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SENATE BILL

**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,

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

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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

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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