

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

February 9, 2026

Bill:
HB-309

Sponsor:
Representative Nathan P. Small

Short Title:
Valuation Of Energy Storage Property

Description:
This bill amends the special method of property valuation of property currently used for valuation of energy generation, transmission, or distribution, by including that is used for storage.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026). Applicable to property tax years beginning on or after January 1, 2027.

Taxation and Revenue Department Analyst:
Lucinda Sydow

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(Negative but minimal, See Narrative)				R	Counties, Municipalities, Property Taxing Districts
--	(Negative but minimal, See Narrative)				R	State General Obligation Bond Fund

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

Methodology for Estimated Revenue Impact:

Various projects and entities intend to expand the use of electricity storage to aid in the management and release of electricity with fluctuating demand and evolving technology, such as large solar arrays, wind farms, and geothermal electricity. Entities supporting large solar arrays, wind farms, and geothermal electricity generation include public utility companies like PNM, El Paso Electric, and the thirteen electricity coops across the state.

Some larger projects that include electricity storage may be covered under industrial revenue bonds (IRBs) and thus have property tax exempted during the life cycle of the IRBs. This proposal may incentivize smaller projects that are not covered by IRBs to further invest in electricity storage capacity. These facilities can vary by type, magnitude, and affect different areas of the State. The Taxation and Revenue Department (Tax & Rev) cannot predict where they may be developed, the magnitude of any project, whether the project is covered by an IRB, and is thus unable to determine what taxable valuation changes may occur by moving storage from traditional valuation methods to the special method of valuation. If this bill results in lower valuations for some properties, it is likely the total revenue collected by a property taxing entity will be unchanged through yield control.

Policy Issues:

The proposal would value electricity storage under the special method of property valuation currently used for properties that generate, transmit and distribute electricity. As the electricity grid is modernizing and evolving with new technology to meet the new geographical and demand changes to electricity generation,

this proposal appears to add an additional component of the evolutionary changes in the electric grid, electricity, and energy storage under this special method of valuation. Current valuation methods of cost, fair market value, or income-based may not be accurately capturing these unique investments and technologies which are so aligned with electricity generation and the challenges associated with aligning supply and demand of electricity.

Technical Issues:

None.

Other Issues:

None.

Administrative & Compliance Impact:

Tax & Rev will update relevant publications. This can be completed during the normal implementation cycle with current staff members.

The Tax & Rev's PTD values the generation, transmission and distribution of electric power or energy using the special method of valuation identified in Section 7-36-29 NMSA 1978. Adding storage of electric power or energy will not have a significant impact on the processes used by PTD to value companies reporting to the State Assessed Bureau. "Storage" will be valued in the same manner as an electric plant as currently defined under Section 7-36-29 (C) NMSA 1978.