

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:
Original X **Amendment** _____
Correction _____ **Substitute** _____

Date 1/28/2026
Bill No: SB 113

Sponsor: Antonio Maestas
Short Title: Agricultural Biomass Tax Credit
 Amounts

Agency Name and Code EMNRD 521
Number: _____
Person Writing Ben Bajema
Phone: 505-394-2581 **Email** Benjamin.bajema@emnrd.nm.gov

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		
(\$750)	(\$750)	(\$750)	Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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: SB 113 increases the existing tax credit for agricultural biomass from \$5 to \$10 per wet ton. All other provisions of the tax credit remain unchanged.

FISCAL IMPLICATIONS

In tax year 2024, EMNRD issued approximately \$200,000 in tax credit certificates. In tax year 2025, EMNRD estimate the tax credits at the existing \$5 wet ton manure will total \$750,000 - \$900,000. EMNRD estimates this bill would double that amount to \$1,500,000 – 1,800,000 annually.

SIGNIFICANT ISSUES

Current dairy manure management methods risk contaminating groundwater and surface water. By increasing the tax credit per wet ton of manure, this bill incentivizes more dairies and feedlots to engage in beneficial manure management methods.

However, if the intent of the bill is to increase the dairy and feedlot industry’s engagement in electricity or biocrude production, EMNRD recommends extending the tax credit sunset date (currently, the existing agricultural biomass tax credit sunsets in 2030). For a new dairy or feedlot to take advantage of the tax credit, the operator would need to procure certain equipment to process and/or transport manure. This equipment is often expensive, potentially resulting in the dairy or feedlot financing equipment for many years before they see a return on investment. If the tax credit sunsets in 2030, it is unlikely that new operators will be able to participate in the program given that equipment repayment timelines are often greater than three years.

EMNRD estimates that, even with HB 113, the aggregate claims will not approach the \$5 million cap on credits, as only four operators in the state routinely apply for this credit.

PERFORMANCE IMPLICATIONS

None for EMNRD

ADMINISTRATIVE IMPLICATIONS

This bill will require a minor change to the NMAC rules for this tax credit.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not passed, ECAM will continue to process credits in the normal manner and operator participation in the program is likely to stay flat.

AMENDMENTS