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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

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

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date Jan 19, 2024
Bill No: HB140

Sponsor: Hochman-Vigil

Agency Name and Code NMED-667
Number: _____

Short Title: Clean Car Income Tax Credit

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SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
<i>Please see NM Tax and Rev. Dept. FIR estimates for revenue projections.</i>				

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	<i>Please see NM Tax and Rev. Dept. FIR estimates for operational budget impacts.</i>					

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 140 creates a new tax credit for the purchase or lease of clean vehicles and associated fueling or charging infrastructure for a period of six years beginning January 1, 2024 and ending January 1, 2030. Tax credits under this bill decrease over the six-year period.

The tax credit is tiered by vehicle type: in 2024-2026 tax credits are \$3,000 for new electric vehicles, \$2,000 for plug-in hybrid electric vehicles, \$1,500 for used electric vehicles, and \$1,000 for used plug-in hybrid vehicles; in 2027 tax credits are \$2,220 for new electric vehicles, \$1,480 for plug-in hybrid electric vehicles, \$1,110 for used electric vehicles, and \$740 for used plug-in hybrid vehicles; in 2028 tax credits are \$1,470 for new electric vehicles, \$980 for plug-in hybrid electric vehicles, \$735 for used electric vehicles, and \$490 for used plug-in hybrid vehicles; in 2029 tax credits are \$960 for new electric vehicles, \$640 for plug-in hybrid electric vehicles, \$480 for used electric vehicles, and \$320 for used plug-in hybrid vehicles.

Taxpayers apply for eligibility from EMNRD.

HB140 includes requirements for what qualifies for a clean vehicle.

The effective date of the tax credits of this act is January 1, 2024.

FISCAL IMPLICATIONS

No fiscal impacts on New Mexico Environment Department.

Please see NM Tax and Rev. Dept. FIR estimates for revenue projections and operational budget impacts.

SIGNIFICANT ISSUES

These tax credits incentivize the purchase or lease of electric and plug-in hybrid vehicles. Transportation, including passenger vehicles are the second highest emitter of nitrogen oxides and greenhouse gases in New Mexico. Clean vehicles reduce emissions of air pollutants and greenhouse gases from driving. If 82% of new vehicle sales are electric vehicles and plug-in hybrid vehicles by 2032, as required under the New Motor Vehicle Emission Standards (20.2.91 NMAC), emissions of nitrogen oxides will be reduced by 43% in 2050, and emissions of greenhouse gases will be reduced by 64% in 2050.

Improving air quality in New Mexico is required under state and federal law to improve public health. When electric vehicles and plug-in hybrid vehicles reach 82% of sales by 2032, New Mexico will avoid at least 27.5 million dollars of health impacts in 2050 alone. This will assist in avoiding federal sanctions under the Clean Air Act while reducing health impacts and associated costs.

This tax credit would support New Mexicans purchasing electric and plug-in hybrid vehicles, which may have a higher initial cost, but a lower cost of ownership over their lifetime of use. An electric vehicle owner saves \$7,383 over 10 years of vehicle ownership. HB140 will support New Mexicans in purchasing the annually increasing number of new electric vehicles and plug-in hybrid clean vehicles that will be delivered to New Mexico under recently adopted New Motor Vehicle Emission Standards.

PERFORMANCE IMPLICATIONS

None identified.

ADMINISTRATIVE IMPLICATIONS

None identified.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None identified.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS