able to create demolition programs for substandard residential properties which would be eligible for demolition, and individual property owners would apply for funds through their local governments. The fund targets properties :1) in a slum or blighted area subject to a metropolitan redevelopment project or 2) that are significantly deteriorated with documentation that repairs significantly outweigh the costs of demolition.

According to the Department of Workforce Solutions (WSD), data is limited but in 2018 the City of Albuquerque vacant and abandoned houses task force estimated that there were between 1,200 and 1,300 residential properties in Albuquerque that are vacant, abandoned, and/or substandard. Other reports for the Albuquerque area have estimated this number to be as high as 3,000.

WSD also cites the New Mexico Mortgage Finance Authority’s (MFA’s) 2025 Housing Assessment on the need for funds on tribal lands:

Housing condition issues are exceptionally high in tribal areas. The rate of homes lacking complete plumbing facilities in tribal areas is 2 percent and the rate of homes lacking complete kitchen facilities is 1 percent. Poor housing conditions are associated with increased risk of contracting asthma and cancer, increased chance of housing-related injuries, and even poorer cognitive development in children. MFA’s 2023 report stated

that 1.2 percent of homes lack complete plumbing and 1.3 percent of homes lack complete kitchens.

The proposed demolition fund would provide a source of funding for these and similar issues statewide.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bill 472 from the 2025 Legislative Session which would create an abandoned building corporate income tax credit.

KG/cf/sgs