

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}

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 2025-02-18
Bill No: HB437

Sponsor(s) Mark Duncan
: Stefani Lord
Jonathan A. Henry
Cathrynn N. Brown

Agency Name CYFD 69000
and Code
Number:

Person Writing Aaron Salas
Analysis:
Phone: 5055493411

Short FOSTER CARE
Title: ORGANIZATION TAX
CREDIT

Email: aaron.salas@cyfd.nm.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
0			
0	0		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
0	0	0		
0	0	0		

ESTIMATED ADDITIONAL OPERATION BUDGET (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	0	0	0	0		

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

HB 437 proposes the Qualifying Foster Care Organization Income Tax Credit, which provides tax incentives for individuals who donate to foster care organizations.

The bill outlines:

- * Tax credits of \$500 for single filers and \$1,000 for joint filers who donate to a qualified foster care organization.
- * Organizations must:
 - * Be 501(c)(3) organizations
 - * Serve at least 200 foster youth annually
 - * Spend at least 50% of their budget on foster care services
 - * Provide to the department the name of the qualifying foster care organization to which a contribution is made and the amount of contribution made. In addition, the organization shall provide to the department written documentation that the organization meets the requirements to be considered a qualifying foster care organization
- * The credit can be carried forward for five years if not fully utilized.

FISCAL IMPLICATIONS

No fiscal impact for CYFD.

SIGNIFICANT ISSUES

If HB 437 is enacted, the credit primarily helps higher-income individuals who can afford to donate, leaving out lower-income taxpayers who may still support foster care in other ways. Wealthier donors may influence how foster care organizations operate, prioritizing services that align with donor preferences

rather than urgent needs of the community.

There is no clarification regarding how organizations would determine whether they meet the 200 youth service threshold.

PERFORMANCE IMPLICATIONS

If enacted, the tax credit may encourage more private donations to foster care nonprofits, reducing reliance on state funds and enabling organizations to expand services they offer to foster youth and families.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without tax incentives, people may be less motivated to donate, reducing funding for foster care services and nonprofits could struggle to expand programs that help foster youth.

AMENDMENTS

None.