

# ***Tax Matters***

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## **IN THIS “SESSION ENDS” ISSUE OF *TAX MATTERS*:**



- **The Last Gasp...What Just Happened?**
- **Don't Forget the Principles**
- **Table of Tax Bills on Governor's Desk and Full Table**
- **Knick Knacks**
- **Tax Quotables**

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## THE 2026 SESSION THAT WAS

The 2026 30-day regular session of the New Mexico Legislature convened at noon on Tuesday, January 20, and ended at noon (or thereabouts) on February 19. Legislation not acted on by the governor is pocket vetoed on March 11. The effective date of legislation, other than a general appropriation bill, or a bill carrying an emergency clause or other specified effective date, is May 20.



Being a 30-day session, all non-budgetary legislation or items not related to the budget weren't fair game without a message from the Governor, but that didn't stop an expanding array of topics from being considered. And it was an interesting time, given that we went into the session with declining revenues, thanks mostly to weaker oil prices despite strong production in the Permian. The talk this year seemed to surround healthcare and concerns over costs/access/professional recruitment and retention.

The Legislative Council Service maintains copies of bills, compiles locators, and publishes lists of bill conflicts during the course of the session—including final bills passed. Click [here](#) to see the daily bill locator on the legislative website.

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## The Last Gasp . . . What Just Happened?



While it didn't exactly come in like a lion, the 2026 legislative session in New Mexico pretty much went out like a worn-out lamb. The pace was never very fast, but it didn't seem to be dragging either. Once a record state budget was agreed to, taxes became the theme.

But that didn't happen until the last couple of weeks of the session when the respective House and Senate tax committees released their favored tax proposals vis a vis a "tax package" in the form of [SB 151](#) and subsequent amendments. As we'd previously mentioned, both the House Taxation and Revenue Committee (HTRC) and the Senate Business, Tax, and Transportation Committee (STBTC) adhered fairly strictly to their policies of temporarily tabling tax measures until budget and tax deals could be cut. In the end, it could've been worse, but beauty is in the eyes of the beholder and it definitely depends on perspective.

From a numerical perspective, as expected, not a lot happened. We only counted five tax related bills that made it to the Governor's desk, including the tax package. However, the tax package itself contained numerous provisions. From a fiscal perspective, however, they managed to spend almost nothing when including the \$112-122M in tax increases when fully implemented.

Scroll past the commentary below for the list of passed tax bills and those all the others in the hopper at session end.

*[NMTRI Note: At least in recent history, the legislature sometimes takes its time, but it does tend to get its biggest job – the budget – done. Although, like certain automatic bodily functions (pick your favorite), passing a budget pretty much has to happen on a regular basis, so it's not necessarily the accomplishment some might make it out to be. That said, this budget did continue a relatively high-water mark despite flattening revenues. Also, while we sometimes take a slightly cynical perspective of the process, it's important to remember the process itself is, by design, slow and tedious. The legislative process is less like the grease, and more like the sand, in the wheels of progress – and that's not always a bad thing. For every good idea there are lots of not-so-good ones, and political expediency can yield the worst legislation. Even good policy requires extensive vetting to be well crafted and properly implemented. So, thank your elected officials, and just as importantly, the tireless efforts of the rarely-thanked staff, for their hard work and a job well done.]*

### ***What Didn't Happen?***

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Of course, real sweeping tax reform didn't happen, at least depending on your perspective. Substantial cigarette and tobacco products tax proposals also did not make it into the package (although there was a technical clarification in the TRD bill to the tobacco products tax), nor did the perennial liquor tax increase proposals. More proposals died than survived, of course. That included proposals to create GRT credits for the purchase of gun safes and sale of gold bullion. Being the theme, there were numerous proposals for tax relief in the healthcare space, although only a couple survived. There was speculation that the Speaker's working families tax credit would get the majority of the House's share, but that didn't happen either. Also not happening were the perennial proposals to increase gasoline and special fuels taxes.

### ***So, What DID Happen?***

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*A lot of the same -*

We have repeatedly lamented the curious incongruity of tax policy conversations during the interim, including: concerns over tax and fiscal policy; the effectiveness of incentives; accelerated narrowing of the tax base through a proliferation of exemptions, deductions, and credits; raising of rates; provisions exacerbating pyramiding and regressivity; effects on competitiveness and ability to create jobs; and need for fairness and equity.

During that interim process, lawmakers and policy wonks alike often engage in self-flagellation over



changes that have blown holes in our tax base while doing little to actually make the structure more reliable, predictable, or less distortive or anti-competitive. But these same folks will, at other times, set off to dismantle the tax base in strange and inconsistent ways, or create additional, burdensome requirements for taxpayers and tax collectors without the necessary mechanisms to make them useful.

The narrowing of the gross receipts tax base is not only especially easy, it often makes “pyramiding” worse, since simply carving out consumption from the base puts upward pressure on tax rates without significantly addressing the high tax NM places on business inputs. Higher rates not only impact pyramiding, but increase the regressive load of the GRT on vulnerable households... not necessarily a win-win.

Unfortunately, this year wasn’t that different, just less noticeable. What was different was the amount of money available for such things. Available money to spend doesn’t improve discipline, but the lack thereof does. It also provides excuses for tax increases, which is what happened here as there was otherwise no money allocated in the budget for tax expenditures.

### **SB 151 – the Tax Package**

The tax package, finally consolidated into [SB 151](#), was an interesting Frankenstein’s beast of mostly unrelated credits, deductions, and corporate income tax increases. Its journey began as Majority Leader Wirth’s corporate income tax bill. On “good bill day” the bill was brought off the table and the contents of the tax package were inserted as a committee substitute. It moved out of STBTC on a 6-4 vote and went to the Senate floor where it was slightly amended once before being passed to the Senate floor.



In the Senate it was given one committee assignment to HTRC, where it was again amended with the House proposals (HWJTC and appropriation for state salaries, sent to the House floor and passed. The Senate concurred with the House changes and that was that. They avoided the conference committee process from prior years again, and the process appeared to be fairly well organized.

The addition of an appropriation hasn’t been seen in a tax package in recent memory. Including an appropriation does make the bill subject to line item veto by the governor (not that we expect that). Also, it has been pointed out that the bill may have a title problem as it states “relating to taxation” but was not amended to also say “making an appropriation.”

### **Tax Credit Provisions:**

The tax package began with the centerpiece legislation found in Senator Wirth’s [SB 151](#). Its objective was to raise corporate income taxes to serve as the funding mechanism for the other proposals. It was repeatedly and only referred to as the “capacity bill” by STBTC Chair Hamblen.

*Then there were the tax credits...*

- Local Journalist Tax Credit
  - Creates personal and corporate income tax refundable credits for local news organizations in an amount equal to 30% of annual wages, until 1/1/32
- Local News Printer Tax Credit
  - Until 1/1/32, creates personal and corporate income tax refundable credits for local news printers who employ at least 5 qualified employees. The credit cannot exceed \$10K/employee (\$5K/employees working less than 20hrs/week).
- Physicians Tax Credit
  - Creates a personal income tax credit for qualified physicians in the amount of \$10K/yr (non-refundable/3 yr carryforward).
- High Wage Jobs Tax Credit
  - Extends the present law credit until 1/1/36

#### Corporate Income Tax Provisions:

The origin vehicle/capacity bill was SB151. It was specific to corporate income tax and presented elements of de-coupling from recently changed federal tax treatment followed by New Mexico in present law, and coupling by eliminating an exclusion for attributed income from foreign income of controlled foreign corporations found in federal tax law. The decoupling provisions were a response to the favorable provisions passed at the federal level It essentially does four things:

- Decouples from first year bonus depreciation
- Decouple from first year expensing for manufacturing facilities found in
- Decouples from business interest expensing found in IRC 163(j)(8)
- Eliminates the exclusion for attributed income of controlled foreign corporations found in IRC 951A.

#### Gross Receipts Tax Provision:

This year, only one new GRT deduction was passed. A deduction for the sale of construction materials and services used in the development of affordable multifamily residential housing projects until 7/1/30. It applies to sales to a grantee for a project under the affordable housing act for use in multifamily housing projects.

#### Appropriation:

When the House had its chance to spend half of its share of the loot, so to speak, on restoring funding for a general 1% salary increase for state workers. The increase had been previously stripped from the general state budget in HB 2. That provision is estimated to cost \$62M/year in general fund recurring expenditure.

### Reviewing the Proposals:

The bills that are referenced above were rolled into the tax package and are described further in the bill table below. Caution: the descriptions are original, but a few proposals changed a bit. We maintained these descriptions to provide one easy access to the proposal of interest. The alternative to that description is to look at the committee substitute for SB 151 and interpolate that with the HTRC amendment. That can prove more challenging, as can the review of the enrolled and engrossed version that will become available, since it will not contain strikeouts and underlines, making all but “new material” somewhat difficult to parse. An easier approach is to look at the LFC Fiscal Impact Report (FIR), which does a very good job of stepping through the proposal. It can be found on their website [here](#).

*[NMTRI Note: There’s something for everyone to love or hate in the bill. It either went too far, or not far enough. That said, other than the tax increases, proposals were targeted and won’t be noticed by the most in the general public unless they’re involved in a favored category. That said, the much broader corporate increases probably didn’t get the scrutiny and conversation they deserved... being a “capacity bill” and all. It was clearly not a “policy” proposal or we’d have been also talking about the personal/partnership tax regime’, which was never mentioned. Doing one without the other makes the added complication much worse.*

*The conversation around decoupling isn’t new, and there are advantages and disadvantages. Conforming to the federal tax code is easier from a taxpayer perspective and from an administrative/audit perspective. Decoupling provides flexibility to the state at the cost of administration and taxpayer expense (not taxes – we’re talking about undoing accelerated depreciation intended to encourage short term investment – that represents a timing difference to the state and taxpayers as it’s just the timing of the deductions in question). This of course isn’t the case with the removal of the exclusion for controlled foreign corporations, which is a different conversation (more later). The frustrating part is NM could choose to raise money from corporations that don’t invest in the state and merely use it as a market for its goods or services, but adamantly refuses to, and instead insists on pursuing those that do have significant investments (property/payroll) in the state. Maybe we’ll talk policy for real someday?*

*The good news for those that really don’t like the decoupling provisions is that, because of the aforementioned disparity between personal/partnership and corporate regime’s, all one merely needs to do is drop their assets into a partnership and voila! No more decoupling. It’s also unlikely to ever get audited given the added complication on top of the TRD’s already limited capacity in this regard.*

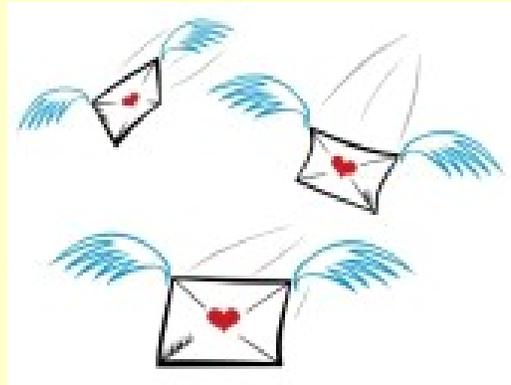
*One good thing the proposal may do is improve the revenue stability of the corporate tax through economic cycles, however it will remain the most volatile significant revenue source in the general fund portfolio.]*

## ***Other Tax Related Bills***

Aside from the tax package, only one Senate and four House bills related to tax passed the legislature.

### **Oil & Gas Conservation Tax Act Changes: [HB 80](#)**

A long talked about proposal regarding the oil and gas reclamation fund managed to pass this year. It increases the amount of money that flows from the conservation tax to the reclamation fund in steps (50% 1/1/27; 75% 1/1/28; 100% 1/1/29; and 50% 1/1/37).



### **Advanced Energy Product Definition: [HB 150](#)**

Amends definitions for eligible equipment by replacing the current list with a new state specific list and makes other definitional changes while leaving the benefit structure of the credit the same.

### **Disabled Veteran Property Tax Changes: [HB 285](#)**

Ensures the disabled veteran property tax exemption must continuously occupy the property as a primary place of residence for exemption. Clarifies treatment in the case of multiple ownership interests, changes and clarifies administrative and protest procedures.

### **Tax Changes: [HB 291](#)**

Makes a series of mostly technical changes including authority to offset attorneys fees and costs with collections; interest waiver upon good cause extensions; rounding rules; provides for the intercept of delinquent property proceeds to offset other taxpayer liabilities; for purposes of the tobacco products tax, clarifies tax treatment of closed loop system cartridges; eliminates the \$5 min late filing penalty for certain tax programs; alters tribal revenue sharing agreements to require rate changes at the same time as local governments and provides authority for the Navajo Nation to enter into such an agreement.

### **Extend Property Tax Exemption Period: [SB 58](#)**

Extends the period for which properties exempt under the metropolitan redevelopment code are exempt from property tax.

*The Governor has until March 11<sup>th</sup> to act on these bills, or they are pocket vetoed.*

*[NMTRI Note: It really is a bit shocking that only six tax related bills passed, including the tax package, notwithstanding that the tax package combines numerous separate proposals. Maybe it speaks to lawmakers recognizing the need for some restraint. Note that proposals outside the tax package don't present significant general fund implications except for the conservation tax distributions, which has been discussed for years and was separately negotiated.]*

## DON'T FORGET THE PRINCIPLES



It's important, particularly when dealing with tough economies, tough decisions, and the emotionally charged subject of taxes, to view the world in the context of principles. Taxes are good in that they raise the money we need to pay for the services we need. They can also be bad if they create inefficiencies, distortions, or inequities. It's a more rational approach to look at our entire tax system rather than getting lost in the weeds focusing only on a particular rate or some item we choose to tax or not tax. We must raise the revenue we need for government (putting aside the debate over how much) while doing the least harm to the economy and to those things we need most (e.g. job creation) while being fair and protecting the most vulnerable in our communities. Accordingly, we've taken the opportunity to reprint our principles of good tax policy here:

State and local taxes should be adequate to provide an appropriate level of those goods and services best provided by the public sector, such as education, public safety, law enforcement, streets and highways, and the courts.

- State and local tax policy should do the least harm to the private economy. Therefore, tax bases should be as broad as possible so that tax rates can be as low as possible in order to raise the necessary revenues.
- State and local tax policy should be fair and equitable towards individuals and businesses similarly situated. Individuals with the same income level should be taxed the same. Businesses engaged in similar commercial activities should be subject to the same level of taxation.
- State and local tax policy should not be costly to administer and should be easily understood by taxpayers so as to minimize taxpayer compliance costs.
- The state and local tax burden should be evaluated on the basis of the impact of all taxes levied on a given taxpayer, not just a single tax or tax rate.
- Deviations from established tax policy in pursuit of economic development, social or other goals should be well-reasoned and pursued only when established tax policies are not significantly undermined and the results of such deviations can subsequently be measured and evaluated.

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## Thanks For Reading

Join us weekly through the session as we try to provide balanced policy analysis, commentary and discussions of the tax and budget proposals that implicate tax policy in New Mexico. Of course, tax proposals – particularly bad ones – tend to be regurgitated (so to speak) from year to year. So, merely recalling what’s been introduced (but failed to pass) in recent years will give you some idea of what will be introduced again. For confirmation of that, all you need do is scroll down to the table of bills already introduced below.

Join us weekly through the session as we try to provide balance policy analysis, commentary and discussions of the tax and budget proposals that implicate tax policy in New Mexico.

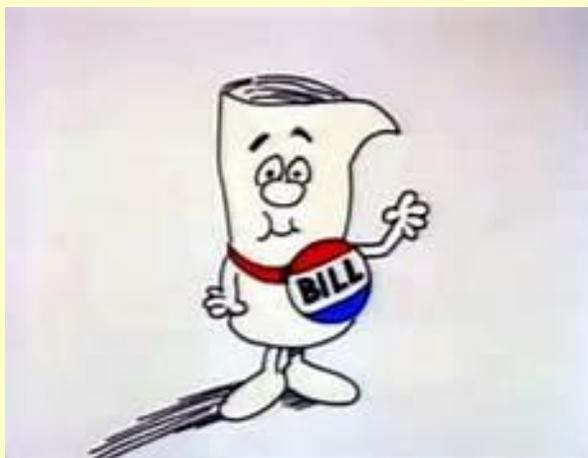
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### ***LISTING of PASSED TAX LEGISLATION in the 2026 LEGISLATIVE SESSION (including bills rolled into the Tax Package)***

<b>Number/ Sponsor:</b>	<b>Title: Link to bill language: Description</b>	<b>Assign- ments- Location:</b>
HB 80 Murphy/ Sarinana/Co rtez/Dixon/ Henry	<b>Oil &amp; Gas Conservation Tax Act Changes: <a href="#">HB 80</a></b> Increases the distribution to the oil and gas reclamation fund in steps (50% 1/1/27; 75% 1/1/28; 100%1/1/29; and 50% 1/1/37).	HENRC/ HAFC- HENRC- DNP-CS/DP- HAFC-DP- Passed H- SFC-SFC- DP-Passed/S
HB 145 Hernan- dez/Dixon	<b>High-Wage Job Tax Credit Dates: <a href="#">HB 145</a></b> Changes the credit’s sunset from 7/1/2026 to 7/1/2036.	HCEDC/ HTRC- HCEDC-DP- HTRC-DP
HB 154 Dixon/Ser- rrato/Hernan dez/Tobias- sen	<b>Advanced Energy Product Definition: <a href="#">HB 150</a></b> Amends definitions for eligible equipment by replacing the current list with a new state specific list and makes other definitional changes while leaving the benefit structures of the credits the same.	HENRC/ HTRC- HENRC-DP- HTRC-DP- Passed H- STBTC-DP- Passed/S

<p>HB 285 De La Cruz/Hochman-Vigil/Lara/Jones</p>	<p><b>Disabled Veteran Property Tax Changes: <a href="#">HB 285</a></b> Ensures the disabled veteran property tax exemption must continuously occupy the property as a primary place of residence for exemption. Clarifies treatment in the case of multiple ownership interests, changes and clarifies administrative and protest procedures.</p>	<p>HVLMC/HTRC-DP/a- HTRC-DP- Passed/H- STBTC- STBTC-DP- Passed/S</p>
<p>HB 291 Lente/Silva</p>	<p><b>Tax Changes: <a href="#">HB 291</a></b> Makes a series of mostly technical changes including authority to offset attorneys fees and costs with collections; interest waiver upon good cause extensions; rounding rules; provides for the intercept of delinquent property proceeds to offset other taxpayer liabilities; for purposes of the tobacco products tax, clarifies tax treatment of closed loop system cartridges; eliminates the \$5 min late filing penalty for certain tax programs; alters tribal revenue sharing agreements to require rate changes at the same time as local governments and provides authority for the Navajo Nation to enter into such an agreement.</p>	<p>HTRC- HTRC-DP/a- Passed/H- STBTC- STBTC-DP- Passed/S</p>
<p>SB 12 Duhigg/Thomson/Nava/Berghmans/Hickey</p>	<p><b>Physician Tax Credit: <a href="#">SB 12</a></b> Creates a non-refundable \$4,000 personal income tax credit, effective 1/1/26, for qualified physicians who must first obtain certification from DOH that they are NM licensed physicians and performed at least 1584 hrs of healthcare services in NM.</p>	<p>STBTC/ SFC-STBTC</p>
<p>SB 58 Berghmans/Parajon</p>	<p><b>Extend Property Tax Exemption Period: <a href="#">SB 58</a></b> Extends the period for which properties exempt under the metropolitan redevelopment code are exempt from property tax.</p>	<p>STBTC/ SFC- STBTC-DP- SFC- Passed/S- HECDC/HTRC-DP- HTRC-DP- Passed/H</p>
<p>SB 60 Sharer</p>	<p><b>Tax Changes: <a href="#">SB 60</a></b> Restructures the GRT broadly, reduces the state rate to 2%, repeals numerous deductions and credits, repeals numerous tax acts and brings them into the GRT, and restructures personal and corporate income tax rates.</p>	<p>STBTC/SFC- STBTC</p>

SB 92 Pa- dilla/Nava/S- tefanics/Para- rajon	<b>Construction Materials Gross Receipts: <a href="#">SB 92</a></b> Until 6/30/2033, creates a new gross receipts tax deduction for the sale of materials or labor to a qualifying grantee under the affordable housing act.	STBTC/ SFC-STBTC
SB 120 Wirth	<b>Local Journalist Employment Tax Credit: <a href="#">SB 120</a></b> Creates personal and corporate income tax refundable credits for local news organizations in an amount equal to 30% of annual wages, until 1/1/32	STBTC/SFC- STBTC
SB 150 Wirth	<b>Local News Printer Tax Credit: <a href="#">SB 150</a></b> Creates a corporate and personal income tax credit equal to 100% of wages paid to qualified employees with a cap of \$10K/employee working an average of at least 20hrs/week and \$5K/employee working less than an average of 20 hours.	STBTC/ SFC- STBTC-DP- SFC
SB 151 Wirth/Para- rajon	<b>Corporate Income Tax Changes: <a href="#">SB 151</a></b> Attempts to decouple from OBBBA provisions for bonus depreciation and interest (corporate income tax only). Also provides for inclusion and apportionment of CFC income to the extent the income is included on the return.	STBTC/ SFC- STBTC-DP- SFC-DNP- CS/DP-fl/a- Passed/S- HTRC-DP/a- Passed/H



**Bills with significant tax implications in the 2026 Regular Legislative Session:**

Note – Income Tax bills are effective tax years beginning on or after January 1, 2027 unless otherwise noted. “TYBA” = Tax years beginning on or after. Bills with an emergency clause are effective upon signature if enough votes are obtained. Bills with no effective date Other notes: “CS” indicates committee substitute; “a” indicates amended.

<b>Bill Number/ Sponsor:</b>	<b>Title: Link to bill language: Description</b>	<b>Assignments- Location:</b>
HB 27 Dixon/Padilla	<b>Technology Jobs R&amp;D Tax Credit Expansion: <a href="#">HB 27</a></b> Expands the definition of qualified expenditure to include IRB projects previously excluded, and provide for transferability only from 2026 to 2028. Extends the credit carryforward limitation from 3 to 7 years (basic credit).	HCEDC/HT RC-DNP- CS/DP- HTRC
HB 55 Martinez/Block/Vincent	<b>1<sup>st</sup> Responder Retirement Tax Deduction: <a href="#">HB 55</a></b> Provides a personal income tax deduction of 50% of the retirement pay of a first responder or their unmarried surviving spouse.	HLVMJC/ HTRC-DP- HTRC
HB 62 Royball Caballero/Woods/Murphy/Ferrary	<b>Rename &amp; Create Geothermal Tax Credits: <a href="#">HB 62</a></b> Renames the geothermal electricity generation income tax credit to the geothermal energy production income tax credit. It also expands eligibility to non-electricity generators and increases the present law annual program cap from \$5 to \$55 million, requiring \$11M be reserved for tribes and small businesses.	HENRC/ HTRC-DP- HTRC
HB 77 Dow/Nava/Hernandez/Gonzales	<b>Affordable Housing Revitalization Tax Credit: <a href="#">HB 77</a></b> Creates a new transferable corporate income tax credit for qualified rehabilitation expense until 6/30/2037. The credit in the amount of 30% for properties vacant more than 2 but less than 5 years (capped at \$2M), or 40% for properties vacant 5 years or longer (capped at \$2M). Projects must be pre-certified by MFA.	HCEDC/HT RC-DNP/CS- DP-HTRC
HB 80 Murphy/Sarinana/Cortez/Dixon/Henry	<b>Oil &amp; Gas Conservation Tax Act Changes: <a href="#">HB 80</a></b> Increases the distribution to the oil and gas reclamation fund in steps (50% 1/1/27; 75% 1/1/28; 100%1/1/29; and 50% 1/1/37).	HENRC/ HAFC- HENRC- DNP-CS/DP- HAFC-DP- Passed H- SFC-SFC- DP-Passed/S
HB 82 Sanchez/Hernandez	<b>Extend Technology Readiness GRT Credit: <a href="#">HB 82</a></b> Extends the present law credit sunset of 2028 to 2036 and increases the cap from \$1M to \$5M/yr over four years.	HCEDC/HT RC-HDED- DP-HTRC
HB 90	<b>Health Care Preceptor Income Tax Credit: <a href="#">HB 90</a></b> Creates a \$1000 personal income tax credit for those compensated and uncompensated preceptors in certain defined health care professions.	HHHC/ HTRC- HHHC-DNP-

Gonzales/Anaya/Jaramillo	They must perform the preceptorships for at least four weeks for an eligible graduate student. The credit can be carried forward indefinitely.	CS/DP-HTRC
HB 92 Cortez/Brown/Chavez	<b>Senior Income Tax Deduction: <a href="#">HB 92</a></b> Eliminates the current AGI cap for the present law deduction by phasing in exemption amounts from 20% in 2026 to 100% in 2034 for those above the current caps. In 2036, the cap returns to present law.	HCEDC/HTRC-HCEDC
HB 93 Cortez/Dow	<b>Standard Income Tax Deduction Increase: <a href="#">HB 93</a></b> Increases the present law standard deduction (which is the federal: \$16,100 single/\$32,200 married) by 205% (\$33,005S/\$66,010M).	HCEDC/HTRC-HCEDC-DP-HTRC
HB 103 Parajon/Berghmans	<b>Cap Residential Property Tax Rates: <a href="#">HB 105</a></b> Allows the 3% limitation on valuation increases for residential property tax purposes to remain in place if the property is re-zoned where the use doesn't change.	HCEDC/HTRC-HCEDC-DP-HTRC-DP-Passed H-STBTC-DP-Failed/S
HB 106 Duncan	<b>Home-Based Child Care Income Tax Credit: <a href="#">HB 106</a></b> Creates a \$1000/month per child refundable personal income tax credit for taxpayers with dependent children not enrolled in a state-funded or private pre-kindergarten program. The taxpayer is eligible for the credit as long as the dependent child is not enrolled in public school.	HCEDC/HTRC-HCEDC
HB 113 Block	<b>Renewable Energy Production Tax Act: <a href="#">HB 113</a></b> Creates a new renewable energy production tax equal to 3.75% of the value of each megawatt or portion sold. Provides exemptions for power generated by federal, state, local and tribal governments, foreign nations by treaty, and consumers own production.	HENRC/HTRC-HENRC
HB 142 Silva/Gonzales	<b>Rural Health Care Tax Credit Changes: <a href="#">HB 142</a></b> Expands and renames the present law credit (removing the work "rural") by allowing urban underserved areas to qualify and increasing the credit amounts (which vary by practitioner category)	HHHC/HTRC-HHHC-DP-HTRC
HB 145 Hernandez/Dixon	<b>High-Wage Job Tax Credit Dates: <a href="#">HB 145</a></b> Changes the credit's sunset from 7/1/2026 to 7/1/2036.	HCEDC/HTRC-HCEDC-DP-HTRC-DP

HB 154 Dixon/Serrato/Hernandez/Tobias-sen	<b>Advanced Energy Product Definition: <a href="#">HB 150</a></b> Amends definitions for eligible equipment by replacing the current list with a new state specific list and makes other definitional changes while leaving the benefit structures of the credits the same.	HENRC/ HTRC- HENRC-DP- HTRC-DP- Passed H- STBTC-DP- Passed/S
HB 186 Herrera/Dow/Gonzales	<b>Tax Credit for Conveyance of Property: <a href="#">HB 163</a></b> Expands present law personal income tax credit from \$250K/yr per taxpayer, to \$2M and the credit refundable.	HCEDC/ HTRC- HCEDC-DP- HTRC
HB 193 Montoya	<b>Scholarships for Private ED &amp; Tax Credits: <a href="#">HB 193</a></b> Authorizes school tuition organizations to award educational scholarships and creates a new personal income tax credit for amounts contributed to a school tuition organization not to exceed \$1400 (\$700 single). The credit may be carried forward three years.	HEC/HTRC- HEC
HB 221 Block/Lord/Martinez/Henry/Mason	<b>Armed Forces Retirement Pay Tax Exemption: <a href="#">HB 221</a></b> Eliminates the \$30K limitation on how much military retirement pay may be exempted from personal income tax.	HLVMC/ HTRC- HLVMC- DP-HTRC
HB 232 Pettigrew/Mason/Block	<b>Gun Storage Tax Credit: <a href="#">HB 232</a></b> Provides a refundable personal income tax credit not to exceed \$1000, for the purchase of gun safety devices (safes, gun safes, gun case, lock box or other device that is designed to be or can be used to store a firearm and that is designed to be unlocked by means of key, combination, or other similar means). A taxpayer must apply for a certificate of eligibility from DPS. The credit program is capped at \$500K and administered on a first come basis.	HCPAC/ HTRC- HCPAC
HB 249 Jones/Hernon	<b>Electronic Medical Records Tax Credit: <a href="#">HB 249</a></b> Provides a personal income tax credit for the purchase of an electronic records system. The credit is in an amount equal to the payments made, not to exceed \$6K. The credit may not be carried forward or refunded.	HHHC/ HTRC- HHHC
HB 264 Duncan/Murphy/Henry/Dow/Hall	<b>Various Income Tax Deductions: <a href="#">HB 264</a></b> Provides new personal income tax deductions for tip income and social security income pursuant to federal law. The working families tax credit is repealed and replaced with a restructured earned income tax credit. Also created is a new foster parent and guardian income tax credit, the deduction for unreimbursed medical care is expanded to include anyone.	HHHC/ HTRC- HHHC- w/drn-HTRC

	The GRT deduction for health care practitioners is extended to 2032 and coinsurance payments are added to the deduction for copayments and deductibles.	
HB 265 Pettigrew	<b>Taxpayer Dividend Income Tax Rebate Fund: <a href="#">HB 265</a></b> Redirects excess extraction taxes and federal mineral leasing funds to a newly created extraction taxes suspense fund for the purpose of funding taxpayer rebates pro rata annually to all taxpayers filing in that year (prior to May 31) based on amounts available in the fund.	HTRC/HAF C-HTRC
HB 285 De La Cruz/Hoch- man- Vigil/Lara/J ones	<b>Disabled Veteran Property Tax Changes: <a href="#">HB 285</a></b> Ensures the disabled veteran property tax exemption must continuously occupy the property as a primary place of residence for exemption. Clarifies treatment in the case of multiple ownership interests, changes and clarifies administrative and protest procedures.	HVLMC/HT RC-DP/a- HTRC-DP- Passed/H- STBTC- STBTC-DP- Passed/S
HB 291 Lente/Silva	<b>Tax Changes: <a href="#">HB 291</a></b> Makes a series of mostly technical changes including authority to offset attorneys fees and costs with collections; interest waiver upon good cause extensions; rounding rules; provides for the intercept of delinquent property proceeds to offset other taxpayer liabilities; for purposes of the tobacco products tax, clarifies tax treatment of closed loop system cartridges; eliminates the \$5 min late filing penalty for certain tax programs; alters tribal revenue sharing agreements to require rate changes at the same time as local governments and provides authority for the Navajo Nation to enter into such an agreement.	HTRC- HTRC-DP/a- Passed/H- STBTC- STBTC-DP- Passed/S
HB 296 Lente/Para- jon	<b>Increase Working Family Tax Credit: <a href="#">HB 296</a></b> Increase the present law credit from 25% of the federal EITC to 50%.	HHHC/HTR C-DP-HTRC
HB 298 Lente/Para- jon	<b>Rail Infrastructure Tax Credit: <a href="#">HB 298</a></b> Until 2036. creates a new personal and corporate income tax “rail infrastructure tax credit” for class 2 and class 3 railroads in NM and their infrastructure support that incurs qualified expenditures (reconstruction, replacement or new construction) on railroad track infrastructure. The credit is capped at \$1M/ new project, \$5M per taxpayer and \$6M in aggregate, per year.	HHHC/HTR C-DP/a- HTRC
HB 309 Small	<b>Valuation of Energy Storage Property: <a href="#">HB 309</a></b> Expands the valuation method in present law for electric plant costs (cost) to include property used in energy storage.	HENRC/HT RC-DP- HTRC-DP- Passed/H-

		STBTC- STBTC-DP
HB 338 Gallegos/Figueroa/Silva/Terrazas	<b>Health Practitioner GRT Deduction Sunset: <a href="#">HB 338</a></b> Expands the existing GRT deduction for receipts from co-payments and deductibles to include coinsurance payments, while also extending the sunset to 6/30/31.	HHHC/HTRC- HHHC- w/o rec- HTRC
SB 12 Duhigg/Thomson/Nava/Berghmans/Hickey	<b>Physician Tax Credit: <a href="#">SB 12</a></b> Creates a non-refundable \$4,000 personal income tax credit, effective 1/1/26, for qualified physicians who must first obtain certification from DOH that they are NM licensed physicians and performed at least 1584 hrs of healthcare services in NM.	STBTC/ SFC-STBTC
SB 13 Figueroa/Steinborn/Campos/Gallegos	<b>Health Care Gross Receipts Deduction: <a href="#">SB 13</a></b> Adds coinsurance paid by patients to co-payments and deductibles in the present law GRT deduction, and extends the sunset date to 6/30/2031.	STBTC/ SFC-STBTC
SB 36 Padilla/Hernandez	<b>Quantum Facility Infrastructure Tax Credit: <a href="#">SB 36</a></b> Creates a refundable personal and corporate income tax credit for business that spend at least \$3M in land, rent, construction, infrastructure or equipment related to quantum technology research and development. The credit is 30% of expenditures and the taxpayer must first receive a certification before beginning and file a timely report on completion. The program's overall cost is capped at \$50M/yr.	STBTC/ SFC-STBTC
SB 55 Stewart/Szczepanski/O'Malley/Stefanics	<b>Solar Market Income Tax Credit: <a href="#">SB 55</a></b> Increases the credit percentage in present law from 10 to 30% of the costs of eligible purchases, while also raising the cap per taxpayer to \$15K/yr from the present &6K	STBTC/ SFC- STBTC-DP- SFC-DP- Passed/S- HENRC/HT RC-HENRC- DP-HTRC
SB 58 Berghmans/Parajon	<b>Extend Property Tax Exemption Period: <a href="#">SB 58</a></b> Extends the period for which properties exempt under the metropolitan redevelopment code are exempt from property tax.	STBTC/ SFC- STBTC-DP- SFC-

		Passed/S- HECDC/HT RC-DP- HTRC-DP- Passed/H
SB 60 Sharer	<b>Tax Changes: <a href="#">SB 60</a></b> Restructures the GRT broadly, reduces the state rate to 2%, repeals numerous deductions and credits, repeals numerous tax acts and brings them into the GRT, and restructures personal and corporate income tax rates.	STBTC/SFC- STBTC
SB 76 Gonzales/Garratt/Jaramillo/Berghmans/Maestas	<b>Expand Gas &amp; Special Fuels Taxes: <a href="#">SB 76</a></b> Increases the gasoline tax from 17 to 23 cents/gallon, and the special fuels tax (diesel) from 21 to 26 cents/gallon.	STBTC/SFC- STBTC-DP- SFC-DNP- CS/DP
SB 92 Paddilla/Nava/Stefanics/Parralon	<b>Construction Materials Gross Receipts: <a href="#">SB 92</a></b> Until 6/30/2033, creates a new gross receipts tax deduction for the sale of materials or labor to a qualifying grantee under the affordable housing act.	STBTC/ SFC-STBTC
SB 93 Brantley/Hamblen/Ramos	<b>Rail Infrastructure Tax Credit: <a href="#">SB 113</a></b> Until 2036. creates a new personal and corporate income tax “rail infrastructure tax credit” for class 2 and class 3 railroads in NM and their infrastructure support that incurs qualified expenditures (reconstruction, replacement or new construction) on railroad track infrastructure. The credit is capped at \$1M/ new project, \$5M per taxpayer and \$6M in aggregate, per year.	STBTC/ SFC-STBTC
SB 113 Maestas	<b>Agricultural Biomass Tax Credit Amounts: <a href="#">SB 113</a></b> Increases present law corporate and income tax credits allowed for agricultural biomass from \$5 to \$10/ wet ton – doubling the credit.	STBTC/ SFC-STBTC
SB 116 Block/Thorn ton	<b>Uniformed Svc. Retirement Pay Tax Exemption: <a href="#">SB 116</a></b> Eliminates the \$30K limit to the deductible portion of uniformed services retirees.	STBTC/ SFC-STBTC
SB 117 Block/Thorn ton	<b>Uniformed Svc. Salary Tax Exemption: <a href="#">SB 117</a></b> Expands the existing uniformed service retirees to include more categories	STBTC/ SFC-STBTC

SB 118 Pope	<b>Back-To-School Tax Holiday Price Limits: <a href="#">SB 118</a></b> Increases the present law purchase limits for clothing items, computers and other equipment by 50%.	STBTC/ SFC-STBTC
SB 120 Wirth	<b>Local Journalist Employment Tax Credit: <a href="#">SB 120</a></b> Creates personal and corporate income tax refundable credits for local news organizations in an amount equal to 30% of annual wages, until 1/1/32	STBTC/SFC- STBTC
SB 121 Hickey	<b>Increase Tobacco Products Tax: <a href="#">SB 121</a></b> Creates a fund, makes definitional changes, and increases the tobacco products tax from 25 to 40% while leaving cigars at present law tax levels.	SCC/STBTC /SFC-SCC
SB 133 Stein- born/Hickey /Wil- son/Hamble n	<b>Health Equipment GRT Deduction: <a href="#">SB 133</a></b> Creates a new GRT healthcare deduction for sales of in-office medical equipment and medication to healthcare practitioners (exhaustive list). Includes a hold-harmless provision for local governments.	STBTC/ SFC-STBTC
SB 149 Block	<b>Property Tax Code Definitions: <a href="#">SB 148</a></b> Alters the definition of residential property to specify that “dwellings” includes mfg homes and other structures when used primarily for human habitation “and that are leased or rented to lodgers for any duration”.	SJC/STBTC- SJC
SB 150 Wirth	<b>Local News Printer Tax Credit: <a href="#">SB 150</a></b> Creates a corporate and personal income tax credit equal to 100% of wages paid to qualified employees with a cap of \$10K/employee working an average of at least 20hrs/week and \$5K/employee working less than an average of 20 hours.	STBTC/ SFC- STBTC-DP- SFC
SB 151 Wirth/Para- jon	<b>Corporate Income Tax Changes: <a href="#">SB 151</a></b> Attempts to decouple from OBBBA provisions for bonus depreciation and interest (corporate income tax only). Also provides for inclusion and apportionment of CFC income to the extent the income is included on the return.	STBTC/ SFC- STBTC-DP- SFC-DNP- CS/DP-fl/a- Passed/S- HTRC-DP/a- Passed/H
SB 156 Campos	<b>Social Security Income Tax Cap: <a href="#">SB 156</a></b> Eliminates the present law AGI limits (75K/100K/150K) in the present law income tax deduction.	STBTC/ SFC-STBTC

SB 163 Thornton/Ro- ybal Cabal- lero	<b>Rename Geothermal Tax Credits: <a href="#">SB 163</a></b> Renames the geothermal electricity generation income tax credit to the geothermal energy production income tax credit. It also expands eligibility to non electricity generators and increases the present law annual program cap from \$5 to \$55 million, requiring \$11M be reserved for tribes and small businesses.	STBTC/ SFC-STBTC
SB 170 Berghmans	<b>Child Care Facility Donation Tax Credit: <a href="#">SB 170</a></b> Creates personal and corporate refundable income tax credits equal to 100% of eligible donations made to certain childcare facilities.	STBTC/ SFC-STBTC
SB 172 Gonza- les/Padilla	<b>Technology Readiness GRT Credit: <a href="#">SB 172</a></b> Until 6/30/35, extends the technology readiness gross receipts tax credit and increases by \$1M per year the credit available.	STBTC/ SFC- STBTC- DNP/CS-DP- SFC-DP- Passed/S
SB 174 Spence Ezell	<b>Gold &amp; Silver Sale GRT Deduction: <a href="#">SB 174</a></b> Until 6/30/31, creates a GRT deduction for the sale of gold and silver coins or bullion.	STBTC/ SFC-STBTC
SB 182 Sanchez/Bra- nntley/Woods	<b>Dyed Diesel GRT Deduction: <a href="#">SB 182</a></b> Creates a gross receipts tax deduction for the sale of dyed (off road) diesel and repeals a related credit.	STBTC/ SFC-STBTC
SB 185 Soules	<b>Increase Gasoline Tax: <a href="#">SB 185</a></b> Increases the gasoline tax from 17 to 20 cents per gallon.	STBTC/ SFC-STBTC
SB 212 Hamblen	<b>Ski Area Equipment Sale Gross Receipts: <a href="#">SB 212</a></b> Provides a GRT exemption for the receipts from the sale of construction project that is the improvement of a construction project that is the improvement of a building at a ski area, and qualified ski area equipment.	STBTC/SFC- STBTC
SB 213 Munoz	<b>Index Gas, Weight &amp; Special Fuels Taxes: <a href="#">SB 213</a></b> Amends present law fixed tax rates to be indexed for inflation.	STBTC/SFC- STBTC
SB 260 Munoz/Shen- do	<b>Workforce Education Tax Credit: <a href="#">SB 260</a></b> Creates a workforce education corporate income tax credit in the amount of 75% of donations up to \$1M. The credit is transferable and the program has an annual cap of \$5M	STBTC/SFC- STBTC

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## KNICK KNACKS

State legislatures are continuing to meet around the country and many are looking at the federal tax legislation passed in 2025 and whether and how to conform their state income taxes to that legislation. A number of states are still looking at the revenue impacts of these federal changes—some, like the personal income tax exemptions for tips and overtime, that will have permanent revenue impacts—and some, like the changes to expensing and depreciation that will be timing differences. The District of Columbia passed local legislation to decouple from several of the federal changes but Congress, which has authority to overrule such changes in the district, passed a resolution which would repeal that legislation.

Meanwhile, the White House Council of Economic Advisors (CEA) issued a recent report recommending that states consider repealing state income taxes and replace the lost revenue with an expanded sales tax—including consumer services. See here: <https://www.whitehouse.gov/wp-content/uploads/2026/01/The-Economic-Impact-of-State-Income-Tax-Elimination.pdf>. Several organizations have criticized the revenue estimates used by the CEA, including the Tax Foundation, finding that the estimates overstate the income that could be raised to replace the income tax (especially in states like New Mexico which already has a fairly broad sales tax base). See the Tax Foundation's analysis – here: <https://taxfoundation.org/blog/white-house-report-replace-state-income-taxes/>. That said, even if states are not going to repeal their income taxes, they are looking to broaden their sales tax base to include digital advertising or digital products.

Finally, Congress is considering legislation that would preempt state income taxes on employees working in a state for less than 30 days. See S. 1433. This kind of preemption legislation has been introduced before but has not gotten much traction in recent years.

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## TAX QUOTABLES

"We stand today at a crossroads:  
One path leads to despair and utter hopelessness.  
The other leads to total extinction.  
Let us hope we have the wisdom to make the right choice."

*~Woody Allen*

"No government can exist without taxation. This money must necessarily be levied on the people; and the grand art consists of levying so as not to oppress."

*~ Frederick the Great, 18th Century Prussian King*

“The Government that robs Peter to pay Paul can always depend upon the support of Paul.”

~George Bernard Shaw

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**COMMENTS:** Your suggestions and comments on this newsletter, the conferences (past or future), the Distinguished Lectures Series, our research or any aspect of NMTRI’s operation and programs are welcome. Please send them to [richard.anklam@nmtri.org](mailto:richard.anklam@nmtri.org), call 505-269-6791 or mail them to P.O. Box 91657, Albuquerque, New Mexico 87199-1657. We genuinely solicit your input and thank you for your support.

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