

SENATE TAX, BUSINESS AND TRANSPORTATION  
COMMITTEE SUBSTITUTE FOR  
SENATE BILL 151

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

AN ACT

RELATING TO TAXATION; DECOUPLING FROM CERTAIN PROVISIONS OF  
FEDERAL LAW RELATING TO CORPORATE INCOME TAX BY AMENDING THE  
DEFINITION OF "BASE INCOME" IN THE CORPORATE INCOME AND  
FRANCHISE TAX ACT TO CONFORM TO THE FEDERAL INCLUSION OF  
CERTAIN INCOME OF CONTROLLED FOREIGN CORPORATIONS AND  
SUBTRACTING AMOUNTS DEDUCTED FOR BONUS DEPRECIATION AND  
INTEREST EXPENSES; PROVIDING THAT APPORTIONMENT RULES APPLY TO  
ATTRIBUTED INCOME FROM A CONTROLLED FOREIGN CORPORATION;  
CREATING THE LOCAL JOURNALIST EMPLOYMENT INCOME TAX CREDIT AND  
THE LOCAL JOURNALIST EMPLOYMENT CORPORATE INCOME TAX CREDIT;  
CREATING A GROSS RECEIPTS TAX DEDUCTION FOR THE SALE OF  
CONSTRUCTION MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF  
AFFORDABLE HOUSING; CREATING THE PHYSICIAN TAX CREDIT PURSUANT  
TO THE INCOME TAX ACT; PROVIDING A GROSS RECEIPTS TAX DEDUCTION  
FOR THE SALE OF CERTAIN EQUIPMENT AND MEDICATION DISPENSED BY A

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1 HEALTH CARE PRACTITIONER IN A PRACTICE SETTING; PROVIDING A  
2 HOLD HARMLESS DISTRIBUTION TO MUNICIPALITIES AND COUNTIES;  
3 CREATING THE QUANTUM FACILITY INFRASTRUCTURE PROJECT FUND;  
4 CREATING THE CHILD CARE FACILITY DONATION INCOME TAX CREDIT AND  
5 THE CHILD CARE FACILITY DONATION CORPORATE INCOME TAX CREDIT.  
6

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

8 SECTION 1. Section 7-2A-2 NMSA 1978 (being Laws 1986,  
9 Chapter 20, Section 33, as amended) is amended to read:

10 "7-2A-2. DEFINITIONS.--For the purpose of the Corporate  
11 Income and Franchise Tax Act and unless the context requires  
12 otherwise:

13 A. "bank" means any national bank, national banking  
14 association, state bank or bank holding company;

15 B. "apportioned net income" or "apportioned net  
16 loss" means net income allocated and apportioned to New Mexico  
17 pursuant to the provisions of the Corporate Income and  
18 Franchise Tax Act or the Uniform Division of Income for Tax  
19 Purposes Act, but excluding from the sales factor any sales  
20 that represent intercompany transactions between members of the  
21 filing group;

22 C. "base income" means the federal taxable income  
23 or the federal net operating loss of a corporation for the  
24 taxable year calculated pursuant to the Internal Revenue Code,  
25 after special deductions provided in Sections 241 through 249

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1 of the Internal Revenue Code but without any deduction for net  
2 operating losses, as if the corporation filed a federal tax  
3 return as a separate domestic entity, modified as follows:

4 (1) adding to that income:

5 (a) interest received on a state or  
6 local bond exempt under the Internal Revenue Code;

7 (b) the amount of any deduction claimed  
8 in calculating taxable income for all expenses and costs  
9 directly or indirectly paid, accrued or incurred to a captive  
10 real estate investment trust;

11 (c) the amount of any deduction, other  
12 than for premiums, for amounts paid directly or indirectly to a  
13 commonly controlled entity that is exempt from corporate income  
14 tax pursuant to Section 7-2A-4 NMSA 1978; [~~and~~]

15 (d) for taxable years beginning on or  
16 after January 1, 2023, an amount equal to the amount of credit  
17 claimed and allowed for that year pursuant to Section 7-3A-10  
18 NMSA 1978 with respect to the distributed net income of a pass-  
19 through entity;

20 (e) the amount of any deduction taken  
21 pursuant to Sections 168(k) and 168(n) of the Internal Revenue  
22 Code in excess of the deduction amount that would have been  
23 allowed by Sections 168(a) through 168(j) of the Internal  
24 Revenue Code; and

25 (f) the amount of additional interest

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1 deducted as a result of the changes to Subparagraph (A) of  
2 Section 163(j)(8) of the Internal Revenue Code made by Section  
3 70303 of Public Law 119-21; provided that such interest shall  
4 be eligible for the carryforward provisions of Section  
5 163(j)(2) of the Internal Revenue Code;

6 (2) subtracting from that income:

7 (a) income from obligations of the  
8 United States net of expenses incurred to earn that income; and

9 (b) other amounts that the state is  
10 prohibited from taxing because of the laws or constitution of  
11 this state or the United States net of any related expenses;  
12 [~~and~~

13 ~~(c) an amount equal to one hundred~~  
14 ~~percent of the income of the corporation under Section 951A of~~  
15 ~~the Internal Revenue Code, less the amount deducted pursuant to~~  
16 ~~Section 250 of the Internal Revenue Code;]~~

17 (3) making other adjustments deemed necessary  
18 to properly reflect income of the unitary group, including  
19 attribution of income or expense related to unitary assets held  
20 by related corporations that are not part of the filing group;  
21 and

22 (4) for a taxpayer that conducts a lawful  
23 business pursuant to the laws of this state, excludes an amount  
24 equal to any expenditure that is eligible to be claimed as a  
25 federal income tax deduction but is disallowed pursuant to

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1 Section 280E of the Internal Revenue Code, as that section may  
2 be amended or renumbered;

3 D. "captive real estate investment trust" means a  
4 corporation, trust or association taxed as a real estate  
5 investment trust pursuant to Section 857 of the Internal  
6 Revenue Code, the shares or beneficial interests of which are  
7 not regularly traded on an established securities market;  
8 provided that more than fifty percent of any class of  
9 beneficial interests or shares of the real estate investment  
10 trust are owned directly, indirectly or constructively by the  
11 taxpayer during all or a part of the taxpayer's taxable year;

12 E. "common ownership" means the direct or indirect  
13 control or ownership of more than fifty percent of the  
14 outstanding voting stock, ownership of which is determined  
15 pursuant to Section 1563 of the Internal Revenue Code, as that  
16 section may be amended or renumbered, of:

17 (1) a parent-subsidiary controlled group as  
18 defined in Section 1563 of the Internal Revenue Code, except  
19 that fifty percent shall be substituted for eighty percent;

20 (2) a brother-sister controlled group as  
21 defined in Section 1563 of the Internal Revenue Code; or

22 (3) three or more corporations each of which  
23 is a member of a group of corporations described in Paragraph  
24 (1) or (2) of this subsection, and one of which is:

25 (a) a common parent corporation included

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1 in a group of corporations described in Paragraph (1) of this  
2 subsection; and

3 (b) included in a group of corporations  
4 described in Paragraph (2) of this subsection;

5 F. "consolidated group" means the group of entities  
6 properly filing a federal consolidated return under the  
7 Internal Revenue Code for the taxable year;

8 G. "corporation" means corporations, joint stock  
9 companies, real estate trusts organized and operated under the  
10 Real Estate Trust Act, financial corporations and banks, other  
11 business associations and, for corporate income tax purposes,  
12 partnerships and limited liability companies taxed as  
13 corporations under the Internal Revenue Code;

14 H. "department" means the taxation and revenue  
15 department, the secretary of taxation and revenue or any  
16 employee of the department exercising authority lawfully  
17 delegated to that employee by the secretary;

18 I. "filing group" means a group of corporations  
19 properly included in a return pursuant to Section 7-2A-8.3 NMSA  
20 1978 for a particular taxable year;

21 J. "fiscal year" means any accounting period of  
22 twelve months ending on the last day of any month other than  
23 December;

24 K. "grandfathered net operating loss carryover"  
25 means:

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1 (1) the amount of net loss properly reported  
2 to New Mexico for taxable years beginning January 1, 2013 and  
3 prior to January 1, 2020 as part of a timely filed original  
4 return, or an amended return for those taxable years filed  
5 prior to January 1, 2020, to the extent such loss can be  
6 attributed to one or more corporations that are properly  
7 included in the taxpayer's return for the first taxable year  
8 beginning on or after January 1, 2020;

9 (2) reduced by:

10 (a) adding back deductions that were  
11 taken by the corporation or corporations for royalties or  
12 interest paid to one or more related corporations, but only to  
13 the extent that such adjustment would not create a net loss for  
14 such related corporations; and

15 (b) the amount of net operating loss  
16 deductions taken prior to January 1, 2020 that would be charged  
17 against those losses consistent with the Internal Revenue Code  
18 and provisions of the Corporate Income and Franchise Tax Act  
19 applicable to the year of the deduction; and

20 (3) apportioned to New Mexico using the  
21 apportionment factors that can properly be attributed to the  
22 corporation or corporations for the year of the net loss;

23 L. "Internal Revenue Code" means the United States  
24 Internal Revenue Code of 1986, as amended;

25 M. "net income" means:

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1 (1) the base income of a corporation properly  
2 filing a tax return as a separate entity; or

3 (2) the combined base income and losses of  
4 corporations that are part of a filing group that is computed  
5 after eliminating intercompany income and expense in a manner  
6 consistent with the consolidated filing requirements of the  
7 Internal Revenue Code and the Corporate Income and Franchise  
8 Tax Act;

9 N. "net operating loss carryover" means the  
10 apportioned net loss properly reported on an original or  
11 amended tax return for taxable years beginning on or after  
12 January 1, 2020 by the taxpayer:

13 (1) plus:

14 (a) the portion of an apportioned net  
15 loss properly reported to New Mexico for a taxable year  
16 beginning on or after January 1, 2020, on a separate year  
17 return, to the extent the taxpayer would have been entitled to  
18 include the portion of such apportioned net loss in the  
19 taxpayer's consolidated net operating loss carryforward under  
20 the Internal Revenue Code if the taxpayer filed a consolidated  
21 federal return; and

22 (b) the taxpayer's grandfathered net  
23 operating loss carryover; and

24 (2) minus:

25 (a) the amount of the net operating loss

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1 carryover attributed to an entity that has left the filing  
2 group, computed in a manner consistent with the consolidated  
3 filing requirements of the Internal Revenue Code and applicable  
4 regulations, as if the taxpayer were filing a consolidated  
5 return; and

6 (b) the amount of net operating loss  
7 deductions properly taken by the taxpayer;

8 O. "net operating loss deduction" means the portion  
9 of the net operating loss carryover that may be deducted from  
10 the taxpayer's apportioned net income under the Internal  
11 Revenue Code as of January 1, 2018 for the taxable year in  
12 which the deduction is taken, including the eighty percent  
13 limitation of Section 172(a) of the Internal Revenue Code as of  
14 January 1, 2018 calculated on the basis of the taxpayer's  
15 apportioned net income;

16 P. "person" means any individual, estate, trust,  
17 receiver, cooperative association, club, corporation, company,  
18 firm, partnership, limited liability company, joint venture,  
19 syndicate or other association; "person" also means, to the  
20 extent permitted by law, any federal, state or other  
21 governmental unit or subdivision or agency, department or  
22 instrumentality thereof;

23 Q. "real estate investment trust" has the meaning  
24 ascribed to the term in Section 856 of the Internal Revenue  
25 Code, as that section may be amended or renumbered;

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1           R. "related corporation" means a corporation that  
2 is under common ownership with one or more corporations but  
3 that is not included in the same tax return;

4           S. "return" means any tax or information return,  
5 including a water's-edge or worldwide combined return, a  
6 consolidated return, a declaration of estimated tax or a claim  
7 for refund, including any amendments or supplements to the  
8 return, required or permitted pursuant to a law subject to  
9 administration and enforcement pursuant to the Tax  
10 Administration Act and filed with the department by or on  
11 behalf of any person;

12           T. "secretary" means the secretary of taxation and  
13 revenue or the secretary's delegate;

14           U. "separate year return" means a properly filed  
15 original or amended return for a taxable year beginning on or  
16 after January 1, 2020 by a taxpayer reporting a loss, a portion  
17 of which is claimed as part of the net operating loss carryover  
18 by another taxpayer in a subsequent return period;

19           V. "state" means any state of the United States,  
20 the District of Columbia, the commonwealth of Puerto Rico, any  
21 territory or possession of the United States or political  
22 subdivision thereof or any political subdivision of a foreign  
23 country;

24           W. "state or local bond" means a bond issued by a  
25 state other than New Mexico or by a local government other than

1 one of New Mexico's political subdivisions, the interest from  
2 which is excluded from income for federal income tax purposes  
3 under Section 103 of the Internal Revenue Code, as that section  
4 may be amended or renumbered;

5 X. "taxable income" means a taxpayer's apportioned  
6 net income minus the net operating loss deduction for the  
7 taxable year;

8 Y. "taxable year" means the calendar year or fiscal  
9 year upon the basis of which the net income is computed under  
10 the Corporate Income and Franchise Tax Act and includes, in the  
11 case of the return made for a fractional part of a year under  
12 the provisions of that act, the period for which the return is  
13 made;

14 Z. "taxpayer" means any corporation or group of  
15 corporations filing a return pursuant to Section 7-2A-8.3 NMSA  
16 1978 subject to the taxes imposed by the Corporate Income and  
17 Franchise Tax Act;

18 AA. "unitary group" means a group of two or more  
19 corporations, including a captive real estate investment trust,  
20 but not including an S corporation, an insurance company  
21 subject to the provisions of the New Mexico Insurance Code, an  
22 insurance company that would be subject to the New Mexico  
23 Insurance Code if the insurance company engaged in business in  
24 this state or a real estate investment trust that is not a  
25 captive real estate investment trust, that are:

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1 (1) related through common ownership; and

2 (2) economically interdependent with one

3 another as demonstrated by the following factors:

4 (a) centralized management;

5 (b) functional integration; and

6 (c) economies of scale;

7 BB. "water's-edge group" means all corporations  
8 that are part of a unitary group, except:

9 (1) corporations that are exempt from  
10 corporate income tax pursuant to Section 7-2A-4 NMSA 1978; and

11 (2) corporations organized or incorporated  
12 outside the United States or its possessions or territories  
13 that have less than twenty percent of their property, payroll  
14 and sales sourced to locations within the United States,  
15 following the sourcing rules of the Uniform Division of Income  
16 for Tax Purposes Act; and

17 CC. "worldwide combined group" means all members of  
18 a unitary group, except members that are exempt from corporate  
19 income tax pursuant to Section 7-2A-4 NMSA 1978, irrespective  
20 of the country in which the corporations are incorporated or  
21 conduct business activity."

22 SECTION 2. Section 7-4-10 NMSA 1978 (being Laws 1993,  
23 Chapter 153, Section 1, as amended) is amended to read:

24 "7-4-10. APPORTIONMENT OF BUSINESS INCOME.--

25 A. Except as provided in Subsections B and C of

1 this section, all business income shall be apportioned to this  
2 state by multiplying the income by a fraction, the numerator of  
3 which is the property factor plus the payroll factor plus the  
4 sales factor and the denominator of which is three. The  
5 apportionment calculation shall include the factors of a  
6 controlled foreign corporation to the extent the income of the  
7 corporation is included in net income.

8 B. If eighty percent or more of the New Mexico  
9 numerators of the property and payroll factors for a filing  
10 group, or for a taxpayer that is not a member of a filing  
11 group, are employed in manufacturing or operating a computer  
12 processing facility, the filing group or the taxpayer may elect  
13 to have business income apportioned to this state by  
14 multiplying the income by the sales factor for the taxable  
15 year.

16 C. If a filing group, or a taxpayer that is not a  
17 member of a filing group, has a headquarters operation in New  
18 Mexico, the filing group or the taxpayer may elect to have  
19 business income apportioned to this state by multiplying the  
20 income by the sales factor for the taxable year.

21 D. To elect the method of apportionment provided by  
22 Subsection B or C of this section, the taxpayer shall notify  
23 the department of the election, in writing, no later than the  
24 date on which the taxpayer files the return for the first  
25 taxable year to which the election will apply. The election

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1 shall apply as follows:

2 (1) if the election is made for taxable years  
3 beginning prior to January 1, 2020, to the taxable year in  
4 which the election is made and to each taxable year thereafter  
5 for three years, or until the taxable year ending prior to  
6 January 1, 2020, whichever is earlier;

7 (2) if the election is made for a taxable year  
8 beginning on or after January 1, 2020, to the taxable year in  
9 which the election is made and to each taxable year thereafter  
10 until the taxpayer notifies the department, in writing, that  
11 the election is terminated, except that the taxpayer shall not  
12 terminate the election until the method of apportioning  
13 business income provided by Subsection B or C of this section  
14 has been used by the taxpayer for at least three consecutive  
15 taxable years, including a total of at least thirty-six  
16 calendar months; and

17 (3) if the election is made by a qualifying  
18 filing group, the election shall apply to the members of the  
19 filing group properly included pursuant to Section 7-2A-8.3  
20 NMSA 1978.

21 E. For purposes of this section:

22 (1) "controlled foreign corporation" means a  
23 foreign corporation as defined by Section 957 of the Internal  
24 Revenue Code of 1986, as that section may be amended or  
25 renumbered;

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1                   ~~[(1)]~~ (2) "filing group" means "filing group"  
2 as that term is defined in the Corporate Income and Franchise  
3 Tax Act;

4                   ~~[(2)]~~ (3) "headquarters operation" means:

5                   (a) the center of operations of a  
6 business: 1) where corporate staff employees are physically  
7 employed; 2) where the centralized functions are primarily  
8 performed, including administrative, planning, managerial,  
9 human resources, purchasing, information technology and  
10 accounting, but not including operating a call center; 3) the  
11 function and purpose of which is to manage and direct most  
12 aspects and functions of the business operations within a  
13 subdivided area of the United States; 4) from which final  
14 authority over regional or subregional offices, operating  
15 facilities and any other offices of the business are issued;  
16 and 5) including national and regional headquarters if the  
17 national headquarters is subordinate only to the ownership of  
18 the business or its representatives and the regional  
19 headquarters is subordinate to the national headquarters; or

20                   (b) the center of operations of a  
21 business: 1) the function and purpose of which is to manage  
22 and direct most aspects of one or more centralized functions;  
23 and 2) from which final authority over one or more centralized  
24 functions is issued;

25                   ~~[(3)]~~ (4) "manufacturing" means combining or

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1 processing components or materials to increase their value for  
2 sale in the ordinary course of business, but does not include:

3 (a) construction;

4 (b) farming;

5 (c) power generation; provided that  
6 "manufacturing" includes electricity generation at a facility  
7 that does not require location approval and a certificate of  
8 convenience and necessity prior to commencing construction or  
9 operation of the facility pursuant to the Public Utility Act;

10 (d) processing natural resources,  
11 including hydrocarbons; or

12 (e) processing or preparation of meals  
13 for immediate consumption; and

14 [~~(4)~~] (5) "operating a computer processing  
15 facility" means managing the necessary and ancillary activities  
16 for the operation of a facility primarily used to process data  
17 or information, but does not include managing the operation of  
18 facilities that are predominantly used to support sales of  
19 tangible property or the provision of banking, financial or  
20 professional services."

21 SECTION 3. A new section of the Income Tax Act is enacted  
22 to read:

23 "[NEW MATERIAL] LOCAL JOURNALIST EMPLOYMENT INCOME TAX  
24 CREDIT.--

25 A. For taxable years prior to January 1, 2031, a

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1 taxpayer who is not a dependent of another individual and is  
2 an owner of a local news organization that employs a journalist  
3 may claim a credit against the taxpayer's tax liability imposed  
4 pursuant to the Income Tax Act in an amount provided in  
5 Subsection B of this section. The tax credit provided by this  
6 section may be referred to as the "local journalist employment  
7 income tax credit".

8 B. The amount of tax credit shall be in an amount  
9 equal to thirty percent of wages paid to each journalist  
10 employed by a local news organization.

11 C. A taxpayer shall apply for certification of  
12 eligibility for the tax credit from the department on forms and  
13 in the manner prescribed by the department no later than one  
14 year following the end of the calendar year in which the wages  
15 were paid. A taxpayer shall not be eligible to receive a tax  
16 credit for more than seventy-five journalists whom the taxpayer  
17 employs as a local news organization and, except as provided in  
18 Subsections F and G of this section, only one tax credit shall  
19 be certified for each journalist employed by a local news  
20 organization per taxable year. The total annual aggregate  
21 amount of local journalist employment income tax credits and  
22 local journalist employment corporate income tax credits that  
23 may be certified in a calendar year shall not exceed four  
24 million dollars (\$4,000,000). Completed applications shall be  
25 considered in the order received.

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1           D. If the department determines that the taxpayer  
2 meets the requirements of this section, the department shall  
3 issue a dated certificate of eligibility to the taxpayer  
4 providing the amount of tax credit for which the taxpayer is  
5 eligible and the taxable years in which the credit may be  
6 claimed.

7           E. That portion of tax credit that exceeds a  
8 taxpayer's income tax liability in the taxable year in which  
9 the credit is claimed shall be refunded to the taxpayer.

10          F. Married individuals filing separate returns for  
11 a taxable year for which they could have filed a joint return  
12 may each claim only one-half of the tax credit that would have  
13 been claimed on a joint return.

14          G. A taxpayer may be allocated the right to claim  
15 the tax credit in proportion to the taxpayer's ownership  
16 interest if the taxpayer owns an interest in a business entity  
17 that is taxed for federal income tax purposes as a partnership  
18 or limited liability company and the business entity has met  
19 all requirements to be eligible for the credit. The total  
20 credit claimed by all members of the partnership or limited  
21 liability company shall not exceed the allowable credit  
22 pursuant to this section.

23          H. A taxpayer allowed to claim a tax credit  
24 pursuant to this section shall claim the tax credit in a manner  
25 required by the department.

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1 I. The tax credit provided by this section shall be  
2 included in the tax expenditure budget pursuant to Section  
3 7-1-84 NMSA 1978, including the total annual aggregate cost of  
4 the tax credit.

5 J. As used in this section:

6 (1) "journalist" means a person who:

7 (a) is paid by a local news organization  
8 to regularly gather, prepare, collect, photograph, record,  
9 direct the recording of, produce, write, edit, report or  
10 publish news or information that concerns state or local events  
11 or other matters of public interest for dissemination to the  
12 state or a local community through reporting activities,  
13 including conducting interviews, observing current events or  
14 analyzing documents;

15 (b) resides within fifty miles of the  
16 coverage area assigned by the local news organization; and

17 (c) is employed as a journalist by the  
18 local news organization for more than twenty-eight weeks of the  
19 taxable year in which the credit is claimed;

20 (2) "local news organization" means an entity  
21 that:

22 (a) provides a print or digital  
23 publication that engages professionals who regularly gather,  
24 prepare, collect, photograph, record, direct the recording of,  
25 produce, write, edit, report or publish news or information

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1 that concerns state or local events or other matters of public  
2 interest for dissemination to the state or a local community  
3 through reporting activities, including conducting interviews,  
4 observing current events or analyzing documents;

5 (b) pays at least one individual, either  
6 through employment or by contract with the entity, as a  
7 journalist;

8 (c) in the case of print publications,  
9 has published at least one print publication per month over the  
10 previous twenty-four months and holds a valid United States  
11 postal service periodical permit or has at least thirty percent  
12 of its content dedicated to state or local news;

13 (d) in the case of digital-only  
14 entities, has published at least three originally produced  
15 stories about the state or a local community per week over the  
16 previous twenty-four months and has at least fifty percent of  
17 its digital audience in New Mexico, averaged over a twelve-  
18 month period;

19 (e) discloses in its print publication  
20 or on its website its beneficial ownership or, in the case of a  
21 not-for-profit entity, its board of directors;

22 (f) in the case of an organization that  
23 demonstrates to the department that the organization has been  
24 granted exemption from the federal income tax by the United  
25 States commissioner of internal revenue as organizations

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1 described in Section 501(c)(3) of the Internal Revenue Code,  
2 has declared the coverage of state or local news as the stated  
3 mission in its filings with the federal internal revenue  
4 service;

5 (g) has not received more than ten  
6 percent of its gross receipts for the previous year from  
7 political action committees or other entities described in  
8 Section 527 of the Internal Revenue Code, or from an  
9 organization that has been granted exemption from the federal  
10 income tax by the United States commissioner of internal  
11 revenue as an organization described in Section 501(c)(4) or  
12 501(c)(6) of the Internal Revenue Code; and

13 (h) is not a publicly traded entity or  
14 is no more than forty-nine percent owned, directly or  
15 indirectly, by a publicly traded entity or subsidiary; and

16 (3) "wages" means not more than fifty thousand  
17 dollars (\$50,000) in compensation paid by a local news  
18 organization to a journalist through the organization's payroll  
19 system, including those wages that the journalist elects to  
20 defer or redirect or the journalist's contribution to a 401(k)  
21 or cafeteria plan program. "Wages" does not mean benefits or  
22 the organization's share of payroll taxes, social security or  
23 medicare contributions, federal or state unemployment insurance  
24 contributions or workers' compensation."

25 SECTION 4. A new section of the Corporate Income and

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1 Franchise Tax Act is enacted to read:

2 "[NEW MATERIAL] LOCAL JOURNALIST EMPLOYMENT CORPORATE  
3 INCOME TAX CREDIT.--

4 A. For taxable years prior to January 1, 2031, a  
5 taxpayer that is a local news organization that employs a  
6 journalist may claim a credit against the taxpayer's tax  
7 liability imposed pursuant to the Corporate Income and  
8 Franchise Tax Act in an amount provided in Subsection B of this  
9 section. The tax credit provided by this section may be  
10 referred to as the "local journalist employment corporate  
11 income tax credit".

12 B. The amount of tax credit shall be in an amount  
13 equal to thirty percent of wages paid to each journalist  
14 employed by a local news organization.

15 C. A taxpayer shall apply for certification of  
16 eligibility for the tax credit from the department on forms and  
17 in the manner prescribed by the department no later than one  
18 year following the end of the calendar year in which the wages  
19 were paid. A taxpayer shall not be eligible to receive a tax  
20 credit for more than seventy-five journalists whom the taxpayer  
21 employs as a local news organization, and only one tax credit  
22 shall be certified for each journalist employed by a local news  
23 organization per taxable year. The total annual aggregate  
24 amount of local journalist employment corporate income tax  
25 credits and local journalist employment income tax credits that

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1 may be certified in a calendar year shall not exceed four  
 2 million dollars (\$4,000,000). Completed applications shall be  
 3 considered in the order received.

4 D. If the department determines that the taxpayer  
 5 meets the requirements of this section, the department shall  
 6 issue a dated certificate of eligibility to the taxpayer  
 7 providing the amount of tax credit for which the taxpayer is  
 8 eligible and the taxable years in which the credit may be  
 9 claimed.

10 E. That portion of tax credit that exceeds a  
 11 taxpayer's corporate income tax liability in the taxable year  
 12 in which the credit is claimed shall be refunded to the  
 13 taxpayer.

14 F. A taxpayer allowed to claim a tax credit  
 15 pursuant to this section shall claim the tax credit in a manner  
 16 required by the department.

17 G. The tax credit provided by this section shall be  
 18 included in the tax expenditure budget pursuant to Section  
 19 7-1-84 NMSA 1978, including the total annual aggregate cost of  
 20 the tax credit.

21 H. As used in this section:

22 (1) "journalist" means a person who:

23 (a) is paid by a local news organization  
 24 to regularly gather, prepare, collect, photograph, record,  
 25 direct the recording of, produce, write, edit, report or

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1 publish news or information that concerns state or local events  
2 or other matters of public interest for dissemination to the  
3 state or a local community through reporting activities,  
4 including conducting interviews, observing current events or  
5 analyzing documents;

6 (b) resides within fifty miles of the  
7 coverage area assigned by the local news organization; and

8 (c) is employed as a journalist by the  
9 local news organization for more than twenty-eight weeks of the  
10 taxable year in which the credit is claimed;

11 (2) "local news organization" means an entity  
12 that:

13 (a) provides a print or digital  
14 publication that engages professionals who regularly gather,  
15 prepare, collect, photograph, record, direct the recording of,  
16 produce, write, edit, report or publish news or information  
17 that concerns state or local events or other matters of public  
18 interest for dissemination to the state or a local community  
19 through reporting activities, including conducting interviews,  
20 observing current events or analyzing documents;

21 (b) pays at least one individual, either  
22 through employment or by contract with the entity, as a  
23 journalist;

24 (c) in the case of print publications,  
25 has published at least one print publication per month over the

1 previous twenty-four months and holds a valid United States  
2 postal service periodical permit or has at least thirty percent  
3 of its content dedicated to state or local news;

4 (d) in the case of digital-only  
5 entities, has published at least three originally produced  
6 stories about the state or a local community per week over the  
7 previous twenty-four months and has at least fifty percent of  
8 its digital audience in New Mexico, averaged over a twelve-  
9 month period;

10 (e) discloses in its print publication  
11 or on its website its beneficial ownership or, in the case of a  
12 not-for-profit entity, its board of directors;

13 (f) in the case of an organization that  
14 demonstrates to the department that the organization has been  
15 granted exemption from the federal income tax by the United  
16 States commissioner of internal revenue as organizations  
17 described in Section 501(c)(3) of the Internal Revenue Code,  
18 has declared the coverage of state or local news as the stated  
19 mission in its filings with the federal internal revenue  
20 service;

21 (g) has not received more than ten  
22 percent of its gross receipts for the previous year from  
23 political action committees or other entities described in  
24 Section 527 of the Internal Revenue Code, or from an  
25 organization that has been granted exemption from the federal

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1 income tax by the United States commissioner of internal  
2 revenue as an organization described in Section 501(c)(4) or  
3 501(c)(6) of the Internal Revenue Code; and

4 (h) is not a publicly traded entity or  
5 is no more than forty-nine percent owned, directly or  
6 indirectly, by a publicly traded entity or subsidiary; and

7 (3) "wages" means not more than fifty thousand  
8 dollars (\$50,000) in compensation paid by a local news  
9 organization to a journalist through the organization's payroll  
10 system, including those wages that the journalist elects to  
11 defer or redirect or the journalist's contribution to a 401(k)  
12 or cafeteria plan program. "Wages" does not mean benefits or  
13 the organization's share of payroll taxes, social security or  
14 medicare contributions, federal or state unemployment insurance  
15 contributions or workers' compensation."

16 SECTION 5. A new section of the Gross Receipts and  
17 Compensating Tax Act is enacted to read:

18 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--SALE OF  
19 CONSTRUCTION MATERIALS AND LABOR USED FOR THE DEVELOPMENT OF  
20 AFFORDABLE HOUSING MULTIFAMILY RESIDENTIAL HOUSING PROJECTS.--

21 A. Prior to July 1, 2033, receipts from selling  
22 construction materials and labor may be deducted from gross  
23 receipts if:

24 (1) the construction materials and labor are  
25 being used for the purpose of developing multifamily

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1 residential housing;

2 (2) eighty percent or more of the housing  
3 units being developed will be affordable housing; and

4 (3) the construction materials and labor are  
5 sold to a qualifying grantee for a single project that is  
6 residential housing pursuant to the Affordable Housing Act.

7 B. A taxpayer allowed a deduction pursuant to this  
8 section shall report the amount of the deduction to the  
9 department in a manner required by the department.

10 C. The deduction provided by this section shall be  
11 included in the tax expenditure budget pursuant to Section  
12 7-1-84 NMSA 1978, including the annual aggregate cost of the  
13 deduction.

14 D. As used in this section:

15 (1) "affordable housing" means multifamily  
16 residential housing primarily for persons or households of low  
17 or moderate income;

18 (2) "building" means a structure capable of  
19 being renovated or converted into affordable housing or a  
20 structure that is to be demolished and is located on land that  
21 is donated and upon which affordable housing will be  
22 constructed;

23 (3) "low or moderate income" means a household  
24 in which the current annual income is at or below eighty  
25 percent of the area median income for the geographic area in

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1 which the household is located, adjusted for family size, as  
2 determined by the United States department of housing and urban  
3 development; and

4 (4) "multifamily residential housing" means  
5 any building or portion thereof that is primarily occupied, or  
6 is designed or intended to be primarily occupied, as a  
7 residence by more than three households. "Multifamily  
8 residential housing" includes congregate housing and  
9 transitional or temporary housing for homeless persons."

10 SECTION 6. A new section of the Income Tax Act is enacted  
11 to read:

12 "[NEW MATERIAL] PHYSICIAN TAX CREDIT.--

13 A. A taxpayer who files an individual New Mexico  
14 tax return, is not a dependent of another individual, is a  
15 physician and provides health care services in New Mexico for  
16 at least one thousand five hundred eighty-four hours during a  
17 taxable year may claim a credit against the tax liability  
18 imposed by the Income Tax Act for that taxable year in an  
19 amount equal to ten thousand dollars (\$10,000). The credit  
20 provided in this section may be referred to as the "physician  
21 tax credit".

22 B. A taxpayer shall apply for certification of  
23 eligibility for the tax credit from the department of health on  
24 forms and in the manner prescribed by that department.

25 Completed applications shall be considered in the order

1 received. For a taxpayer approved to receive the credit, the  
 2 department of health shall issue a certificate of eligibility  
 3 to the qualifying physician. The department of health shall  
 4 provide the department with certificates of eligibility issued  
 5 pursuant to this subsection in an electronic format at  
 6 regularly agreed-upon intervals.

7 C. That portion of a tax credit that exceeds a  
 8 taxpayer's tax liability in the taxable year in which the  
 9 credit is being claimed may be carried forward for up to three  
 10 consecutive taxable years.

11 D. A taxpayer allowed a tax credit pursuant to this  
 12 section shall claim the credit on forms and in a manner  
 13 required by the department.

14 E. The tax credit provided by this section shall be  
 15 included in the tax expenditure budget pursuant to Section  
 16 7-1-84 NMSA 1978, including the annual aggregate cost of the  
 17 tax credit.

18 F. As used in this section, "physician" means a  
 19 health professional who is a medical physician or an  
 20 osteopathic physician licensed to practice medicine in New  
 21 Mexico pursuant to the Medical Practice Act."

22 **SECTION 7.** A new section of the Gross Receipts and  
 23 Compensating Tax Act is enacted to read:

24 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--IN-OFFICE  
 25 EQUIPMENT AND IN-OFFICE MEDICATION SOLD TO A HEALTH CARE

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1 PRACTITIONER.--

2 A. Except for receipts that may be deducted  
3 pursuant to Section 7-9-73.3 NMSA 1978, receipts from selling  
4 in-office equipment may be deducted from gross receipts if the  
5 sale is made to a health care practitioner who delivers a  
6 nontaxable transaction certificate to the seller or provides  
7 alternative evidence pursuant to Section 7-9-43 NMSA 1978. The  
8 health care practitioner must use the in-office equipment  
9 exclusively during a service that is within the scope of  
10 practice of the health care practitioner.

11 B. Except for receipts that may be deducted  
12 pursuant to Section 7-9-73.2 NMSA 1978, receipts from selling  
13 in-office medication may be deducted from gross receipts if the  
14 sale is made to a health care practitioner who delivers a  
15 nontaxable transaction certificate to the seller or provides  
16 alternative evidence pursuant to Section 7-9-43 NMSA 1978. The  
17 health care practitioner must use the in-office medication  
18 exclusively for treatment of patients within the scope of  
19 practice of the health care practitioner.

20 C. A taxpayer allowed a deduction pursuant to this  
21 section shall report the amount of the deduction separately in  
22 a manner required by the department.

23 D. The deduction provided by this section shall be  
24 included in the tax expenditure budget pursuant to Section  
25 7-1-84 NMSA 1978, including the annual aggregate cost of the

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1 deductions.

2 E. As used in this section:

3 (1) "association of health care practitioners"  
4 means a corporation, an unincorporated business entity or other  
5 legal entity organized by, owned by or employing one or more  
6 health care practitioners; provided that the entity is not:

7 (a) an organization granted exemption  
8 from the federal income tax by the United States commissioner  
9 of internal revenue as organizations described in Section  
10 501(c)(3) of the United States Internal Revenue Code of 1986,  
11 as that section may be amended or renumbered; or

12 (b) a health maintenance organization or  
13 a hospital, a hospice, a nursing home or an entity that is  
14 solely an outpatient facility or intermediate care facility  
15 licensed by the health care authority;

16 (2) "health care practitioner" means:

17 (a) a chiropractic physician licensed  
18 pursuant to the provisions of the Chiropractic Physician  
19 Practice Act;

20 (b) a dentist or dental hygienist  
21 licensed pursuant to the Dental Health Care Act;

22 (c) a doctor of oriental medicine  
23 licensed pursuant to the provisions of the Acupuncture and  
24 Oriental Medicine Practice Act;

25 (d) an optometrist licensed pursuant to

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1 the provisions of the Optometry Act;

2 (e) an osteopathic physician licensed  
3 pursuant to the provisions of the Medical Practice Act;

4 (f) a physical therapist licensed  
5 pursuant to the provisions of the Physical Therapy Act;

6 (g) a physician or physician assistant  
7 licensed pursuant to the provisions of the Medical Practice  
8 Act;

9 (h) a podiatric physician licensed  
10 pursuant to the provisions of the Podiatry Act;

11 (i) a psychologist licensed pursuant to  
12 the provisions of the Professional Psychologist Act;

13 (j) a registered lay midwife registered  
14 by the department of health;

15 (k) a registered nurse or licensed  
16 practical nurse licensed pursuant to the provisions of the  
17 Nursing Practice Act;

18 (l) a registered occupational therapist  
19 licensed pursuant to the provisions of the Occupational Therapy  
20 Act;

21 (m) a respiratory care practitioner  
22 licensed pursuant to the provisions of the Respiratory Care  
23 Act;

24 (n) a speech-language pathologist or  
25 audiologist licensed pursuant to the Speech-Language Pathology,

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1     Audiology and Hearing Aid Dispensing Practices Act;

2                     (o) a professional clinical mental  
3     health counselor, marriage and family therapist or professional  
4     art therapist licensed pursuant to the provisions of the  
5     Counseling and Therapy Practice Act who has obtained a master's  
6     degree or a doctorate;

7                     (p) an independent social worker  
8     licensed pursuant to the provisions of the Social Work Practice  
9     Act;

10                    (q) a clinical laboratory that is  
11     accredited pursuant to 42 U.S.C. Section 263a but that is not a  
12     laboratory in a physician's office or in a hospital defined  
13     pursuant to 42 U.S.C. Section 1395x; and

14                    (r) a naturopathic doctor licensed  
15     pursuant to the provisions of the Naturopathic Doctors'  
16     Practice Act;

17                    (3) "in-office equipment" means equipment used  
18     by a health care practitioner primarily to provide medical  
19     treatment to patients in the health care practitioner's  
20     practice setting. "In-office equipment" does not mean office  
21     furniture that is not primarily used to provide medical  
22     treatment, including desks, desk chairs, computers and  
23     software; and

24                    (4) "in-office medication" means saline or  
25     other non-prescription substance dispensed by a health care

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1 practitioner to a patient in the health care practitioner's  
2 practice setting to treat the patient's specific illness,  
3 injury or other medical necessity."

4 SECTION 8. A new section of the Tax Administration Act is  
5 enacted to read:

6 "[NEW MATERIAL] DISTRIBUTION TO HOLD HARMLESS  
7 MUNICIPALITIES AND COUNTIES FROM GROSS RECEIPTS TAX DEDUCTIONS  
8 FOR RECEIPTS FOR THE SALE OF CERTAIN IN-OFFICE EQUIPMENT AND  
9 MEDICATIONS TO HEALTH CARE PRACTITIONERS.--

10 A. A distribution pursuant to Section 7-1-6.1 NMSA  
11 1978 shall be made to a municipality in an amount, subject to  
12 any increase or decrease made pursuant to Section 7-1-6.15 NMSA  
13 1978, equal to the total deductions claimed pursuant to Section  
14 7 of this 2026 act for the month by taxpayers from business  
15 locations in the municipality multiplied by the sum of the  
16 combined rate of all municipal local option gross receipts  
17 taxes in effect in the municipality for the month plus one and  
18 two hundred twenty-five thousandths percent.

19 B. A distribution pursuant to Section 7-1-6.1 NMSA  
20 1978 shall be made to a county in an amount, subject to any  
21 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
22 1978, equal to the total deductions claimed pursuant to Section  
23 7 of this 2026 act for the month by taxpayers from business  
24 locations:

25 (1) within a municipality in the county

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1 multiplied by the combined rate of all county local option  
 2 gross receipts taxes in effect for the month that are imposed  
 3 throughout the county; and

4 (2) in the county but not within a  
 5 municipality multiplied by the combined rate of all county  
 6 local option gross receipts taxes in effect for the month that  
 7 are imposed in the county area not within a municipality."

8 SECTION 9. [NEW MATERIAL] QUANTUM FACILITY INFRASTRUCTURE  
 9 PROJECT FUND.--

10 A. The "quantum facility infrastructure project  
 11 fund" is created as a nonreverting fund in the state treasury.  
 12 The fund consists of distributions, appropriations, gifts,  
 13 grants, donations and income from investment of the fund. The  
 14 economic development department shall administer the fund, and  
 15 money in the fund is subject to appropriation by the  
 16 legislature to provide project funding for a quantum facility  
 17 pursuant to this section. Expenditures from the fund shall be  
 18 by warrant of the secretary of finance and administration  
 19 pursuant to vouchers signed by the secretary of economic  
 20 development or the secretary's authorized representative.

21 B. The economic development department shall:  
 22 (1) establish a streamlined application  
 23 process;  
 24 (2) establish clear application evaluation  
 25 criteria that are aligned with state economic development

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1 goals;

2 (3) verify applicant match funding  
3 requirements for a project when a match is applicable or match  
4 funding is being requested;

5 (4) monitor ongoing compliance with a funded  
6 project's match requirements when a match is applicable or  
7 match funding is being requested;

8 (5) establish procedures for addressing  
9 undelivered applicant funding commitments;

10 (6) annually report to the appropriate  
11 legislative interim committee on the administration,  
12 performance and efficacy of the project funding; and

13 (7) not impose limitations on the amount of  
14 project funding that may be awarded to public post-secondary  
15 educational institutions.

16 C. Applications may be submitted:

17 (1) up to three hundred sixty-five days prior  
18 to anticipated federal or private sector grant deadlines for  
19 new or recurring published opportunities;

20 (2) for pending proposals with multistage  
21 reviews that have been submitted but have not had an award  
22 finalized or, subject to department approval, within ninety  
23 days after such an award is finalized;

24 (3) for project funding awards pending  
25 successful non-state funding or private grant applications;

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1 (4) for re-application by an applicant who has  
2 previously been denied project funding; provided that the  
3 applicant makes changes and improvements based on any feedback  
4 received from the prior application; and

5 (5) in response to grant award solicitations  
6 by the department.

7 D. An applicant shall make at least three million  
8 dollars (\$3,000,000) in qualified quantum expenditures for  
9 infrastructure for a quantum facility located in New Mexico.

10 E. The amount of project funding shall not exceed  
11 thirty percent of the amount of the qualified quantum  
12 expenditures made by the applicant for infrastructure for a  
13 quantum facility, not to exceed fifty million dollars  
14 (\$50,000,000) per quantum facility.

15 F. Prior to incurring a qualified quantum  
16 expenditure, an applicant shall apply for preliminary  
17 certification of eligibility for project funding from the  
18 department on forms and in the manner prescribed by the  
19 department. The preliminary certification shall be limited to  
20 confirming that the qualified quantum expenditures proposed to  
21 be made by the applicant will in whole or in part be used to  
22 provide infrastructure for a quantum facility and an estimate  
23 of the amount of project funding for which the applicant may be  
24 eligible. Only one certificate of eligibility shall be issued  
25 for a quantum facility, regardless of ownership of the

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1 facility.

2 G. Within twelve months of completion of  
3 construction of a quantum facility, the applicant shall seek  
4 final certification from the department. The maximum aggregate  
5 amount of project funding for all quantum facility  
6 infrastructure projects that may be certified shall not exceed  
7 seventy-five million dollars (\$75,000,000), subject to the  
8 limitations pursuant to and the availability of money in the  
9 fund. An application for final certification shall include  
10 information required by the department to determine eligibility  
11 for project funding, including information substantiating  
12 qualified quantum expenditures.

13 H. As used in this section:

14 (1) "qualified quantum expenditure" means an  
15 expenditure made by an applicant for land and rent paid or  
16 incurred for land, improvements, buildings or infrastructure  
17 required for a quantum facility, but not including any  
18 expenditure for property that is owned by a municipality or  
19 county in connection with an industrial revenue bond project,  
20 property for which the applicant has received any credit  
21 pursuant to the Investment Credit Act or property that was  
22 owned by the applicant or an affiliate before January 1, 2025.  
23 If a qualified quantum expenditure is an allocation of an  
24 expenditure, the cost accounting methodology used for the  
25 allocation of the expenditure shall be the same cost accounting

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1 methodology used by the applicant in its other business  
2 activities;

3 (2) "quantum facility" means a facility in New  
4 Mexico at which research and development in quantum technology  
5 is conducted, other than a facility operated by an applicant  
6 for the United States or any agency, department or  
7 instrumentality thereof; and

8 (3) "quantum technology" means technology that  
9 relies on quantum superposition or quantum entanglement or  
10 innovations that enable those technologies."

11 SECTION 10. A new section of the Income Tax Act is  
12 enacted to read:

13 "[NEW MATERIAL] CREDIT--CHILD CARE FACILITY DONATION  
14 INCOME TAX CREDIT.--

15 A. For taxable years prior to January 1, 2037, a  
16 taxpayer who is not a dependent of another individual and who  
17 makes a donation to a licensed child care facility may claim a  
18 credit against the taxpayer's tax liability imposed pursuant to  
19 the Income Tax Act. The credit authorized pursuant to this  
20 section may be referred to as the "child care facility donation  
21 income tax credit".

22 B. The amount of tax credit shall be in an amount  
23 equal to fifty percent of the amount donated in the taxable  
24 year, not to exceed five hundred thousand dollars (\$500,000)  
25 per taxpayer.

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1           C. The "child care facility donation income tax  
2 credit fund" is created in the state treasury. The taxation  
3 and revenue department shall administer the fund, and money in  
4 the fund is subject to appropriation by the legislature to  
5 offset the tax credits and for any other purpose. The tax  
6 credits shall not be credited against any other fund. If the  
7 department approves a tax credit, the amount of the credit  
8 shall be transferred from the fund to the general fund.  
9 Disbursements from the fund shall be made upon warrants drawn  
10 by the secretary of finance and administration pursuant to  
11 vouchers signed by the secretary of taxation and revenue.  
12 Money in the fund shall revert to the general fund at the end  
13 of fiscal year 2037.

14           D. To be eligible for the tax credit, a donation  
15 shall be:

- 16                   (1) monetary;
- 17                   (2) made to a qualifying child care facility  
18 or program that meets the minimum enrollment requirements to  
19 receive subsidies from the state;
- 20                   (3) used to promote child care in New Mexico  
21 for children twelve years of age or younger; and
- 22                   (4) certified by the early childhood education  
23 and care department.

24           E. A taxpayer shall apply for certification of  
25 eligibility for the credit from the early childhood education

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1 and care department on forms and in the manner prescribed by  
2 that department. Except as provided in Subsections H and I of  
3 this section, only one tax credit shall be certified per  
4 taxpayer per taxable year. The total annual aggregate amount  
5 of child care facility donation income tax credits and child  
6 care facility donation corporate income tax credits that may be  
7 certified in a calendar year shall not exceed ten million  
8 dollars (\$10,000,000). Completed applications shall be  
9 considered in the order received. Applications for  
10 certification received after this limitation has been met in a  
11 calendar year shall not be approved. The early childhood  
12 education and care department shall post monthly on that  
13 department's website the aggregate amount of credits claimed  
14 per calendar year.

15 F. If the early childhood education and care  
16 department determines that a taxpayer meets the requirements of  
17 this section, that department shall issue a dated certificate  
18 of eligibility to the taxpayer providing the amount of tax  
19 credit for which the taxpayer is eligible and the taxable years  
20 in which the credit may be claimed. The early childhood  
21 education and care department shall provide the department with  
22 the certificates of eligibility issued pursuant to this  
23 subsection in an electronic format at regularly agreed-upon  
24 intervals.

25 G. That portion of the credit that exceeds a

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1 taxpayer's income tax liability in the taxable year in which  
2 the credit is claimed shall be refunded to the taxpayer.

3 H. Married individuals filing separate returns for  
4 a taxable year for which they could have filed a joint return  
5 may claim only one-half of the credit that would have been  
6 claimed on a joint return.

7 I. A taxpayer may be allocated the right to claim  
8 the credit in proportion to the taxpayer's ownership interest  
9 if the taxpayer owns an interest in a business entity that is  
10 taxed for federal income tax purposes as a partnership or  
11 limited liability company and that business entity has met all  
12 of the requirements to be eligible for the credit. The total  
13 credit claimed by all members of the partnership or limited  
14 liability company shall not exceed the allowable credit  
15 pursuant to this section.

16 J. The credit provided by this section shall be  
17 included in the tax expenditure budget pursuant to Section  
18 7-1-84 NMSA 1978, including the total annual aggregate cost of  
19 the credit.

20 K. As used in this section:

21 (1) "donation" means a monetary donation to a  
22 licensed child care facility, but does not include a donation  
23 made by a taxpayer:

24 (a) that claims the child care facility  
25 donation corporate income tax credit;

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1 (b) that is an owner of the licensed  
2 child care facility;

3 (c) whose spouse, sibling, parent, aunt,  
4 uncle, grandparent, child or grandchild is an owner of the  
5 licensed child care facility;

6 (d) that is an investor of the licensed  
7 child care facility; or

8 (e) that is otherwise affiliated with  
9 the licensed child care facility; and

10 (2) "licensed child care facility" means a  
11 child care center, a group child care home, a family child care  
12 home or an out-of-school time program licensed by the early  
13 childhood education and care department that provides at least  
14 fifty percent of its child care services to children who  
15 receive child care assistance pursuant to contracts with the  
16 early childhood education and care department."

17 SECTION 11. A new section of the Corporate Income and  
18 Franchise Tax Act is enacted to read:

19 "[NEW MATERIAL] CREDIT--CHILD CARE FACILITY DONATION  
20 CORPORATE INCOME TAX CREDIT.--

21 A. For taxable years prior to January 1, 2037, a  
22 taxpayer that makes a donation to a licensed child care  
23 facility may claim a credit against the taxpayer's tax  
24 liability imposed pursuant to the Corporate Income and  
25 Franchise Tax Act. The credit authorized pursuant to this

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1 section may be referred to as the "child care facility donation  
2 corporate income tax credit".

3 B. The amount of tax credit shall be in an amount  
4 equal to fifty percent of the amount donated in the taxable  
5 year, not to exceed five hundred thousand dollars (\$500,000)  
6 per taxpayer.

7 C. The "child care facility donation corporate  
8 income tax credit fund" is created in the state treasury. The  
9 taxation and revenue department shall administer the fund, and  
10 money in the fund is subject to appropriation by the  
11 legislature to offset the tax credits and for any other  
12 purpose. The tax credits shall not be credited against any  
13 other fund. If the department approves a tax credit, the  
14 amount of the credit shall be transferred from the fund to the  
15 general fund. Disbursements from the fund shall be made upon  
16 warrants drawn by the secretary of finance and administration  
17 pursuant to vouchers signed by the secretary of taxation and  
18 revenue. Money in the fund shall revert to the general fund at  
19 the end of fiscal year 2037.

20 D. To be eligible for the tax credit, a donation  
21 shall be:

22 (1) monetary;

23 (2) made to a qualifying child care facility  
24 or program that meets the minimum enrollment requirements to  
25 receive subsidies from the state;

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1 (3) used to promote child care in New Mexico  
2 for children twelve years of age or younger; and

3 (4) certified by the early childhood education  
4 and care department.

5 E. A taxpayer shall apply for certification of  
6 eligibility for the credit from the early childhood education  
7 and care department on forms and in the manner prescribed by  
8 that department. The total annual aggregate amount of child  
9 care facility donation income tax credits and child care  
10 facility donation corporate income tax credits that may be  
11 certified in a calendar year shall not exceed ten million  
12 dollars (\$10,000,000). Completed applications shall be  
13 considered in the order received. Applications for  
14 certification received after this limitation has been met in a  
15 calendar year shall not be approved. The early childhood  
16 education and care department shall post monthly on that  
17 department's website the aggregate amount of credits claimed  
18 per calendar year.

19 F. If the early childhood education and care  
20 department determines that a taxpayer meets the requirements of  
21 this section, that department shall issue a dated certificate  
22 of eligibility to the taxpayer providing the amount of tax  
23 credit for which the taxpayer is eligible and the taxable years  
24 in which the credit may be claimed. The early childhood  
25 education and care department shall provide the department with

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1 the certificates of eligibility issued pursuant to this  
2 subsection in an electronic format at regularly agreed-upon  
3 intervals.

4 G. That portion of the credit that exceeds a  
5 taxpayer's income tax liability in the taxable year in which  
6 the credit is claimed shall be refunded to the taxpayer.

7 H. The credit provided by this section shall be  
8 included in the tax expenditure budget pursuant to Section  
9 7-1-84 NMSA 1978, including the total annual aggregate cost of  
10 the credit.

11 I. As used in this section:

12 (1) "donation" means a monetary donation to a  
13 licensed child care facility, but does not include a donation  
14 made by a taxpayer that:

15 (a) claims the child care facility  
16 donation income tax credit;

17 (b) is an investor of the licensed child  
18 care facility; or

19 (c) is an entity that is otherwise  
20 affiliated with the licensed child care facility; and

21 (2) "licensed child care facility" means a  
22 child care center, a group child care home, a family child care  
23 home or an out-of-school time program licensed by the early  
24 childhood education and care department that provides at least  
25 fifty percent of its child care services to children who

.233853.2

1 receive child care assistance pursuant to contracts with the  
2 early childhood education and care department."

3 SECTION 12. APPLICABILITY.--

4 A. The provisions of Sections 1 and 2 of this act  
5 apply to taxable years beginning on or after January 1, 2027.

6 B. The provisions of Sections 3, 4, 6, 10 and 11 of  
7 this act apply to taxable years beginning on or after January  
8 1, 2026.

9 SECTION 13. EFFECTIVE DATE.--The effective date of the  
10 provisions of Sections 5 and 7 through 9 of this act is July 1,  
11 2026.