



LFC Requester: Faubion

**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2025 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 01/29 /25
Bill No: [HB177](#)

Agency Name and Code: PED - 924

Sponsor: Vincent/Dow/Terrazas

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Short Title: HOME SCHOOL CURRICULUM
MATERIAL TAX CREDIT

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SECTION II: FISCAL IMPACT

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None	N/A	NFA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
(\$29,200.0)	(\$29,200.0)	(\$29,200.0)	Recurring	GF

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$110.0	\$110.0	\$110.0	\$330.0	Recurring	GF

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 177 (HB177) would create a home school curriculum materials income tax credit of up to \$2,500 per school-age person in home school. The bill defines “school-age person” as a person who:

- is at least five years of age prior to 12:01 a.m. on September 1 of the school year;
- has not received a high school diploma or its equivalent;
- has not reached the person's 22nd birthday on the first day of the school year; and
- meets other criteria provided in the Public School Finance Act.

The bill would retroactively apply to taxable years beginning on or after January 1, 2025, to make the tax credit available to taxpayers for 2026 filings.

FISCAL IMPLICATIONS

HB177 does not contain an appropriation, but would reduce the state’s tax revenue and thereby potentially reduce appropriations to public schools.

In the 2023-2024 school year, 6,388 households [homeschooled](#) 11,677 New Mexico students. If the families of those students were to claim the full tax credit of \$2,500, HB177 would have a fiscal impact of approximately \$29.2 million.

At least one FTE would be necessary in the Administrative Services Division of the Public Education Department (PED) at a cost of \$110 thousand annually. This is not reflected in the executive budget request, nor the Legislative Finance Committee or Legislative Education Study Committee budget requests.

SIGNIFICANT ISSUES

K-12 public school enrollment in New Mexico is declining in alignment with declining birthrates in the state. HB177 would encourage additional families to homeschool their children and further reduce public school enrollment. The legislature reduces the state equalization guarantee, operational funding for public schools, as enrollment drops. The provisions of HB177 would lead to further reductions in public school funding. Gradual drops in enrollment, do not lead to significant savings for a school as a class of 27 students or 25 students would still require a teacher, making enrollment declines a significant issue for many school districts and charter schools in the state.

Curriculum materials are defined in the bill as “resources used to guide instruction to a school-age person in a home school classroom, including textbooks, workbooks, manipulatives and other necessary course materials.”

Homeschool students who participate in public school activities or enroll in public school classes currently generate operational funding for the host school through the statewide equalization guarantee (SEG). At the conclusion of FY25, the PED will have distributed \$400 thousand through the SEG to public schools based on prior year counts of 264 students participating in various activities and 78 students enrolled in a total of 142 classes.

Home school registration records suggest there may be more students homeschooled in the state than are registered with the department. The tax credit may incentivize compliance with the provisions of [Section 22-1-2.1 NMSA 1978](#), which requires any person operating or intending to operate a home school to submit to the PED a home school registration form.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

PED would be required to administer the certification process for as many as 7,000 taxpayers, based on the current number of homeschooling households, who would be applying annually for the tax credit. Currently, no other similar tax credit application process exist. At least one FTE would be necessary in the Administrative Services Division at a cost of \$110 thousand annually.

The PED would determine requirements and procedures for applications for the proposed tax credit, process the applications, and certify taxpayers as eligible for the refundable tax credit based on criteria that include being a resident and parenting a home school student, as defined in Public School Code.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to [House Bill 324, Educational Scholarship and Tax Credit](#), which proposes to permit tuition scholarship organizations to accept donations from taxpayers, who may then apply for the amount of donation as an income tax credit. The donations would then be used to fund student attendance at private schools, essentially a voucher scheme for private school attendance that removes public funds from the revenue stream before they can enter the public fisc.

Relates to [House Joint Resolution 16, Funding for Home or Private School, CA](#), which proposes to amend Article 4, Section 31 and Article 9, Section 14 – the so-called “total control” and anti-donation clauses of the New Mexico Constitution – to permit funding student attendance at private, nonsectarian schools and homeschools.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.