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HOUSE BILL 326

**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

INTRODUCED BY

Anita Gonzales and Joseph L. Sanchez and Angelita Mejia  
and Harlan Vincent and Susan K. Herrera

AN ACT

RELATING TO TAXATION; CREATING THE SMALL BUSINESS DISASTER  
RELIEF INCOME TAX CREDIT.

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

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

"[NEW MATERIAL] SMALL BUSINESS DISASTER RELIEF INCOME TAX  
CREDIT.--

A. A taxpayer who is not a dependent of another  
individual and who is the owner of a small business located in  
an area declared as a disaster area by the governor may claim a  
credit against the taxpayer's tax liability imposed pursuant to  
the Income Tax Act as provided in this section. The credit  
provided by this section may be referred to as the "small  
business disaster relief income tax credit".

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1           B. The amount of credit shall be in an amount equal  
2 to five thousand dollars (\$5,000).

3           C. To be eligible for the credit, the taxpayer  
4 shall be an owner of a business that:

5                   (1) is located in an area declared by the  
6 governor as a disaster in the taxable year for which the credit  
7 is claimed;

8                   (2) has been in operation for at least two  
9 consecutive taxable years, including the taxable year for which  
10 the credit is claimed;

11                   (3) can demonstrate that it has sustained a  
12 thirty percent decline in gross revenue due to the disaster;  
13 and

14                   (4) had an annual gross revenue of less than  
15 two million dollars (\$2,000,000) in the taxable year for which  
16 the credit is claimed.

17           D. A taxpayer shall apply for certification of  
18 eligibility for the tax credit from the economic development  
19 department on forms and in the manner prescribed by that  
20 department. Except as provided in Subsections F and G of this  
21 section, only one tax credit shall be certified per taxpayer  
22 per taxable year. If the economic development department  
23 determines that the taxpayer meets the requirements of this  
24 section, that department shall issue a dated certificate of  
25 eligibility to the taxpayer providing the amount of tax credit

.229718.1

1 for which the taxpayer is eligible and the taxable years in  
2 which the credit may be claimed. The economic development  
3 department shall provide the department with the certificates  
4 of eligibility issued pursuant to this subsection in an  
5 electronic format at regularly agreed upon intervals.

6 E. A taxpayer allowed to claim the credit shall  
7 claim the credit in a manner required by the department. The  
8 credit shall be claimed within one year of receiving  
9 certification from the economic development department. The  
10 taxpayer shall claim the amount certified and approved against  
11 the taxpayer's income tax liability. Any amount of credit that  
12 exceeds the taxpayer's income tax liability shall be refunded  
13 to the taxpayer.

14 F. Married individuals filing separate returns for  
15 a taxable year for which they could have filed a joint return  
16 may each claim only one-half of the credit that would have been  
17 claimed on a joint return.

18 G. A taxpayer may be allocated the right to claim  
19 the credit in a proportion to the taxpayer's ownership interest  
20 if the taxpayer owns an interest in a business entity that is  
21 taxed for federal income tax purposes as a partnership or  
22 limited liability company and that business entity has met all  
23 of the requirements to be eligible for the credit. The total  
24 credit claimed by all members of the partnership or limited  
25 liability company shall not exceed the allowable credit

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pursuant to this section.

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

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2025.