

LFC Requester:	
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AGENCY BILL ANALYSIS - 2025 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: February 21, 2025 *Check all that apply:*
Bill Number: HB 511 Original X Correction __
 Amendment __ Substitute __

Sponsor: Rep. Rebecca Dow, Rep. Jonathan
 A. Henry, Rep. Alan T. Martinez,
 Rep. Andrea Romero
Short RETAIL CENTER
Title: RENOVATION TAX CREDIT

Agency Name
and Code Tourism 418
Number: _____
Person Writing Novela Salazar, GC
Phone: 5054907185 **Email** novela.salazar@td.nm.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NFI	NFI	NFI	NFI

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NFI	NFI	NFI	NFI	NFI

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	NFI	NFI

(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

Synopsis: House Bill 511 proposes a new section of the Income Tax Act, creating the Retail Center Renovation Income Tax Credit and the Retail Center Renovation Corporate Income Tax Credit. The bill establishes a ten percent tax credit on qualifying renovation costs for retail center renovation projects. The maximum credit per project is \$1.5 million. The total amount of credits available each year is capped at \$15 million across both tax credit programs.

HB 511 defines “retail center” as commercial real estate property in New Mexico with at least three businesses engaged in retail, food, or beverage sales. A “retail center renovation project” must renovate, restore, rehabilitate or adaptive reuse at least 50% of the total leasable space. Qualifying renovation projects and costs include construction improvements, building upgrades, ADA compliant upgrades, energy efficiency enhancements, conversion to mixed-use spaces and construction related equipment.

Applicants who seek to claim a tax credit under the bill must submit an eligibility certification to the Economic Development Department within one year of project completion. Applications are processed in the order received until the \$15 million cap is reached. If a taxpayer is eligible for a credit, a certificate of eligibility stating the approved credit amount will be issued.

HB 511 also permits credits to be carried forward for five years if they exceed tax liability, and Partnerships or LLCs can allocate credits among owners based on ownership percentage. The same renovation costs cannot be claimed for multiple tax credits; if denied eligibility, taxpayers can appeal the decision.

The provisions of this bill apply to taxable years beginning on January 1, 2025. The tax credits will expire effective January 1, 2036.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

While the bill aims to revitalize retail centers in New Mexico, it is undeterminable how many new businesses or jobs will be created and how much economic growth will result from these renovations.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 506, Hotel Renovation Tax Credit.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None.