

**LFC Requester:** \_\_\_\_\_

**AGENCY BILL ANALYSIS**

**SECTION I: GENERAL INFORMATION**

*Check all that apply:*

**Original**     X  **Amendment**    \_\_\_\_\_  
**Correction**    \_\_\_\_\_ **Substitute**    \_\_\_\_\_

**Date**  1/27/26   
**Bill No:**  HB 154

**Sponsor:**     Rep. Dixon and Rep. Serrato   
**Short**         Advanced Energy Product   
                    Definition

**Agency Name and Code**         EMNRD 521   
**Number:** \_\_\_\_\_  
**Person Writing**         Ben Bajema   
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act:

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 154 changes the definition of “advanced energy product” in 7-2-18.39 NMSA 1978 and 7-2A-19.3 NMSA 1978 regarding the Advanced Energy Equipment Income Tax Credit and Advanced Energy Equipment Corporate Income Tax Credit. The existing statutes define “advanced energy product” as “a technology, product, system or component eligible for a federal tax credit under Section 45X of the Internal Revenue Code. HB 154 removes that reference to federal law and redefines advanced energy product as:

- A. a solar energy component;
- B. a wind energy component;
- C. a battery component;
- D. a nuclear fusion machine;
- E. a listed critical mineral (if converted or purified to specific purities or forms);
- F. an inverter suitable to convert direct current energy from a solar or wind energy system into alternating current electricity.

### **FISCAL IMPLICATIONS**

None for EMNRD.

### **SIGNIFICANT ISSUES**

Although EMNRD has not yet received applications for the Advanced Energy Equipment Income Tax Credits (corporate and personal), these credits support the development of new, domestic supply chains for the components New Mexico and the United States need to decarbonize the electricity sector and accommodate load growth. By providing tax relief for companies that produce advanced energy equipment, these credits support new manufacturing jobs in New Mexico while positioning the state to lead the nation in the development of cutting-edge technologies such as nuclear fusion.

HB 154 makes important revisions to the existing Advanced Energy Equipment Income Tax Credits following Congress’ passage of HR1 in 2025 which phased out or terminated eligibility for certain products in Section 45X of the Internal Revenue Code. This bill ensures that products that were eligible for the federal tax credit remain eligible for the state tax credit after eligibility is phased out or terminated at the federal level.

HB 154 also adds tax credit eligibility for nuclear fusion devices which were not eligible for the Section 45X tax credit. This addition should have the effect of growing the pool of capital available for companies manufacturing components needed for nuclear fusion research, making New Mexico a more attractive destination for this type of advanced research and production.

### **PERFORMANCE IMPLICATIONS**

### **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If the legislature does not enact HB 154, products that are currently eligible for New Mexico's Advanced Energy Equipment Income tax credits may lose eligibility with phase-outs or termination in the federal tax code. Additionally, the state would not consider nuclear fusion devices to be eligible technology for the credits.

## **AMENDMENTS**