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HOUSE BILL 568

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

INTRODUCED BY

Cynthia Borrego and Joseph L. Sanchez

AN ACT

RELATING TO TAXATION; CREATING THE HOME FIRE RECOVERY 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] HOME FIRE RECOVERY INCOME TAX CREDIT.--

A. A taxpayer who is not a dependent of another individual and who, beginning on the effective date of this section and prior to January 1, 2031, incurs qualified site-built home expenditures for a home in New Mexico to replace a prior home of the taxpayer that was destroyed by a wildfire in calendar years 2021 through 2023 may claim a tax credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act in an amount equal to the qualified site-built home

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1 expenditures incurred by the taxpayer. The tax credit provided
2 by this section may be referred to as the "home fire recovery
3 income tax credit".

4 B. A taxpayer who seeks to claim a tax credit
5 pursuant to this section shall apply for certification of
6 eligibility for the tax credit from the construction industries
7 division of the regulation and licensing department on forms
8 and in a manner prescribed by that division. An application
9 for certification of the tax credit shall be made no later than
10 twelve months after the calendar year in which construction of
11 the site-built home is completed. Except as otherwise provided
12 in Subsections F and G of this section, only one tax credit
13 shall be certified per taxpayer. The construction industries
14 division may promulgate rules governing the procedure for
15 administering the provisions of this subsection. Completed
16 applications shall be considered in the order received.

17 C. An application for certification of eligibility
18 shall include:

19 (1) proof that the taxpayer's prior home was
20 destroyed by wildfire in calendar years 2021 through 2023,
21 including a sworn statement by the taxpayer;

22 (2) proof that the taxpayer incurred
23 expenditures for the construction of a site-built home on the
24 same property of the taxpayer's prior, wildfire-destroyed home,
25 including a contract with a builder;

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1 (3) a sworn statement by the taxpayer and the
2 builder of the site-built home that the construction of a new
3 site-built home has been completed and stating the date of its
4 completion; and

5 (4) any additional information the
6 construction industries division of the regulation and
7 licensing department may require to determine eligibility for
8 the credit.

9 D. If the construction industries division of the
10 regulation and licensing department determines that the
11 taxpayer meets the requirements of this section, the division
12 shall issue a dated certificate of eligibility to the taxpayer
13 providing the amount of home fire recovery income tax credit
14 for which the taxpayer is eligible and the taxable year in
15 which the credit may be claimed. The construction industries
16 division shall provide the department with the certificates of
17 eligibility issued pursuant to this subsection in an electronic
18 format at regularly agreed-upon intervals.

19 E. A taxpayer issued a certificate of eligibility
20 shall claim the tax credit in a manner required by the
21 department within twelve months of being issued the certificate
22 of eligibility.

23 F. That portion of the tax credit that exceeds a
24 taxpayer's tax liability in the taxable year in which the tax
25 credit is claimed shall not be refunded but may be carried

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1 forward for a maximum of three consecutive taxable years.

2 G. Married individuals filing separate returns for
3 a taxable year for which they could have filed a joint return
4 may each claim only one-half of the tax credit that would have
5 been claimed on a joint return.

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

15 I. The department shall compile an annual report on
16 the tax credit provided by this section that shall include the
17 number of taxpayers approved by the department to receive the
18 credit, the aggregate amount of credits approved and any other
19 information necessary to evaluate the credit. The department
20 shall present the report to the revenue stabilization and tax
21 policy committee and the legislative finance committee with an
22 analysis of the cost of the tax credit.

23 J. As used in this section:

24 (1) "home" means a dwelling designed for long-
25 term habitation in which the taxpayer resides for a majority of

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1 the year;

2 (2) "qualified site-built home expenditures"
3 means gross expenditures for the construction of a site-built
4 home on the same property in New Mexico that a taxpayer's prior
5 home was destroyed by a wildfire in calendar years 2021 through
6 2023, less any compensation related to home construction or
7 repair costs received pursuant to the federal Hermit's
8 Peak/Calf Canyon Fire Assistance Act; and

9 (3) "site-built home" means a home that is
10 constructed permanently on a taxpayer's property with a
11 foundation and that cannot be moved, and excludes a
12 manufactured or mobile home."

13 SECTION 2. DELAYED REPEAL.--Section 1 of this act is
14 repealed effective January 1, 2032.

15 SECTION 3. APPLICABILITY.--The provisions of this act
16 apply to taxable years beginning on or after January 1, 2025.