Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department

January 23, 2026

Bill:
SB-36

Sponsor:
Senator Michael Padilla

Short Title:
Quantum Facility Infrastructure Tax Credits

Description:
This bill creates the quantum facility infrastructure income tax credit. The credit is available to individuals or corporations who, prior to January 1, 2029, make at least $3 million dollars in qualified expenditures for infrastructure or qualified equipment for a quantum facility located in New Mexico. A qualified expenditure is for land, including rent paid or incurred, improvements, building and infrastructure required for a quantum facility. The credit is 30% of the amount of qualified expenditures made by the taxpayer for qualified infrastructure or qualified equipment for a quantum facility and is capped at $50 million dollars for each quantum facility. The credit is refundable if the credit amount exceeds the taxpayer's personal or corporate income tax liability. Prior to incurring the expenditure, the taxpayer must apply for preliminary certification from the Economic Development Department (EDD). Within 12 months of completion of construction of a quantum facility or first use of qualified equipment, the taxpayer must seek final certification from EDD and must claim the credit within one year of receiving the final certification. Qualified equipment is required to be installed, maintained, and operated in New Mexico for at least 10 years. There are certain exceptions to the 10-year requirement for repair or replacement of the equipment. However, if the equipment is sold, relocated outside of New Mexico, or removed from service in New Mexico, the taxpayer is required to repay the portion of the credit associated with the time the equipment should have been in New Mexico to qualify. The total aggregate amount of both the PIT and CIT tax credits that may be certified per calendar year is not to exceed $50 million.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026). Applicable to tax years starting January 1, 2026. Delayed repeal of Sections 1 and 2 effective January 1, 2030.

Taxation and Revenue Department Analyst:
Lucinda Sydow

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(Up to $50,000)	(Up to $50,000)	(Up to $50,000)	(Up to $50,000)	NR	General Fund

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

Methodology for Estimated Revenue Impact:
Publicly available press releases indicate three companies may qualify for this credit in the near term. In January 2025, Quantinuum, a quantum computing company that has collaborated with national laboratories, including Sandia National Laboratory and Los Alamos National Laboratory, announced plans to build a new quantum research and development center in New Mexico. According to Quantinuum press releases,

Quantinuum was expected to open this facility by the end of 2025[1]. Mesa Quantum, a Colorado-based company, has announced expansion into New Mexico to develop chip-scale quantum sensors for use in Global Positioning System (GPS), collaborating with Sandia National Laboratory[2]. Finally, Roadrunner Venture Studios has been selected through the EDD and supported by a $25 million appropriation to operate a quantum venture studio in Albuquerque.[3]

This bill specifies that prior to incurring a qualified expenditure, a taxpayer must apply for preliminary certification of eligibility from EDD. The Taxation and Revenue Department (Tax & Rev) assumes that qualified expenditures or first use of qualified equipment will occur in tax year 2026. Tax & Rev assumes taxpayers will seek and receive final certification from EDD in calendar year 2026 to be claimed in FY2027.

Tax & Rev cannot determine how many taxpayers will claim this credit beyond those already announcing some intention to locate in the state. In addition, all construction projects have numerous inputs and complexity. Given the size of these projects, some projects can take multiple years to complete. In 2024, The U.S. National Science Foundation announced a $20 million grant to the University of Colorado for the construction of a quantum facility. It is estimated that this facility will take approximately five years to complete.[4] Given the high cost of quantum computing, the specialized expertise required for this industry, and the variability in construction timelines, Tax & Rev assumes that there will ongoing qualified equipment being utilized or at least one quantum facility constructed and completed, and therefore one or more claims during the entire revenue impact time frame of FY2027 to FY2030. Given that each quantum facility may qualify for up to $50 million and that numerous firms may be vying for the overall certification cap of $50 million, Tax & Rev assumes the cap may be reached in each tax year. While Tax & Rev has indicated the revenue impact starting in FY2027, Tax & Rev recognizes the uncertainty around the growth in quantum computing investments and these impacts could vary and shift between fiscal years. In addition, Tax & Rev cannot predict when taxpayers will file their tax returns and claim their respective credits. Therefore, while the fiscal impact is shown to be up to $50 million each fiscal year, the fiscal impact in one particular year could exceed that amount but over the four years cannot exceed $200 million.

Policy Issues:
By encouraging investment and innovation, the proposed tax credits will help catalyze New Mexico's leadership in quantum technologies. This bill builds on the July 2024 federal award of $41 million to Elevate Quantum, a consortium of New Mexico, Colorado, and Wyoming, positioning New Mexico as a national leader in quantum information technologies as part of one of 12 federally selected tech hubs. Towards this effort, New Mexico has committed $10 million.

The federal award is part of the larger Tech Hubs Program to strengthen U.S. economic and national security by investing in key technologies and industries, including quantum information technology. The Tech Hubs are regionally selected to leverage university research, national laboratories', state laboratories', and commercial enterprises' expertise to reach collaborative approaches to implement advanced technology and industry. The Tech Hubs Program was enacted as part of the CHIPS and Science Act of 2022 (as the Regional Technology and Innovation Hubs program).[5]

These tax credits are intended to reduce the cost of building a quantum facility in New Mexico. The federal grant highlights New Mexico's potential to become a global powerhouse in quantum technology leveraging

[1] https://www.quantinuum.com/press-releases/quantinuum-announces-plans-to-build-a-new-quantum-r-d-center-in-new-mexico-anchoring-the-states-quantum-technology-revolution
[2] https://livability.com/nm/education-careers-opportunity/new-mexico-stands-at-the-forefront-of-a-technological-revolution/
[3] https://edd.newmexico.gov/pr/new-mexico-launches-25m-quantum-venture-studio/
[4] https://www.colorado.edu/today/2024/06/20/cu-boulder-wins-20m-lead-national-quantum-nanofab-facility
[5] Regional Technology and Innovation Hubs (Tech Hubs) | U.S. Economic Development Administration

the state's unique combination of academic, research, and industry assets to create transformative economic growth and ensure national security. These tax benefits are designed to foster a sustainable quantum technology ecosystem in New Mexico, strengthening the state's technological leadership while supporting national security, economic development, and technological leadership.

Quantum technologies have the potential to revolutionize many sectors by offering benefits to New Mexico far beyond those possible with classical technologies. Key sectors where quantum technologies can be applied in New Mexico include Finance and Risk Analysis, Healthcare and Drug Discovery, Materials Science, Telecommunications, Energy and Environment, and Manufacturing and Industry.

With its potential in science and technology, New Mexico could benefit significantly from the development and adoption of quantum technologies. The state could leverage its position in:

1. **Economic Growth and Job Creation:**
   - Tech Industry Growth: As quantum technology develops, New Mexico could become a hub for quantum computing and related industries. By investing in quantum startups, research institutions, and collaborations with tech companies, New Mexico can create high-tech jobs, attract talent, and build a sustainable quantum ecosystem.
   - Skilled Workforce Development: By offering educational programs in quantum computing, physics, and engineering, New Mexico could foster a pipeline of skilled workers. Universities like the University of New Mexico, New Mexico Tech, and New Mexico State University could develop specialized quantum science programs, preparing students for careers in quantum-related fields.
2. **Research and Innovation:**
   - National Laboratories: New Mexico is home to Sandia National Laboratory and Los Alamos National Laboratories, which already play a key role in cutting-edge research. These labs could further contribute to advancements in quantum technologies, particularly in areas like quantum computing, cryptography, and quantum sensors.
   - Industry Collaborations: Partnering with private tech companies and research institutions, New Mexico could attract quantum startups and companies to establish facilities in the state. This could lead to breakthroughs in quantum research, and attract funding and expertise to the area.
3. **Government and Defense Applications:**
   - National Security: As the home of Los Alamos and Sandia, New Mexico is well-positioned to benefit from defense-related quantum innovations. Quantum sensors, cryptography, and communication technologies could strengthen national security and defense systems.
   - Smart Infrastructure: New Mexico could implement quantum technologies in areas like cybersecurity and smart grids, increasing the resilience of its infrastructure and data systems.
4. **Healthcare and Agriculture:**
   - Quantum Healthcare Advancements: Using quantum technology New Mexico could support research into quantum-enhanced healthcare technologies, revolutions in drug discovery and medical diagnostics. Agricultural Optimization: Quantum technologies in New Mexico could improve agricultural practices, such as optimizing water usage, enhancing crop resilience, and streamlining supply chains.
5. **Quantum Enhanced Environmental Research:**
   - Climate and Environmental Modeling: Quantum computing can aid in more accurate environmental and climate modeling, especially given New Mexico's, vulnerability to climate change impacts such as droughts. Quantum technologies could also support research into sustainable energy solutions, aiding the state's transition towards renewable energy.

- Quantum Sensors for Environmental Monitoring: Quantum sensors could more precisely monitor natural resources like water and air quality which will aid conservation efforts and environmental protection in the state.

6. **Energy Sector Transformation:**
   - Renewable Energy: New Mexico already invests heavily in renewable energy, particularly solar power. Quantum technologies will further advance the efficiency of energy storage systems, energy grids, and enhance the development of advanced materials for solar cells and batteries.
   - Energy Efficiency in Industry: Quantum computing could help industries in New Mexico optimize their energy consumption, reducing costs and improving sustainability in manufacturing, mining, and other resource-intensive sectors.
7. **Tourism and Public Engagement:**
   - Science Tourism: New Mexico's strong ties to science such as the Very Large Array and the National Radio Astronomy Observatory, quantum research could attract to New Mexico science-minded tourists and students. Events, conferences, and collaborations could enhance the state's reputation as a leader in scientific advancement.
8. **Attracting Investment:**
   - Public-Private Partnerships: By positioning itself as a state that strongly embraces the potential of quantum technology, New Mexico can attract investments from tech companies, venture capitalists, and government agencies creating collaboration, funding, and business development opportunities in quantum-related industries.
   - Building a Quantum Ecosystem: By building partnerships between local universities, national labs, and the private sector, New Mexico could foster a thriving quantum ecosystem that supports research and commercialization of quantum technologies.
9. **Public Policy and Advocacy:**
   - State-Level Support: New Mexico's building of an economic foundation and its proactive role in bringing new technologies to New Mexico, encouraging quantum research and development, offering incentives for businesses to invest in quantum-related projects, and establishing quantum innovation centers.

With its strong scientific institutions, expanding tech sector, and energy-driven economic policies, the state is well-positioned to fully harness the potential of quantum technologies. By focusing on education, research, and strategic partnerships, New Mexico can drive innovation, create high-quality jobs, and position itself as a leader in this emerging field.

Personal income tax (PIT) represents a consistent source of revenue for many states. For New Mexico, PIT is approximately 16% of the state's recurring General Fund revenue. While this revenue source is susceptible to economic downturns, it is also positively responsive to economic expansions. New Mexico is one of 41 states, along with the District of Columbia, that impose a broad-based PIT (New Hampshire and Washington do not tax wage and salary income). Like several states, New Mexico computes its income tax based on the federal definition of adjusted gross income and ties to other statues in the federal tax code. This is referred to as "conformity" to the federal tax code. The PIT is an important tax policy tool that has the potential to further both horizontal equity 'by ensuring the same statutes apply to all taxpayers, and vertical equity, by ensuring the tax burden is based on taxpayers' ability to pay. By basing the credit on an industry, taxpayers in similar economic circumstances are no longer treated equally.

Corporate income tax (CIT) is a volatile source of revenue for many states. Providing additional corporate tax incentives increases volatility. Similar to PIT, for corporate tax filers, a tax credit can erode horizontal equity by basing this credit on an industry, thus corporate taxpayers in similar economic standing are no longer treated equally.

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 their use is warranted. The success of incentives in attracting and developing emerging industries and manufacturing, such as alternative and renewable energy manufacturing and production, is evidence that tax incentives can be an important element in growing new businesses and industries in the state. Furthermore, the credits contained in the bill are of limited duration and so are designed to support the growth of the industry in New Mexico.

Technical Issues:
None.

Other Issues:
None.

Administrative & Compliance Impact:
Tax and Rev will update forms, instructions and publications and make information system changes. Staff training to administer the credit will occur. This implementation will be included in the annual tax year changes.

Tax & Rev's Administrative Services Division (ASD) will test credit sourcing and perform other systems testing. It is anticipated this work will take approximately 80 hours split between two existing FTE of a pay band eight and a pay band 10 at a cost of approximately $5,100. Pay band eight hours are estimated at time and ½ due to extra hours worked required for implementation.

Implementing this bill will have a moderate impact on Tax & Rev's Information Technology Division (ITD), requiring approximately 680 hours of work or about 4 months and $47,063 of existing staff workload costs. The estimate assumes an electronic data exchange between Tax & Rev and EDD.

If several bills with similar effective dates become law, there will be a greater impact on ITD, and additional staff workload costs or contract resources may be needed to complete the changes specified by the effective date(s) of each bill.

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
--	$5.4	--	$5.4	NR	ASD – Staff workload
--	$47.0	--	$47.0	NR	ITD – Staff workload

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

Related Bills:
Similar to SB-211 (2025 Regular Session)