SENATE BILL 36

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

INTRODUCED BY

Michael Padilla and Joshua N. Hernandez

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

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

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

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



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 If qualified equipment for which a credit was allowed is relocated outside New Mexico, sold or otherwise withdrawn from service in New Mexico before the end of that period, the taxpayer shall repay the portion of the credit corresponding to the time remaining in that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

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

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

(1) information substantiating qualified



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expenditures;

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

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

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

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



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

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

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

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

L. As used in this section:

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

(2) "qualified expenditure" means an

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expenditure made by a taxpayer for land and rent paid or incurred for land, improvements, buildings or infrastructure required for a quantum facility, but not including any expenditure for property that is owned by a municipality or county in connection with an industrial revenue bond project, property for which the taxpayer has received any credit pursuant to the Investment Credit Act or property that was owned by the taxpayer or an affiliate before January 1, 2026. If a "qualified expenditure" is an allocation of an expenditure, the cost accounting methodology used for the allocation of the expenditure shall be the same cost accounting methodology used by the taxpayer in its other business activities;

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

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

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thereof; and

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

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

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

A. For taxable years ending prior to January 1, 2029, a taxpayer that 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 claim a credit against the taxpayer's tax liability imposed pursuant to the Corporate Income and Franchise Tax Act in the amount provided in Subsection B of this section. The credit provided by this section may be referred to as the "quantum facility infrastructure corporate income tax credit".

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

C. Prior to incurring a qualified expenditure, a



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

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

E. Within twelve months of completion of



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

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

(1) information substantiating qualified expenditures;

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

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

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



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

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

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

J. As used in this section:

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

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

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incurred for land, improvements, buildings or infrastructure required for a quantum facility, but not including any expenditure for property that is owned by a municipality or county in connection with an industrial revenue bond project, property for which the taxpayer has received any credit pursuant to the Investment Credit Act or property that was owned by the taxpayer or an affiliate before January 1, 2026. If a "qualified expenditure" is an allocation of an expenditure, the cost accounting methodology used for the allocation of the expenditure shall be the same cost accounting methodology used by the taxpayer in its other business activities;

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

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



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

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

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



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