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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

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

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-02-06
Bill No: SB260

Sponsor: Munoz, George K
WORKFORCE
Short Title: EDUCATION TAX
CREDIT

Agency Name and Code NMHED
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund Affected

FY26	FY27	FY28	or Nonrecurring	
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	\$5,000.0	\$5,000.0	\$10,000.0	Nonrecurring	General Fund

(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

Senate Bill 260 (SB260) amends the Corporate Income and Franchise Tax Act to add a Workforce Education Corporate Income Tax Credit. This credit would apply for taxable years 2026 through 2028.

Corporate entities would be eligible for credit for donations to a public postsecondary educational institution or school district to fund a workforce education program. The credit is for seventy-five percent (75%) of the donation, up to a maximum amount of seven hundred fifty thousand dollars (\$750,000) per taxpayer. The taxpayer applies to the New Mexico Economic Develop Department (NMEDD) for eligibility for the credit. NMEDD shall approve no more than five million dollars (\$5,000,000) per calendar year of aggregate tax credits. If approved, the NMEDD provides a certificate of eligibility.

These certificates of eligibility can be sold, exchanged, or otherwise transferred to another corporate taxpayer for the full value of the tax credit. Such exchanges must be declared within ten days of the sale, exchange, or transfer.

This credit is not available to:

- an investor in an entity contracted to provide the workforce education program; or
- an entity that is otherwise affiliated with the entity contracted to provide the workforce education program.

A workforce education program is defined as a program to provide vocational training, career and technical education, or job training to a student enrolled at a public postsecondary educational institution or public school.

The New Mexico Higher Education Department's (NMHED's) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

There is no appropriation associated with SB260. However, there is a potential revenue impact to the state. NMEDD may approve up to five million dollars (\$5,000,000) per year in tax credits, which would result in a corresponding reduction in state tax collections. This potential revenue impact would occur in FY27 through FY29.

Workforce training programs prepare students for higher-paying jobs, which could increase state revenue through higher income tax collections. At this time, however, insufficient data are available to calculate the net fiscal effect of the increased tax revenue relative to the cost of the tax credits, though the overall net impact could be positive.

SIGNIFICANT ISSUES

The option to sell, exchange, or transfer certificates of eligibility would expand the number of companies able to benefit from the program. For example, a company with less than seven hundred fifty thousand dollars (\$750,000) in tax liability that wishes to support workforce training programs could still make a donation and then sell the certificate to another company that could fully utilize the tax credit.

These donations could increase the number of workforce training programs available; however, NMEDD would need to establish rules to determine which types of training programs would qualify. While it may be likely that only programs leading to high-wage, in-demand jobs would be eligible, SB260 does not specify eligibility criteria. The bill also provides no guidance on program length, whether training would be non-credit or for-credit, whether credentials or degrees would be awarded, or whether credentials would be industry-recognized. These details would need to be established through rulemaking, and both NMHED and the New Mexico Public Education Department (NMPED) may need to be involved in developing these rules.

PERFORMANCE IMPLICATIONS

There are no performance or reporting criteria specified in SB260. However, it would be important to develop reporting mechanisms to track the number of students trained, the cost per student, the percentage of students who successfully completed their training programs, and the percentage who obtained employment following completion.

ADMINISTRATIVE IMPLICATIONS

The administration of this program would fall on NMEDD and the New Mexico Taxation and Revenue Department (NMTRD). There would need to be strong coordination between NMEDD and NMTRD, as well as the ability to track certificate ownership and its use. Audits may be necessary to prevent abuse of the program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

SB260 does not explicitly limit donations to public postsecondary education institutions or public schools in New Mexico, although that appears to be the intent of the bill.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB260 does not pass, new tax credits for donations to support workforce education programs would not be enacted.

AMENDMENTS

N/A