

**Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department**

January 29, 2026

Bill:
HB-145

Sponsor:
Representatives Joshua N. Hernandez and Meredith A. Dixon

Short Title:
High-Wage Jobs Tax Credit Dates

Description:
This bill extends the deadline by which a job must be created to be eligible for the high-wage jobs tax credit from July 1, 2026, to July 1, 2036. This effectively extends the sunset of this credit by 10 years.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026). Applicability – to taxable years beginning on or after January 1, 2026.

Taxation and Revenue Department Analyst:
Sara Grubbs

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(\$5,100)	(\$5,400)	(\$5,600)	(\$5,925)	R	General Fund
--	(\$3,200)	(\$3,400)	(\$3,600)	(\$3,700)	R	Local Governments
--	(\$1,020)	(\$1,080)	(\$1,140)	(\$1,185)	R	Small Cities Assistance Fund
--	(\$680)	(\$720)	(\$760)	(\$790)	R	Small Counties Assistance Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact:

The Taxation and Revenue Department (Tax & Rev) estimated the impact of extending the deadline for the creation of a high-wage job to 2036 using the New Mexico Tax Expenditure Report (TER)¹ summary of the high-wage jobs tax credit (Section 7-9G-1 NMSA 1978). The credit can be applied to several tax programs including withholding, gross receipts tax (GRT), and compensating tax. In addition, current law only excludes local option gross receipts taxes from the credit and not local option compensating tax, resulting in a loss of compensating tax revenue for local governments and for the distributions of compensating tax to the Small Cities and Small Counties Assistance Funds.

Tax & Rev set the base amount of the credit from the TER reported FY2025 expenditure amount of \$9.2 million. Using the high-wage jobs tax credit expenditures for FY2024 and FY2025, Tax & Rev partitioned the \$9.2 million by the three tax programs: State withholding tax, State GRT, and State and local compensating tax. Tax & Rev grew the estimate from FY2025 through FY2030 using annual wage and salary growth rates from the University of New Mexico’s Bureau of Business and Economic Research’s (BBER) January 2026 forecast. The impact to State and local compensating tax revenue was determined by

¹ See <https://www.tax.newmexico.gov/forms-publications/>
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using the GRT distribution as a proxy and so assumes a 60% distribution to the General Fund and 40% to local governments. The calculated loss to the Small Cities and Small Counties Assistance Funds is based on the statutory distribution of 15% and 10% of the net receipts from compensating tax.

There is a risk this credit may see a higher fiscal impact given the recent announcements of multiple large business projects locating in New Mexico as these companies may qualify for the high-wage jobs tax credit. For example, manufacturing jobs that qualify include production workers, electronic equipment assemblers, first line supervisors, industrial engineering technicians, research and development scientists, and engineers.

Policy Issues:

From 2023 to 2024, the Economic Development Department (EDD) reported that the U.S. Census Bureau's American Community Survey (ACS) indicated that New Mexico's median family income grew faster other states and median household income increased by 8.9%². The Department of Workforce Solutions reports that the average wage for all occupations in New Mexico in 2024 was \$60,290³. In 2017, the average wage for all occupations was \$44,840, representing a 34% increase over seven years, or a growth of approximately 5% per year. Many economic factors have contributed to New Mexico's growing median income and average occupational wage income, but one of the most beneficial contributions to New Mexico's median income is the creation of high wage jobs. These jobs represent an investment in higher education, emerging industries and results in strong economic growth for families, communities and the state.

While Tax & Rev often has concerns about the proliferation of tax credits in the Tax Code, the use of such incentives to encourage new and developing industries is one situation where the use is warranted. The success of incentives in attracting and developing emerging industries and manufacturing with high-wage jobs is evidence that tax incentives can be an important element in growing new businesses and industries in the state. The credit continues to maintain a sunset date. Tax & Rev supports sunset dates for policymakers to review the impact of tax expenditures before extending them as it done with this analysis.

For a job to be eligible, the employer must be eligible for the Job Training Incentive Program (JTIP) administered by EDD. For business eligibility, the business must be engaged in manufacturing or producing a product in New Mexico, a non-retail service company earns 50% or more of revenues from exporting services out of state, or certain green industries⁴. Thus, two employers paying identical wages, but only one employer qualifies, taxpayers in similar economic circumstances are no longer treated equally.

Technical Issues:

None.

Other Issues:

None.

Administrative & Compliance Impact:

Tax & Rev will update forms, instructions and publications and make information system changes. Staff training to administer the credit will need to take place. This implementation will be included in the annual tax year changes.

² <https://edd.newmexico.gov/pr/new-mexico-1-in-family-income-growth-top-3-nationwide-in-household-gains/>

³ <https://www.dws.state.nm.us/en-us/Researchers/Data/Occupations-Wages>

⁴ <https://edd.newmexico.gov/business-development/edd-programs-for-business/job-training-incentive-program/>