

LFC Requester: _____

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: 2/12/2025 *Check all that apply:*
Bill Number: H225-341 Original Correction
 Amendment Substitute

Sponsor: Rep. A. Martinez; Rep. Dow **Agency Name and Code** DFA-341
Short Title: FOSTER PARENT TAX CREDIT **Number:** _____
Person Writing Noel Martinez
Phone: _____ **Email** NoelA.Martinez@dfa.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	(\$19,080)	(\$19,080)	R	GF

(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						

(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:

Purpose: Establish a Foster Parent Income Tax Credit

Eligibility:

- Must be a resident taxpayer
- Cannot be dependent of another individual
- Must be a licensed or certified foster parent

Credit Amount:

- \$100 per week for each child fostered during the taxable year

Application Process:

- Apply for certification from the Children, Youth and Families Department
- Certification will specify the credit amount and applicable taxable years

Refunds:

- Excess credit over tax liability will be refunded

Married Individuals:

- Filing separately can each claim half of the credit

Claim Period:

- Credit must be claimed within three years of certification

Inclusion in Tax Expenditure Budget:

- Total annual cost of the credit will be included

Applicability:

- Effective for taxable years starting on or after January 1, 2025

FISCAL IMPLICATIONS

- House Bill (HB 225) would provide a credit of \$100 per week for each child fostered during the taxable year.
 - This could be a credit of \$5,200 per child fostered during the taxable year.
- The Adoption and Foster Care Analysis and Reporting System (AFCARS) provides state-level data on foster care on time in care and placement data.
 - The data is from the U.S. Department of Health and Human Services: Children's Bureau produces the following data for FY 2022
- The fiscal impact on the general fund would be approximately \$19.08 million as a tax credit reduces the taxpayer's tax liability, thus potentially increasing tax refunds.
 - Method:
 - AFCARS reports 1,800 foster children as of September 30, 2022
 - AFCARS reports 1,492 Foster Family Homes (Relative and Non-Relative)
 - AFCARS reports the average time in care is 26.5 months or approximately 106 weeks.
 - Assumptions
 - 1,800 foster care children x \$100 x 106 weeks = \$19.08 million.

Source: *U.S. Department of Health & Human Services: Children's Bureau. Retrieved from <https://acf.gov/cb/research-data-technology/statistics-research/afcars> (2025).*

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

NA

ADMINISTRATIVE IMPLICATIONS

NA

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NA

TECHNICAL ISSUES

NA

OTHER SUBSTANTIVE ISSUES

NA

ALTERNATIVES

NA

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NA

AMENDMENTS