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SENATE BILL 36

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

INTRODUCED BY

Michael Padilla

AN ACT

RELATING TO TAXATION; CREATING THE QUANTUM FACILITY
INFRASTRUCTURE INCOME TAX CREDIT AND THE QUANTUM FACILITY
INFRASTRUCTURE CORPORATE INCOME TAX CREDIT; PROVIDING A DELAYED
REPEAL.

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

SECTION 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] QUANTUM FACILITY INFRASTRUCTURE INCOME TAX
CREDIT.--

A. For taxable years ending prior to January 1,
2029, a taxpayer who is not a dependent of another individual
and who makes at least three million dollars (\$3,000,000) in
qualified expenditures for infrastructure or qualified
equipment for a quantum facility located in New Mexico may

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1 claim a credit against the taxpayer's tax liability imposed
2 pursuant to the Income Tax Act in the amount provided in
3 Subsection B of this section. The credit provided by this
4 section may be referred to as the "quantum facility
5 infrastructure income tax credit".

6 B. Subject to the total aggregate amount allowed
7 pursuant to Subsection E of this section, the amount of credit
8 shall be in an amount equal to thirty percent of the amount of
9 the qualified expenditures made by the taxpayer for
10 infrastructure or qualified equipment for a quantum facility,
11 not to exceed fifty million dollars (\$50,000,000) per quantum
12 facility.

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

24 D. For qualified equipment to be eligible as a
25 qualified expenditure, the equipment shall be installed,

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1 maintained and operated in New Mexico for a period of not less
2 than ten years from the date of certification. If qualified
3 equipment for which a credit was allowed is relocated outside
4 New Mexico, sold or otherwise withdrawn from service in New
5 Mexico before the end of that period, the taxpayer shall repay
6 the portion of the credit corresponding to the time remaining
7 in that period. The requirements of this subsection shall not
8 apply to temporary removal for repair, calibration or warranty
9 service, if the equipment is timely replaced with substantially
10 similar equipment that is installed and operated in New Mexico
11 or if removal is due to casualty and the property is timely
12 restored or replaced in New Mexico.

13 E. Within twelve months of completion of
14 construction of a quantum facility or first use of qualified
15 equipment, the taxpayer shall seek final certification from the
16 economic development department. The annual aggregate amount
17 of quantum facility infrastructure income tax credits and
18 quantum facility infrastructure corporate income tax credits
19 that may be certified for a calendar year shall not exceed
20 fifty million dollars (\$50,000,000).

21 F. An application for final certification shall
22 include information required by the economic development
23 department to determine eligibility for the credit and shall
24 include:

25 (1) information substantiating qualified

1 expenditures;

2 (2) for a tax credit allowed for qualified
3 equipment, the number of internship, apprenticeship, research
4 or training opportunities provided in collaboration with a
5 public post-secondary educational institution related to
6 qualified equipment or the operation of a quantum facility; and

7 (3) for a tax credit allowed for qualified
8 equipment for a quantum computing testbed, the reasonable
9 efforts made by the taxpayer to provide shared use or
10 partnership opportunities on reasonable terms.

11 G. If the economic development department
12 determines that a taxpayer meets the requirements of this
13 section, that department shall issue a dated certificate of
14 eligibility to the taxpayer providing the amount of credit for
15 which the taxpayer is eligible and the taxable years in which
16 the credit may be claimed. The economic development department
17 shall provide the department with the certificates of
18 eligibility issued pursuant to this subsection in secure
19 electronic format at regularly agreed-upon intervals.

20 H. A taxpayer allowed to claim the credit shall
21 claim the credit in a manner required by the department. The
22 credit shall be claimed within one year of receiving final
23 certification from the economic development department. The
24 taxpayer shall claim the amount certified and approved against
25 the taxpayer's income tax liability. Any amount of credit that

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1 exceeds the taxpayer's income tax liability shall be refunded
2 to the taxpayer.

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

7 J. A taxpayer may be allocated the right to claim
8 the credit in a 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 K. The tax 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 annual aggregate cost of the
19 tax credit.

20 L. As used in this section:

21 (1) "qualified equipment" means specialized
22 scientific and engineering equipment essential to the operation
23 of a quantum facility pursuant to rules promulgated by the
24 department of information technology;

25 (2) "qualified expenditure" means an

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1 expenditure made by a taxpayer for land and rent paid or
2 incurred for land, improvements, buildings or infrastructure
3 required for a quantum facility, but not including any
4 expenditure for property that is owned by a municipality or
5 county in connection with an industrial revenue bond project,
6 property for which the taxpayer has received any credit
7 pursuant to the Investment Credit Act or property that was
8 owned by the taxpayer or an affiliate before January 1, 2026.

9 If a "qualified expenditure" is an allocation of an
10 expenditure, the cost accounting methodology used for the
11 allocation of the expenditure shall be the same cost accounting
12 methodology used by the taxpayer in its other business
13 activities;

14 (3) "quantum computing testbed" means an open-
15 access, trapped-ion quantum computer testbed providing
16 researchers with white-box control, which involves observing or
17 modifying a neural network's internal activations and workings
18 to prevent potential harm from misaligned artificial
19 intelligence models, over hardware to study quantum computing
20 fundamentals, architecture and algorithms that is funded by the
21 office of science of the United States department of energy;

22 (4) "quantum facility" means a facility in New
23 Mexico at which research and development in quantum technology
24 is conducted, other than a facility operated by a taxpayer for
25 the United States or any agency, department or instrumentality

1 thereof; and

2 (5) "quantum technology" means technology that
3 relies on quantum superposition or quantum entanglement or
4 innovations that enable those technologies."

5 **SECTION 2.** A new section of the Corporate Income and
6 Franchise Tax Act is enacted to read:

7 "[NEW MATERIAL] QUANTUM FACILITY INFRASTRUCTURE CORPORATE
8 INCOME TAX CREDIT.--

9 A. For taxable years ending prior to January 1,
10 2029, a taxpayer that makes at least three million dollars
11 (\$3,000,000) in qualified expenditures for infrastructure or
12 qualified equipment for a quantum facility located in New
13 Mexico may claim a credit against the taxpayer's tax liability
14 imposed pursuant to the Corporate Income and Franchise Tax Act
15 in the amount provided in Subsection B of this section. The
16 credit provided by this section may be referred to as the
17 "quantum facility infrastructure corporate income tax credit".

18 B. Subject to the total aggregate amount allowed
19 pursuant to Subsection E of this section, the amount of credit
20 shall be in an amount equal to thirty percent of the amount of
21 the qualified expenditures made by the taxpayer for
22 infrastructure or qualified equipment for a quantum facility,
23 not to exceed fifty million dollars (\$50,000,000) per quantum
24 facility.

25 C. Prior to incurring a qualified expenditure, a

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1 taxpayer shall apply for preliminary certification of
2 eligibility for the credit from the economic development
3 department on forms and in the manner prescribed by that
4 department. Such preliminary certification shall be limited to
5 confirming that the qualified expenditures proposed to be made
6 by the taxpayer will in whole or in part be used to provide
7 infrastructure for a quantum facility and an estimate of the
8 amount of credit for which the taxpayer may be eligible. Only
9 one certificate of eligibility shall be issued for a quantum
10 facility, regardless of ownership of the facility.

11 D. For qualified equipment to be eligible as a
12 qualified expenditure, the equipment shall be installed,
13 maintained and operated in New Mexico for a period of not less
14 than ten years from the date of certification. If qualified
15 equipment for which a credit was allowed is relocated outside
16 New Mexico, sold or otherwise withdrawn from service in New
17 Mexico before the end of that period, the taxpayer shall repay
18 the portion of the credit corresponding to the time remaining
19 in that period. The requirements of this subsection shall not
20 apply to temporary removal for repair, calibration or warranty
21 service, if the equipment is timely replaced with substantially
22 similar equipment that is installed and operated in New Mexico
23 or if removal is due to casualty and the property is timely
24 restored or replaced in New Mexico.

25 E. Within twelve months of completion of

1 construction of a quantum facility or first use of qualified
2 equipment, the taxpayer shall seek final certification from the
3 economic development department. The annual aggregate amount
4 of quantum facility infrastructure income tax credits and
5 quantum facility infrastructure corporate income tax credits
6 that may be certified for a calendar year shall not exceed
7 fifty million dollars (\$50,000,000).

8 F. An application for final certification shall
9 include information required by the economic development
10 department to determine eligibility for the credit and shall
11 include:

12 (1) information substantiating qualified
13 expenditures;

14 (2) for a tax credit allowed for qualified
15 equipment, the number of internship, apprenticeship, research
16 or training opportunities provided in collaboration with a
17 public post-secondary educational institution related to
18 qualified equipment or the operation of a quantum facility; and

19 (3) for a tax credit allowed for qualified
20 equipment for a quantum computing testbed, the reasonable
21 efforts made by the taxpayer to provide shared use or
22 partnership opportunities on reasonable terms.

23 G. If the economic development department
24 determines that a taxpayer meets the requirements of this
25 section, that department shall issue a dated certificate of

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1 eligibility to the taxpayer providing the amount of credit for
2 which the taxpayer is eligible and the taxable years in which
3 the credit may be claimed. The economic development department
4 shall provide the department with the certificates of
5 eligibility issued pursuant to this subsection in secure
6 electronic format at regularly agreed-upon intervals.

7 H. A taxpayer allowed to claim the credit shall
8 claim the credit in a manner required by the department. The
9 credit shall be claimed within one year of receiving final
10 certification from the economic development department. The
11 taxpayer shall claim the amount certified and approved against
12 the taxpayer's income tax liability. Any amount of credit that
13 exceeds the taxpayer's income tax liability shall be refunded
14 to the taxpayer.

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

19 J. As used in this section:

20 (1) "qualified equipment" means specialized
21 scientific and engineering equipment essential to the operation
22 of a quantum facility pursuant to rules promulgated by the
23 department of information technology;

24 (2) "qualified expenditure" means an
25 expenditure made by a taxpayer for land and rent paid or

1 incurred for land, improvements, buildings or infrastructure
2 required for a quantum facility, but not including any
3 expenditure for property that is owned by a municipality or
4 county in connection with an industrial revenue bond project,
5 property for which the taxpayer has received any credit
6 pursuant to the Investment Credit Act or property that was
7 owned by the taxpayer or an affiliate before January 1, 2026.

8 If a "qualified expenditure" is an allocation of an
9 expenditure, the cost accounting methodology used for the
10 allocation of the expenditure shall be the same cost accounting
11 methodology used by the taxpayer in its other business
12 activities;

13 (3) "quantum computing testbed" means an open-
14 access, trapped-ion quantum computer testbed providing
15 researchers with white-box control, which involves observing or
16 modifying a neural network's internal activations and workings
17 to prevent potential harm from misaligned artificial
18 intelligence models, over hardware to study quantum computing
19 fundamentals, architecture and algorithms that is funded by the
20 office of science of the United States department of energy;

21 (4) "quantum facility" means a facility in New
22 Mexico at which research and development in quantum technology
23 is conducted, other than a facility operated by a taxpayer for
24 the United States or any agency, department or instrumentality
25 thereof; and

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1 (5) "quantum technology" means technology that
2 relies on quantum superposition or quantum entanglement or
3 innovations that enable those technologies."

4 **SECTION 3. DELAYED REPEAL.**--Sections 1 and 2 of this act
5 are repealed effective January 1, 2030.

6 **SECTION 4. APPLICABILITY.**--The provisions of this act
7 apply to taxable years beginning on or after January 1, 2026.

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