Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department

January 28, 2026

Bill:
SB-120

Sponsor:
Senators Carrie Hamblen and Peter Wirth

Short Title:
Local Journalist Employment Tax Credit

Description:
This bill creates the local journalist employment personal income tax (PIT) and corporate income tax (CIT) credits. Both credits are for taxpayers who, prior to January 1, 2031, are owners of a local news organization that employs a journalist. The tax credit shall be equal to 30% of the wages paid to up to 75 journalists by the local news organization. "Wages" means not more than $50,000 paid to a journalist, not including benefits, taxes, or other contributions. A qualifying journalist must reside within 50 miles of the coverage area assigned by a local news organization, and work as a journalist for the local news organization for at least 25% of the taxable year in which the credit is claimed. To qualify as a local news organization, the taxpayer must, among other things, have at least 30% of its content devoted to state and local news, if it is a print publication, and for digital-only entities, 50% of its content. Furthermore, it cannot be a publicly traded entity, or majority-owned by a publicly traded entity. Depending on the type of entity, print or digital, it must publish a certain number of state or local news stories every two years.

A news organization's eligibility for the credit shall be certified by the Taxation and Revenue Department (Tax & Rev). Married-filing-separate individuals shall each receive one-half the amount of the credit. A taxpayer may claim the credit in proportion to the taxpayer's ownership interest in a business entity that is a partnership, LLC or S corporation and has met all of the requirements to be eligible for the credit.

Any portion of the credit which exceeds the taxpayer's income tax liability in a particular year shall be refunded to the taxpayer.

The aggregate amount of PIT and CIT credits that may be certified in any calendar year shall not exceed $4 million

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

Taxation and Revenue Department Analyst:
Sara Grubbs

Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	($2,090)	($2,200)	($2,310)	($2,410)	R	General Fund

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

Methodology for Estimated Revenue Impact:
The U. S. Bureau of Labor Statistics (BLS) provides the count and average wages of over 800 occupations. Workers who are classified as news analysts, reporters, and journalists (referred to as journalists in this

analysis) under the BLS definition are assumed to qualify for this credit. In 2024, the most recent year available, there were 160 journalists in New Mexico excluding self-employed[1]. Tax & Rev assumes that the 160 journalists who worked in New Mexico in 2024 continue to be employed by a qualified local news organization.

Nationally, 45% of journalists work full-time and 55% work part-time[2]. Tax & Rev applied these percentages to the count of journalists in New Mexico, resulting in 88 full-time journalists and 72 part-time journalists. Tax & Rev assumes no taxpayer employs more than 75 journalists.

Tax & Rev then calculated the total wages paid to journalists using the annual 2024 median wage for full-time journalists of $51,240 and the hourly median wage of $24.64 at 20 hours per week for part-time journalists. Median wage was used to avoid skewing by outliers – a small percentage of journalists have a high income that significantly increases the mean average. Also, the New Mexico Local News Fund instituted a program that places new graduates into newsrooms. These graduates would have a lower income. See 'Policy Issues' below. Tax & Rev then applied the income tax credit of 30% to the wages paid to journalists.

Using the University of New Mexico's Bureau of Business and Economic Research (BBER) January 2026 forecast, Tax & Rev indexed the data to tax year 2024 and then grew the estimate annually by BBER's New Mexico's wage and salary growth. The number of journalists eligible is assumed to be constant.

Policy Issues:
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. 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. This credit erodes horizontal equity by basing the credit on a profession, thus taxpayers in similar economic circumstances are no longer treated equally.

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 a profession, thus corporate taxpayers in similar industries are no longer treated equally.

While tax incentives can support specific industries or promote desired social and economic behaviors, the growing number of such incentives complicate the tax code. Introducing more tax incentives has two main consequences: (1) it creates special treatment and exceptions within the code, leading to increased tax expenditures and a narrower tax base, which negatively impacts the General Fund; and (2) it imposes a heavier compliance burden on both taxpayers and Tax & Rev. Increasing complexity and exceptions in the tax code is generally not in line with sound tax policy.

The requirements to qualify for this credit may be administratively burdensome to both the taxpayer and Tax & Rev. The journalist must reside within a 50-mile radius of the coverage area and must work for a local news organization for at least 25% of the taxable year. For a local news organization that engages in

[1] Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wage Statistics, SOC 273023, accessed January 24, 2026.
[2] Journalist demographics in the United States; www.careerexplorer.com

print publication, the organization must publish at least one print publication per month over the previous 24 months. For a local news organization that engages in digital-only publication, the organization must publish at least four originally produced stories per week over the previous 24 months, and at least 50% of its audience is in New Mexico. The organization cannot receive more than 10% of its gross receipts from a political action committee and is not publicly traded or no more than 49% owned by a publicly traded entity or subsidiary. These requirements for certification may impede the number of credits successfully claimed. They will also absorb administrative resources and taxpayer resources to verify eligibility for the credit.

In 2023, the New Mexico Local News Fund partnered with the New Mexico Department of Workforce Solutions and received $125,000 in state funding to support fellowships and internships in local news. In 2024, a two-year $200,000 appropriation was approved to support this program[3]. This, combined with the 30% reduction of wages paid by a local news organization, may incentivize employers to hire more journalists. It is possible, however, that the $50,000 cap on wages paid to a journalist may affect the number of new hires.

This credit does have a sunset date, but not a delayed repeal. 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. Tax & Rev supports delayed repeals as they maintain accuracy and brevity in the tax code by removing statutory language once it expires.

Technical Issues:

[Sections 1 and 2] Pages 2 and 7, lines 6-19 and lines 9-21- Sections 1(C) and 2(C) do not state when the taxpayer needs to apply for the tax credit. Tax & Rev recommends adding the following on page 2, line 19 and page 7, line 21: "A taxpayer shall apply for certification of the eligibility for the tax credit from the department on the forms and in the manner prescribed by the department no later than one year following the end of the calendar year in which the wages were paid."

[Sections 1 and 2] Pages 4 and 9, lines 24-25 and lines 14-15 – If the intent of the bill is to only apply to W-2 wage earning employees and not 1099 contractors, it may be prudent to clarify that in the bill language. The bill uses "employ" and "wages" but then includes in the definition of local news organization, in Sections 1(J)(2)(b), on page 4, lines 24-25 and 2(H)(2)(b), on page 9, lines 14-15, "pays at least one individual, either through employment or by contract…"

[Sections 1 and 2] Pages 6 and 11, lines 12-13 and lines 2-3 – Sections 1(J)(3) and 2(H)(3) state that wages are paid through "the organization's payroll system." Again, it is not clear if the credit is intended to include contractors who may not be paid through the payroll system. Tax & Rev recommends removing in Section 1(J)(2)(b), line 24 ", either" and on line 25 "or by contract" Similarly, in Section 2(H)(2)(b), remove on line 14 ", either" and on line 15 "or by contract".

Other Issues:

[Section 1] The total annual aggregate amount for both the income tax subsection C (page 2 lines 6-19) is ambiguous as to whether the cap is for one qualified taxpayer or all qualified taxpayers. If the intent is an aggregate cap, which it appears to be, Tax & Rev suggests adding a new subsection at page 2, line 14 between "year." and "The total ….." In this case, it would be Subsection "D" starting with "The total annual aggregate amount...concluding with line 19 "the order received."

[Section 2] The same is true for CIT Subsection C on page 7, lines 9-21. Tax & Rev suggests adding a new subsection at page 7, line 16 between "year." and "The total ….." as Subsection "D" starting with "The total annual aggregate amount...concluding with line 21 "the order received."

[3] https://www.nmlegis.gov

[Sections 1 and 2] The bill outlines that only one credit shall be certified for each journalist, but it is unclear how it would be decided which local news organization would be able to claim a journalist that was employed with multiple organizations over the course of a year and the verification of each journalist working at least 25% of the year to be claimed. Tax & Rev suggests replacing "at least twenty-five percent of the taxable year in which the credit is claimed" to "employed more than twenty-eight weeks of the calendar year" in Sections 1(J)(c) and 2(H)(c), page 4, lines 12-13 and page 9, lines 2-3.

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.

For Tax & Rev's Administrative Services Division (ASD), implementing this credit will require two existing FTEs, 40 hours split between pay-band eight and 10 positions. Pay band eight hours are estimated at time and ½ due to extra hours worked required for implementation.

For Tax & Rev's Information Technology Division (ITD), implementing this bill will have a moderate impact on ITD, requiring approximately 680 hours or about four months, and an estimated staff workload cost of $47,063.

For Tax & Rev's Audit and Compliance Division (ACD), implementing this bill will have a moderate impact on ACD, requiring one full-time employee at a pay band seven to properly review each certification request.

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
--	$2.7	--	$2.7	NR	ASD – Staff workload
--	$47.0	--	$47.0	NR	ITD – Staff workload
--	$97.0	$97.0	$194.0	R	ACD – Staff workload

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

Related Bills:
Similar to SB-110 (2025 Regular Session)