

LFC Requester:	Jennifer Faubion
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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: 2/3/2026 *Check all that apply:*
Bill Number: HB 77 Current Substitute Original Correction
 Amendment Substitute

Sponsor: Rebecca Dow
Cindy Nava
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Anita Gonzales **Agency Name and Code Number:** 992 – New Mexico Mortgage Finance Authority (Housing New Mexico | MFA)
Short Title: AFFORDABLE HOUSING REVITALIZATION TAX CREDIT **Person Writing Analysis:** Robyn Powell
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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
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(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

House Bill 77 amends the **Corporate Income and Franchise Tax Act** by creating a temporary corporate income tax credit to incentivize the rehabilitation of vacant buildings and lots into affordable housing for projects **begun** in 2026 to 2037. The amount of tax credit for projects include:

- 30% of the rehabilitation expenses incurred on the building or lot that has been vacant for more than 2 years, but no less than 5 years, may be up to, with a maximum of \$2,000,000 per taxpayer.
- 40% of the rehabilitation expenses incurred for a building or lot that has been vacant for more than 5 **years up**, with a maximum of \$4,000,000 per taxpayer.

The aggregate amount of credits that may be certified as eligible in a calendar year is \$100,000,000 and reserving up to \$50,000,000 in tax credits for rural areas in the state.

The effective date of the provision is January 1, 2026.

Section 1 of HB 77 may be repealed January 1, 2038.

House Bill 77 Substitute specifies that an eligible taxpayer must be a qualifying grantee under the Affordable Housing Act to claim the tax credit.

The committee substitute for **House Bill 77** requires that the projects eligible for this income tax credit must reserve 80% (rather than the original 15%) of the residential housing units developed as affordable housing. This act defines affordable housing as single family or multifamily residential housing for persons of low or moderate income. Low or moderate income in House Bill 77 is defined as annual income that is at or below 85% of the area median income that is adjusted for family size.

House Bill 77 Substitute amends the \$100,000,000 cap on the total aggregate amount of credits that may be certified as eligible in a calendar year, by allowing any amounts over the cap to rollover in the next calendar year. The definition of abandoned building has been further specified to include “means a structure or part of a structure in New Mexico that has been unoccupied *and has since been unoccupied* and non-operational for income-producing purposes for at least two years prior to the filing of a notice of intent to rehabilitate.”

FISCAL IMPLICATIONS

Fiscal Implication to The New Mexico Mortgage Finance Authority

The New Mexico Mortgage Finance Authority will be the administrative body who will review taxpayer’s application for a certification of eligibility which may increase its operating expense.

Fiscal Implication to the State of New Mexico

Under House Bill 77, the State of New Mexico is certifying up to \$100,000,000 which may decrease the state's revenue.

SIGNIFICANT ISSUES

General Practice

There are other states such as Colorado, Delaware, and Massachusetts who offer similar corporate income tax credits that are combined with State Historic Tax Credit programs, affordable housing incentives combined with tax credit programs, and other provisions determined on the percentage of affordable housing units produced from a rehabilitation project.

House Bill 77 may increase incentives for developers to rehabilitate vacant buildings and lots within the state- in both rural and urban areas of the state. House Bill 77 may increase neighborhood investment while increasing the housing supply in New Mexico. House Bill 77 with the committee substitute may increase the affordable housing supply.

Affordable Housing Act

The Affordable Housing Act is the affordable housing exception to the anti-donation clause in the New Mexico constitution and includes high level parameters for affordable housing donations and programs. The Affordable Housing Act does not authorize any specific affordable housing program or project, rather it provides the state, local governments, the New Mexico Mortgage Finance Authority, and school districts the ability to use public funds and assets for affordable housing purposes. Affordability requirements are required under the Affordable Housing Act when a governmental entity, including the State, makes a donation to provide affordable housing including land and buildings.

Existing State Tax Credit for Affordable Housing

Currently, state tax credits are available to individuals and business that provide donations to help build affordable housing in New Mexico which includes land, buildings, services, or money. Taxpayers can receive up to 50 percent of the value of the donation.

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