

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

January 30, 2026

Bill:
SB-113

Sponsor:
Senator Antonio Maestas

Short Title:
Agricultural Biomass Tax Credit Amounts

Description:
This bill amends the agricultural biomass income tax credit for personal income tax (PIT) and corporate income tax (CIT) to increase the amount of the credit from \$5 to \$10 per wet ton of agricultural biomass transported from the taxpayer’s dairy or feedlot to a facility using the product to generate electricity, make biocrude or other liquid or gaseous fuel for commercial use.

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:
Chen Xie

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	(\$1,350)	(\$1,350)	(\$1,350)	(\$1,350)	R	General 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 increasing the credit amount from \$5 to \$10 for each wet ton by using the New Mexico Tax Expenditure Report (TER)¹ reported claimed amounts for this credit. The historical credit claim level has been limited, but in FY2025 it rose to \$267,000 for five taxpayers. To estimate the fiscal impact for FY2027–FY2030, Tax & Rev applied the proposed increase in the credit amount to the current level of taxpayers and credit amount and assumed that they would double the amount of wet tons transported or that additional taxpayers would be incentivized to transport wet tons to a facility generating biomass electrical or making fuels for commercial use.

Policy Issues:

The bill doubles the value of per unit credit of agricultural biomass, further incentivizing the recycling of agricultural biomass as part of the New Mexico’s renewable energy blueprints. As the dollar amount for each wet ton has not been increased since the credit was enacted in 2010, this represents a reasonable inflation adjustment to continue incentivizing agricultural biomass energy conversion.

The tax credit does include a sunset date. Tax & Rev supports sunset dates for policymakers to review the impact of a credit or other tax incentive before extending it if a sufficient timeframe is allotted for tax incentives to be measured. This will enable time to see if the increase to \$10 per wet ton is enough of an incentive to maintain and grow this renewable energy conversion.

¹ See <https://www.tax.newmexico.gov/forms-publications/>
SB-113

Technical Issues:

None.

Other Issues:

None.

Administrative & Compliance Impact:

Tax & Rev will update forms, instructions and publications and make information system changes. This implementation will be included in the annual tax year changes.