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HOUSE BILL 511

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

INTRODUCED BY

Rebecca Dow and Jonathan A. Henry and Alan T. Martinez
and Andrea Romero

AN ACT

RELATING TO TAXATION; CREATING THE RETAIL CENTER RENOVATION
INCOME TAX CREDIT AND THE RETAIL CENTER RENOVATION CORPORATE
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] RETAIL CENTER RENOVATION INCOME TAX
CREDIT.--

A. A taxpayer who, beginning on the effective date
of this section and prior to January 1, 2035, incurs qualifying
renovation costs for a retail center renovation project may
claim a credit against the taxpayer's tax liability imposed
pursuant to the Income Tax Act. The tax credit provided by
this section may be referred to as the "retail center

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1 renovation income tax credit".

2 B. The credit provided by this section shall be in
3 an amount equal to ten percent of the qualifying renovation
4 costs, not to exceed one million five hundred thousand dollars
5 (\$1,500,000) per retail center renovation project.

6 C. A taxpayer who seeks to claim a tax credit
7 provided by this section shall, within one calendar year of the
8 date the retail center renovation project is completed, apply
9 for certification of eligibility from the economic development
10 department on forms and in the manner prescribed by that
11 department. In addition to any other proof required by that
12 department, the application shall include a compliance
13 certificate issued by the local jurisdiction verifying that the
14 retail center renovation project was completed in compliance
15 with applicable building codes and permitting requirements; and
16 a notarized declaration from the property owner or project
17 manager affirming that at least fifty percent of the total
18 leaseable square footage of the retail center was renovated
19 with qualifying renovation costs incurred by the taxpayer. The
20 aggregate amount of credits pursuant to this section and
21 Section 2 of this 2025 act that may be certified as eligible in
22 a calendar year is fifteen million dollars (\$15,000,000).
23 Completed applications shall be considered in the order
24 received. If a taxpayer is eligible for the credit, a dated
25 certificate of eligibility shall be issued to the taxpayer

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1 providing the amount of credit for which the taxpayer is
2 eligible; provided that applications for certification received
3 after the limitation on the aggregate amount of credits has
4 been met in a calendar year shall not be approved.

5 D. That portion of approved credit claimed by a
6 taxpayer that exceeds the taxpayer's income tax liability in
7 the taxable year in which the credit is claimed may be carried
8 forward for five consecutive taxable years.

9 E. To receive a tax credit provided by this
10 section, a taxpayer shall claim the credit on forms and in the
11 manner prescribed by the department within twelve months
12 following the calendar year in which the certificate of
13 eligibility was issued.

14 F. A taxpayer who claims a retail center renovation
15 income tax credit shall not be eligible to claim another tax
16 credit for the same qualifying renovation costs or renovation
17 project, including the retail center renovation corporate
18 income tax credit pursuant to Section 2 of this 2025 act or the
19 federal new markets tax credit under Section 45D of the
20 Internal Revenue Code.

21 G. Married individuals filing separate returns for
22 a taxable year for which they could have filed a joint return
23 may each claim only one-half of the retail center renovation
24 income tax credit that would have been claimed on a joint
25 return.

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1 H. A taxpayer may be allocated the right to claim a
2 retail center renovation income tax credit in proportion to the
3 taxpayer's ownership interest if the taxpayer owns an interest
4 in a business entity that is taxed for federal income tax
5 purposes as a partnership or limited liability company and that
6 business entity has met all of the requirements to be eligible
7 for the credit. The total credit claimed by all members of the
8 partnership or limited liability company shall not exceed the
9 allowable credit pursuant to this section.

10 I. A taxpayer whose application pursuant to this
11 section for certification of eligibility is denied may appeal
12 to the administrative hearings office for a hearing.

13 J. The credit provided by this section shall be
14 included in the tax expenditure budget pursuant to Section
15 7-1-84 NMSA 1978, including the annual aggregate cost of the
16 credit, number of taxpayers claiming the credit and economic
17 impact of the credit, including job creation and change in
18 property values.

19 K. As used in this section:

20 (1) "retail center" means a commercial real
21 estate property that:

- 22 (a) is located in New Mexico;
- 23 (b) contains at least three separate
24 businesses engaged in retail, food or beverage sales;
- 25 (c) is leased or licensed by an owner to

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1 retail or food and beverage businesses; and

2 (d) is primarily zoned for commercial
3 use or mixed-use development;

4 (2) "retail center renovation project" means
5 the restoration, renovation, rehabilitation or adaptive reuse
6 of at least fifty percent of the overall square footage of a
7 retail center, including both indoor and outdoor property
8 within the exterior boundaries of the retail center; and
9 includes:

10 (a) conversion of a retail center into a
11 mixed-use development with a combination of commercial, office
12 or residential spaces; or

13 (b) adaptive reuse of a retail center
14 into multifamily residential housing; and

15 (3) "qualifying renovation costs" means
16 expenditures, with regard to a retail center renovation
17 project, for:

18 (a) planning, designing or engineering
19 of the retail center renovation project;

20 (b) construction, structural and site
21 improvements, roofing, heating, ventilation and air
22 conditioning, plumbing, electrical work and facade
23 enhancements;

24 (c) accessibility improvements,
25 including upgrades to comply with the federal Americans with

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1 Disabilities Act of 1990;

2 (d) energy efficiency enhancements, such
3 as installation of solar panels or high-efficiency heating,
4 ventilation and air conditioning systems; and

5 (e) construction-related equipment,
6 whether purchased or rented."

7 SECTION 2. A new section of the Corporate Income and
8 Franchise Tax Act is enacted to read:

9 "[NEW MATERIAL] RETAIL CENTER RENOVATION CORPORATE INCOME
10 TAX CREDIT.--

11 A. A taxpayer that, beginning on the effective date
12 of this section and prior to January 1, 2035, incurs qualifying
13 renovation costs for a retail center renovation project may
14 claim a credit against the taxpayer's tax liability imposed
15 pursuant to the Corporate Income and Franchise Tax Act. The
16 tax credit provided by this section may be referred to as the
17 "retail center renovation corporate income tax credit".

18 B. The credit provided by this section shall be in
19 an amount equal to ten percent of the qualifying renovation
20 costs, not to exceed one million five hundred thousand dollars
21 (\$1,500,000) per retail center renovation project.

22 C. A taxpayer that seeks to claim a tax credit
23 provided by this section shall, within one calendar year of the
24 date the retail center renovation project is completed, apply
25 for certification of eligibility from the economic development

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1 department on forms and in the manner prescribed by that
2 department. In addition to any other proof required by that
3 department, the application shall include a compliance
4 certificate issued by the local jurisdiction verifying that the
5 retail center renovation project was completed in compliance
6 with applicable building codes and permitting requirements; and
7 a notarized declaration from the property owner or project
8 manager affirming that at least fifty percent of the total
9 leaseable square footage of the retail center was renovated
10 with qualifying renovation costs incurred by the taxpayer. The
11 aggregate amount of credits pursuant to this section and
12 Section 1 of this 2025 act that may be certified as eligible in
13 a calendar year is fifteen million dollars (\$15,000,000).
14 Completed applications shall be considered in the order
15 received. If a taxpayer is eligible for the credit, a dated
16 certificate of eligibility shall be issued to the taxpayer
17 providing the amount of credit for which the taxpayer is
18 eligible; provided that applications for certification received
19 after the limitation on the aggregate amount of credits has
20 been met in a calendar year shall not be approved.

21 D. That portion of approved credit claimed by a
22 taxpayer that exceeds the taxpayer's income tax liability in
23 the taxable year in which the credit is claimed may be carried
24 forward for five consecutive taxable years.

25 E. To receive a tax credit provided by this

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1 section, a taxpayer shall claim the credit on forms and in the
2 manner prescribed by the department within twelve months
3 following the calendar year in which the certificate of
4 eligibility was issued.

5 F. A taxpayer that claims a retail center
6 renovation corporate income tax credit shall not be eligible to
7 claim another tax credit for the same qualifying renovation
8 costs or renovation project, including the retail center
9 renovation income tax credit pursuant to Section 1 of this 2025
10 act or the federal new markets tax credit under Section 45D of
11 the Internal Revenue Code.

12 G. A taxpayer whose application pursuant to this
13 section for certification of eligibility is denied may appeal
14 to the administrative hearings office for a hearing.

15 H. The credit provided by this section shall be
16 included in the tax expenditure budget pursuant to Section
17 7-1-84 NMSA 1978, including the annual aggregate cost of the
18 credit, number of taxpayers claiming the credit and economic
19 impact of the credit, including job creation and change in
20 property values.

21 I. As used in this section:

22 (1) "retail center" means a commercial real
23 estate property that:

24 (a) is located in New Mexico;

25 (b) contains at least three separate

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1 businesses engaged in retail, food or beverage sales;

2 (c) is leased or licensed by an owner to
3 retail or food and beverage businesses; and

4 (d) is primarily zoned for commercial
5 use or mixed-used development;

6 (2) "retail center renovation project" means
7 the restoration, renovation, rehabilitation or adaptive reuse
8 of at least fifty percent of the overall square footage of a
9 retail center, including both indoor and outdoor property
10 within the exterior boundaries of the retail center; and
11 includes:

12 (a) conversion of a retail center into a
13 mixed-use development with a combination of commercial, office
14 or residential spaces; or

15 (b) adaptive reuse of a retail center
16 into multifamily residential housing; and

17 (3) "qualifying renovation costs" means
18 expenditures, with regard to a retail center renovation
19 project, for:

20 (a) planning, designing or engineering
21 of the retail center renovation project;

22 (b) construction, structural and site
23 improvements, roofing, heating, ventilation and air
24 conditioning, plumbing, electrical work and facade
25 enhancements;

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(c) accessibility improvements,
including upgrades to comply with the federal Americans with
Disabilities Act of 1990;

(d) energy efficiency enhancements, such
as installation of solar panels or high-efficiency heating,
ventilation and air conditioning systems; and

(e) construction-related equipment,
whether purchased or rented."

SECTION 3. DELAYED REPEAL.--Sections 1 and 2 of this act
are repealed effective January 1, 2036.

SECTION 4. APPLICABILITY.--The provisions of this act
apply to taxable years beginning on or after January 1, 2025.