# FISCAL IMPACT REPORT

**BILL NUMBER:** House Bill 309

**SHORT TITLE:** Valuation of Energy Storage Property

**SPONSOR:** Small

**LAST UPDATE:** ______ **ORIGINAL DATE:** 2/5/2026 **ANALYST:** Faubion

**REVENUE***
**(dollars in thousands)**

| Type | FY26 | FY27 | FY28 | FY29 | FY30 | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|---|
| Property Tax | Indeterminate but minimal loss | Indeterminate but minimal loss | Indeterminate but minimal loss | Indeterminate but minimal loss | Indeterminate but minimal loss | Recurring | Local Governments |
| Property Tax | Indeterminate but minimal loss | Indeterminate but minimal loss | Indeterminate but minimal loss | Indeterminate but minimal loss | Indeterminate but minimal loss | Recurring | State GO Bonding Fund |

Parentheses indicate revenue decreases.
*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency or Agencies Providing Analysis
NM Counties

Agency or Agencies That Were Asked for Analysis but did not Respond
Taxation and Revenue Department
Department of Finance and Administration
Public Regulation Commission
Energy, Minerals, and Natural Resources Department
Economic Development Department

## SUMMARY

### Synopsis of House Bill 309

House Bill 309 (HB 309) expands the special method of valuation for electric plant property to explicitly include property used for the storage of electric power or energy. Energy storage facilities—such as battery storage and other technologies that convert, store, and return electricity to balance supply and demand or facilitate dispatch—would be valued using the same cost-based methodology currently applied to property used for the generation, transmission, and distribution of electric power. This includes valuation based on tangible property cost, reduced by depreciation and other justifiable factors, subject to a statutory floor of 20 percent of tangible property cost. The provisions in this bill apply to property tax years beginning on January 1, 2027.

## FISCAL IMPLICATIONS

Evaluating the fiscal impact of this bill is difficult due to limited information on the scope and valuation of electric energy storage property currently subject to property taxation. There is no centralized statewide data identifying how many energy storage facilities exist, whether they are presently assessed under a special valuation method, or instead are valued using other appraisal approaches. In addition, assessor practices may vary regarding whether stand-alone storage facilities or storage components associated with generation or transmission assets are already treated as "electric plant" for valuation purposes. Parcel-level data identifying affected properties, their current taxable values, and how valuations would change under the clarified statutory treatment are not readily available. As a result, the potential impact on statewide or local property tax revenues cannot be reliably quantified.

To the extent the bill results in additional electric energy storage property being valued under the special cost-based methodology, taxable valuations for some properties could decrease relative to current practice, depending on how those properties are presently assessed. Any resulting changes in aggregate taxable value within a tax district would generally be moderated by yield control. Under the yield control statute (Section 7-37-7.1 NMSA 1978), operating tax rates are adjusted to maintain reasonable revenue growth when changes in taxable value occur, meaning that decreases in aggregate value could lead to higher mill rates, largely offsetting local revenue impacts. However, the extent of any such adjustments is uncertain without detailed parcel-level data. State general obligation bond debt service is not subject to yield control; therefore, any net reduction in taxable value attributable to changes in valuation methodology for energy storage property would reduce revenues available for state GO bond repayment.

## SIGNIFICANT ISSUES

This bill clarifies that property used for the storage of electric power or energy is included within the special method of valuation for electric plant property, aligning the statutory treatment of energy storage facilities with that of generation, transmission, and distribution assets. The policy change reduces ambiguity in current law regarding whether stand-alone storage facilities or storage components associated with other electric infrastructure qualify for the cost-based valuation methodology and promotes more consistent treatment of functionally similar electric utility assets.

By explicitly incorporating energy storage into the definition of electric plant, the bill may improve uniformity and predictability in property tax assessments as energy storage deployment expands in response to grid reliability needs, renewable integration, and market incentives. Clarifying valuation treatment may also reduce disputes between taxpayers and assessors over the appropriate appraisal method for storage facilities and provide greater certainty for utilities and developers planning capital investments in storage technology.

The bill may introduce administrative considerations for the Taxation and Revenue Department and county assessors by requiring identification and classification of qualifying energy storage property, particularly in cases where storage facilities are co-located with generation assets or integrated into broader energy projects. Distinguishing between qualifying storage property and non-qualifying assets, such as general buildings or construction work in progress, may require additional documentation and technical review. Variations in project design and ownership structures could also complicate application of the valuation method, potentially leading to inconsistent treatment across counties if regulatory guidance is limited.

From a local government perspective, counties continue to note that property tax revenues are under increasing pressure from recent constitutional and statutory changes, including the expansion of veteran property tax exemptions. While this bill does not create a new exemption, any valuation changes that reduce taxable value for certain properties would further narrow the local tax base. These concerns are heightened given projected revenue losses beginning in FY27 from the expanded disabled veteran exemption and additional losses beginning in FY26 from increases in the standard veteran exemption, which counties indicate constrain their capacity to fund essential local services.

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