

LFC Requester:

Brendon Gray

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 02/04/25

Check all that apply:

Bill Number: SB 272

Original Correction
Amendment Substitute

Sponsor: Sen. Crystal Brantley

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: Foster Parent & Guardian Income Tax

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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		

(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

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: SB 272 proposes to amend the Income Tax Act NMSA 1978, Sections 7-2-1 to -41 (1953, as amended through 2024). Specifically, the proposed new material would create a tax exemption on the New Mexico State income for foster parents, as defined by the new material, for guardian grandparents, as defined by the new material, and for adoptive grandparents.

Section C of the new material defines foster parent as a person who is licensed or certified by CYFD (or other child placement agency) to provide care for children in department or agency custody. This section also adopts for this new material the same definition of “guardian” as found in NMSA 1978, Section 40-10B-1 to -21 (2001, as amended through 2023).

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 225 is a similar, but operationally different, bill proposed in the House this session. HB 225

proposes to create an income tax credit for foster parents, versus the income tax exemption proposed in SB 272. Further, HB 225 proposes the income tax credit for foster parents only, versus SB 272 which proposes the exemption for foster parents, guardian grandparents, and adoptive grandparents.

Importantly, these bills would operate differently from each other. SB 272 would operate to reduce a taxpayer's pre-tax income to zero, while HB 272 would operate to reduce a taxpayer's tax liability post-tax. However, under SB 272 a foster parent, guardian grandparent, or adoptive grandparent would have to have that classification under the proposed new material for the "entire tax year." In contrast, the proposed material in HB 225 would make the income tax credit available at \$100.00 for each week and for each child fostered in a taxable year capturing those foster parents who may not foster for an "entire year" as contemplated by SB 272.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None.