

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

***(Analysis must be uploaded as a PDF)***

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 1/28/2026 *Check all that apply:*  
**Bill Number:** SB0163 Original  Correction   
Amendment  Substitute

**Sponsor:** Anthony L. Thornton **Agency Name and Code Number:** New Mexico Institute of Mining and Technology 962  
**Person Writing fsdfs** Analysis: The VPAF Office  
**Short Title:** RENAME GEOTHERMAL TAX CREDITS **Phone:** 575-835-5606 **Email:** VPAF@nmt.edu

**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		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(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:

- Relating to taxation;
- Renaming the geothermal electricity generation income and corporate income tax credits to the geothermal energy production income and corporate income tax credits;
- Creating a tax credit schedule based on the amount per kilowatt-hour of geothermal energy produced for credits.

**FISCAL IMPLICATIONS**

The bill significantly increases the fiscal ceiling for credits to \$55 million.

An average geothermal plant (approx. 39MW) produces roughly 341,640 MWH annually. Under the bill's 200,000 MWH limit, a single plant could claim the full credit, starting at \$3 million in Year 1 and peaking at \$8 million in Year 6.

Based on the \$55 million cap, the program could support approximately seven "average" plants by the peak of the credit schedule (Year 6).

**SIGNIFICANT ISSUES**

The inclusion of tribes and small businesses is particularly relevant to NMT due to the university's rural location and existing collaborations with tribal communities.

Allowing certificates of eligibility to be traded makes the incentive more attractive to investors.

There is a potential risk that the tradeable certificates could encourage "inefficient" businesses to exist solely to profit from the certificate market rather than operational efficiency.

**PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

None to New Mexico Tech. Certification and eligibility are managed by the Energy, Minerals and Natural Resources Department (EMNRD) is viewed as a positive and appropriate oversight structure.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None

## **TECHNICAL ISSUES**

Existing Facility Restrictions: Section 1, item K(b) requires existing facilities to increase production by 100% to be eligible. This may inadvertently encourage businesses to build new facilities rather than upgrading existing ones, potentially leading to a waste of resources.

Small Business Definition: The bill defines "small business" as having fewer than 50 employees. This is significantly lower than the federal SBA definition (usually 500) and may be too restrictive for industrial geothermal operations.

Tribal Business Definition: The phrase "owned and operated" is highly restrictive. A facility 50% owned by a tribe but operated by a non-tribal partner might be disqualified from the \$11 million tribal/small business set-aside

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

## **AMENDMENTS**

Suggest increasing the employment threshold for small businesses to at least 100 employees to better reflect industrial realities. Also, suggest refining the "owned and operated" language to focus on a minimum percentage of ownership and removing the "operated" requirement to ensure tribal interests are not excluded by partnership structures.

§1.K.(5) "small business" means a business located in New Mexico that employs ~~fifty~~ one hundred or fewer full-time employees; and

§1.K.6) "tribal business" means a business located in New Mexico in which at least fifty-one percent of the ownership interest is held by, or is under the control of ~~that is owned and operated by~~ an Indian nation, tribe or pueblo or a member of an Indian nation, tribe or pueblo.

§2.I.(5) "small business" means a business located in New Mexico that employs ~~fifty~~ one hundred or fewer full-time employees; and

§2.I.(6) "tribal business" means a business located in New Mexico in which at least fifty-one percent of the ownership interest is held by, or is under the control of ~~that is owned and operated by~~ an Indian nation, tribe or pueblo or a member of an Indian nation, tribe or pueblo.