

LFC Requester:

Jennifer Faubion

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

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

Check all that apply:

Original X **Amendment** _____
Correction _____ **Substitute** _____

Date Prepared: January 18, 2024

Bill No: SB8

Sponsor: Sen. Bill Tallman

Short Title: Electric Vehicle Tax Credit

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

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	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

Senate Bill (“SB”) 8 would create a tax credit to a taxpayer who purchases or leases (for a lease term of at least three years) an electric vehicle, or who purchases and installs an electric vehicle charging unit. The tax credit would be \$3,250.00 per taxpayer, including married individuals filing separate returns (said differently, married individuals filing separate returns may claim only half, \$1,625.00, whereas married couples filing together may claim the full amount). The electric vehicle charging unit tax credit would not exceed \$300.00 or the cost to purchase and install a charging unit, whichever is less. Similarly, married individuals filing separately may only claim half of the available credit (e.g., \$150.00 per married individual filing separately on a \$300.00 allowance).

Under SB 8, application for either tax credit would be made through the energy, minerals, and natural resources department, with each application requesting specific information (e.g., the electric vehicle tax credit requires proof of purchase or lease; the electric vehicle charging unit tax credit requires receipt for purchase and technical specifications). The department would have discretion as to the form and any additional content required for an application. Upon meeting the requirements therein, the department shall issue a certificate of eligibility, subject to an annual credit limit. The electric vehicle tax credit would be subject to a \$10MM annual limit, and the charging unit tax credit aggregate limit would be \$1,000,000.00.

SB 8 would impose a registration fee of \$120.00 on electric vehicles subject to Section 66-6-2 and 66-6-4 with a gross vehicle weight of 26,000 lbs. or less, and a registration fee of \$60.00 for a plug-in hybrid vehicle subject to the same gross vehicle weight limit. The state road fund would receive 77 percent of these fees and the balance would go to the transportation project fund.

SB 8 would apply to purchases after enactment.

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

None identified.

PERFORMANCE IMPLICATIONS

None to this office.

ADMINISTRATIVE IMPLICATIONS

None to this office.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 8 shares some relationship or companionship with several other bills this session, notably HB 73 “Energy Storage System Income Tax Credit”; HB 92 “Geothermal Electricity Generation Tax Credits”; and SB 58, “Geothermal Electricity Tax Credit,” in that these bills all contemplate a grant of tax credits for electric energy efficiency purposes. SB 8 is also topically similar to HB 75 “Electric School Buses” in that it concerns promoting the acquisition and use of electric vehicles. However, no bills appear to conflict with or duplicate this bill. SB 8 is nearly identical to SB 22 from the 2023 Regular Session.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A