

SENATE TAX, BUSINESS AND TRANSPORTATION
COMMITTEE SUBSTITUTE FOR
SENATE BILL 21

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

AN ACT

RELATING TO ELECTRIC MOTOR VEHICLES; CREATING THE ELECTRIC
VEHICLE INCOME TAX CREDIT; CREATING THE ELECTRIC VEHICLE
CHARGING UNIT INCOME TAX CREDIT; REQUIRING AN ADDITIONAL
REGISTRATION FEE FOR ELECTRIC AND PLUG-IN HYBRID ELECTRIC
VEHICLES; PROVIDING THAT THE ADDITIONAL REGISTRATION FEES BE
DISTRIBUTED TO THE STATE ROAD FUND AND THE LOCAL GOVERNMENTS
ROAD FUND.

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] ELECTRIC VEHICLE INCOME TAX CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who, beginning on the effective date of this
section and prior to January 1, 2027, purchases an electric

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1 vehicle or enters into a new lease of at least three years for
2 an electric vehicle may claim a credit against the taxpayer's
3 tax liability imposed pursuant to the Income Tax Act in an
4 amount provided in Subsection B of this section. The tax
5 credit provided by this section may be referred to as the
6 "electric vehicle income tax credit".

7 B. The electric vehicle income tax credit shall be
8 in an amount equal to two thousand five hundred dollars
9 (\$2,500), except that a taxpayer who meets the following
10 requirements shall be allowed a credit in an amount equal to
11 four thousand dollars (\$4,000):

12 (1) a taxpayer who files as a single
13 individual with an adjusted gross income of fifty thousand
14 dollars (\$50,000) or less for the taxable year prior to the
15 calendar year in which the electric vehicle was purchased or
16 the lease was entered into;

17 (2) a taxpayer who files as a married
18 individual filing a separate return with an adjusted gross
19 income of thirty-seven thousand five hundred dollars (\$37,500)
20 or less for the taxable year prior to the calendar year in
21 which the electric vehicle was purchased or the lease was
22 entered into; or

23 (3) a taxpayer who files as a head of
24 household or surviving spouse, or taxpayers who file as married
25 individuals filing a joint return, with an adjusted gross

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1 income of seventy-five thousand dollars (\$75,000) or less for
2 the taxable year prior to the calendar year in which the
3 electric vehicle was purchased or the lease was entered into.

4 C. A taxpayer shall apply for certification of
5 eligibility for the electric vehicle income tax credit from the
6 department on forms and in the manner prescribed by the
7 department. Except as provided in Subsection H of this
8 section, only one electric vehicle income tax credit shall be
9 allowed for each electric vehicle purchased or leased. The
10 application shall include proof of purchase or lease, the
11 electric vehicle's registration or application for registration
12 and any additional information that the department may require
13 to determine eligibility for the credit. The department shall
14 issue a dated certificate of eligibility to the taxpayer
15 providing the amount of the electric vehicle income tax credit
16 for which the taxpayer is eligible and the taxable year in
17 which the credit may be claimed for an electric vehicle that
18 was purchased or leased.

19 D. The aggregate amount of electric vehicle income
20 tax credit claims that may be authorized for payment in any
21 fiscal year is ten million dollars (\$10,000,000). If a
22 taxpayer submits a claim for a tax credit but is unable to
23 receive the tax credit because the claims for the fiscal year
24 exceed the limitation provided in this subsection, the
25 taxpayer's claim shall be placed at the front of a queue of

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1 credit claimants for the subsequent fiscal year in the order of
2 the date on which the credit was authorized for payment.

3 Completed applications for the tax credit shall be considered
4 in the order received by the department.

5 E. Applications for certification of an electric
6 vehicle income tax credit shall be made no later than one
7 calendar year from the date in which the electric vehicle is
8 purchased or the lease is entered into.

9 F. A certificate of eligibility for an electric
10 vehicle income tax credit may be sold, exchanged or otherwise
11 transferred to another taxpayer for the full value of the
12 credit. The parties to such a transaction shall notify the
13 department of the sale, exchange or transfer within ten days of
14 the sale, exchange or transfer.

15 G. That portion of an approved electric vehicle
16 income tax credit claimed by a taxpayer that exceeds the
17 taxpayer's income tax liability in the taxable year in which an
18 electric vehicle income tax credit is claimed shall be refunded
19 to the taxpayer.

20 H. Married individuals filing separate returns for
21 a taxable year for which they could have filed a joint return
22 may each claim only one-half of the electric vehicle income tax
23 credit that would have been claimed on a joint return.

24 I. A taxpayer shall submit to the department
25 information required by the department with respect to the

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1 purchase or lease of an electric vehicle by the taxpayer during
2 the taxable year for which the electric vehicle income tax
3 credit is claimed.

4 J. A taxpayer allowed an electric vehicle income
5 tax credit shall report the amount of the tax credit to the
6 department on a form and in a manner required by the
7 department.

8 K. The department shall compile an annual report on
9 the electric vehicle income tax credit that shall include the
10 number of taxpayers approved by the department to receive the
11 tax credit, the aggregate amount of tax credits approved and
12 any other information necessary to evaluate the tax credit.
13 The department shall compile and present the annual report to
14 the revenue stabilization and tax policy committee and the
15 legislative finance committee with an analysis of the cost of
16 the tax credit.

17 L. As used in this section:

18 (1) "electric vehicle" means a new motor
19 vehicle that derives all or part of the vehicle's power from
20 electricity stored in a battery that:

21 (a) has a capacity of not less than six
22 kilowatt-hours;

23 (b) is capable of powering the vehicle
24 for a range of at least forty miles; and

25 (c) is capable of being recharged from

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1 an external source of electricity; and

2 (2) "motor vehicle" means a vehicle with four
3 wheels that:

4 (a) is required under the Motor Vehicle
5 Code to be registered in this state;

6 (b) is made by a manufacturer;

7 (c) has a base manufacturer suggested
8 retail price, before options and destination charges, of
9 fifty-five thousand dollars (\$55,000) or less, before any taxes
10 are imposed;

11 (d) is manufactured primarily for use on
12 public streets, roads or highways;

13 (e) has not been modified from the
14 original manufacturer specifications;

15 (f) is rated at not less than two
16 thousand two hundred pounds unloaded base weight and not more
17 than nine thousand seven hundred fifty pounds unloaded base
18 weight; and

19 (g) has a maximum speed capability of at
20 least sixty-five miles per hour."

21 SECTION 2. A new section of the Income Tax Act is enacted
22 to read:

23 "[NEW MATERIAL] ELECTRIC VEHICLE CHARGING UNIT INCOME TAX
24 CREDIT.--

25 A. For taxable years beginning prior to January 1,

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1 2027, a taxpayer who is not a dependent of another individual
2 and who purchases and installs an electric vehicle charging
3 unit may claim a credit against the taxpayer's tax liability
4 imposed pursuant to the Income Tax Act. The tax credit
5 provided by this section may be referred to as the "electric
6 vehicle charging unit income tax credit".

7 B. The electric vehicle charging unit income tax
8 credit shall not exceed three hundred dollars (\$300) or the
9 cost to purchase and install an electric vehicle charging unit,
10 whichever is less.

11 C. A taxpayer shall apply for certification of
12 eligibility for the electric vehicle charging unit income tax
13 credit from the department on forms and in the manner
14 prescribed by the department. The aggregate amount of electric
15 vehicle charging unit income tax credits that may be certified
16 as eligible in any calendar year is one million dollars
17 (\$1,000,000). Completed applications shall be considered in
18 the order received. If a taxpayer submits a claim for a tax
19 credit but is unable to receive the tax credit because the
20 claims for the fiscal year exceed the limitation provided in
21 this subsection, the taxpayer's claim shall be placed at the
22 front of a queue of credit claimants for the subsequent fiscal
23 year in the order of the date on which the credit was
24 authorized for payment.

25 D. An application for certification of eligibility

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1 shall include a receipt for the purchase of the electric
2 vehicle charging unit, a copy of the data sheet that specifies
3 the connector type, plug type, voltage and current of the
4 electric vehicle charging unit and any additional information
5 that the department may require to determine eligibility for
6 the credit. The department shall issue a dated certificate of
7 eligibility to the taxpayer providing the amount of the
8 electric vehicle charging unit income tax credit for which the
9 taxpayer is eligible and the taxable year in which the credit
10 may be claimed.

11 E. Applications for certification of an electric
12 vehicle charging unit income tax credit shall be made no later
13 than one calendar year from the date in which the electric
14 vehicle charging unit for which the credit is claimed is
15 purchased and installed.

16 F. That portion of an electric vehicle charging
17 unit income tax credit that exceeds a taxpayer's income tax
18 liability in the taxable year in which an electric vehicle
19 charging unit income tax credit is claimed shall be refunded to
20 the taxpayer.

21 G. Married individuals filing separate returns for
22 a taxable year for which they could have filed a joint return
23 may each claim only one-half of the electric vehicle charging
24 unit income tax credit that would have been claimed on a joint
25 return.

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1 H. A taxpayer may be allocated the right to claim
2 an electric vehicle charging unit income tax credit in
3 proportion to the taxpayer's ownership interest if the taxpayer
4 owns an interest in a business entity that is taxed for federal
5 income tax purposes as a partnership or limited liability
6 company and that business entity has met all of the
7 requirements to be eligible for the tax credit. The total tax
8 credit claimed by all members of the partnership or limited
9 liability company shall not exceed the allowable tax credit
10 pursuant to Subsection B of this section.

11 I. A taxpayer allowed a tax credit pursuant to this
12 section shall report the amount of the tax credit to the
13 department in a manner required by the department.

14 J. The department shall compile an annual report on
15 the electric vehicle charging unit income tax credit that shall
16 include the number of taxpayers approved by the department to
17 receive the tax credit, the aggregate amount of tax credits
18 approved and any other information necessary to evaluate the
19 effectiveness of the tax credit. The department shall present
20 the annual report to the revenue stabilization and tax policy
21 committee and the legislative finance committee with an
22 analysis of the effectiveness and cost of the tax credit and
23 whether the tax credit is performing the purpose for which it
24 was created.

25 K. As used in this section:

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1 (1) "electric vehicle" means a motor vehicle
2 subject to the registration fee pursuant to Section 66-6-2 or
3 66-6-4 NMSA 1978 that derives all or part of the vehicle's
4 power from electricity stored in a battery that:

5 (a) has a capacity of not less than six
6 kilowatt-hours;

7 (b) is capable of powering the vehicle
8 for a range of at least forty miles; and

9 (c) is capable of being recharged from
10 an external source of electricity; and

11 (2) "electric vehicle charging unit" means a
12 device that:

13 (a) is used to provide electricity to an
14 electric vehicle;

15 (b) is designed to create a connection
16 between an electricity source and the electric vehicle;

17 (c) uses the electric vehicle's control
18 system to ensure that electricity flows at an appropriate
19 voltage and current level; and

20 (d) is installed on residential property
21 located in the state."

22 SECTION 3. A new section of the Motor Vehicle Code is
23 enacted to read:

24 "[NEW MATERIAL] ADDITIONAL REGISTRATION FEE--ELECTRIC AND
25 PLUG-IN HYBRID ELECTRIC VEHICLES.--

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1 A. For registration of vehicles subject to the
2 registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA
3 1978, there is imposed an additional annual fee of fifty-four
4 dollars (\$54.00) for which an electric vehicle with a gross
5 vehicle weight of twenty-six thousand pounds or less is
6 registered.

7 B. For registration of vehicles subject to the
8 registration fees imposed by Sections 66-6-2 and 66-6-4 NMSA
9 1978, there is imposed an additional annual fee of twenty-seven
10 dollars (\$27.00) for which a plug-in hybrid electric vehicle
11 with a gross vehicle weight of twenty-six thousand pounds or
12 less is registered.

13 C. All fees collected pursuant to this section
14 shall be paid to the state treasurer to the credit of the motor
15 vehicle suspense fund with distribution in accordance with
16 Section 66-6-23 NMSA 1978.

17 D. As used in this section:

18 (1) "electric vehicle" means a motor vehicle
19 that derives all of the vehicle's power from electricity stored
20 in a battery that:

21 (a) has a capacity of not less than six
22 kilowatt-hours;

23 (b) is capable of powering the vehicle
24 for a range of at least forty miles; and

25 (c) is capable of being recharged from

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1 an external source of electricity; and

2 (2) "plug-in hybrid electric vehicle" means a
3 motor vehicle that derives part of the vehicle's power from
4 electricity stored in a battery that:

5 (a) has a capacity of not less than six
6 kilowatt-hours;

7 (b) is capable of powering the vehicle
8 for a range of at least forty miles; and

9 (c) is capable of being recharged from
10 an external source of electricity."

11 SECTION 4. Section 66-6-23 NMSA 1978 (being Laws 1978,
12 Chapter 35, Section 358, as amended) is amended to read:

13 "66-6-23. DISPOSITION OF FEES.--

14 A. After the necessary disbursements for refunds
15 and other purposes have been made, the money remaining in the
16 motor vehicle suspense fund, except for remittances received
17 within the previous two months that are unidentified as to
18 source or disposition, shall be distributed as follows:

19 (1) to each municipality, county or fee agent
20 operating a motor vehicle field office:

21 (a) an amount equal to six dollars
22 (\$6.00) per driver's license and five dollars (\$5.00) per
23 identification card or motor vehicle or motorboat registration
24 or title transaction performed;

25 (b) for each such agent determined by

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1 the secretary pursuant to Section 66-2-16 NMSA 1978 to have
2 performed ten thousand or more transactions in the preceding
3 fiscal year, other than a class A county with a population
4 exceeding three hundred thousand or a municipality with a
5 population exceeding three hundred thousand that has been
6 designated as an agent pursuant to Section 66-2-14.1 NMSA 1978,
7 an amount equal to one dollar (\$1.00) in addition to the amount
8 distributed pursuant to Subparagraph (a) of this paragraph for
9 each driver's license, identification card, motor vehicle
10 registration, motorboat registration or title transaction
11 performed; and

12 (c) to each military installation
13 designated as a fee agent pursuant to Section 66-2-14.1 NMSA
14 1978, an amount equal to one dollar fifty cents (\$1.50) in
15 addition to the amount distributed pursuant to Subparagraph (a)
16 of this paragraph for each administrative service fee remitted
17 by the military installation to the department pursuant to
18 Subsection A of Section 66-2-16 NMSA 1978;

19 (2) to each municipality or county, other than
20 a class A county with a population exceeding three hundred
21 thousand or a municipality with a population exceeding three
22 hundred thousand that has been designated as an agent pursuant
23 to Section 66-2-14.1 NMSA 1978, operating a motor vehicle field
24 office, an amount equal to one dollar fifty cents (\$1.50) for
25 each administrative service fee remitted by that county or

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1 municipality to the department pursuant to the provisions of
2 Subsection A of Section 66-2-16 NMSA 1978;

3 (3) to the state road fund:

4 (a) an amount equal to the fees
5 collected pursuant to Sections 66-7-413 and 66-7-413.4 NMSA
6 1978;

7 (b) an amount equal to the fee collected
8 pursuant to Section 66-3-417 NMSA 1978;

9 (c) the remainder of each driver's
10 license fee collected by the department employees from an
11 applicant to whom a license is granted after deducting from the
12 driver's license fee the amount of the distribution authorized
13 in Paragraph (1) of this subsection with respect to that
14 collected driver's license fee; ~~and~~

15 (d) an amount equal to fifty percent of
16 the fees collected pursuant to Section 66-6-19 NMSA 1978; and

17 (e) an amount equal to seventy-seven
18 percent of the fees collected pursuant to Section 3 of this
19 2022 act;

20 (4) to the local governments road fund:

21 (a) the amount of the fees collected
22 pursuant to Subsection B of Section 66-5-33.1 NMSA 1978 and the
23 remainder of the fees collected pursuant to Subsection A of
24 Section 66-5-408 NMSA 1978; and

25 (b) an amount equal to twenty-three

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1 percent of the fees collected pursuant to Section 3 of this
2 2022 act;

3 (5) to the department:

4 (a) any amounts reimbursed to the
5 department pursuant to Subsection D of Section 66-2-14.1 NMSA
6 1978;

7 (b) an amount equal to two dollars
8 (\$2.00) of each motorcycle registration fee collected pursuant
9 to Section 66-6-1 NMSA 1978;

10 (c) an amount equal to the fees provided
11 for in Subsection D of Section 66-2-7 NMSA 1978, Subsection E
12 of Section 66-2-16 NMSA 1978, Subsections K and L of Section
13 66-3-6 NMSA 1978 other than the administrative fee, Subsection
14 C of Section 66-5-44 NMSA 1978 and Subsection B of Section
15 66-5-408 NMSA 1978;

16 (d) the amounts due to the department
17 for the manufacture and issuance of a special registration
18 plate collected pursuant to the section of law authorizing the
19 issuance of the specialty plate;

20 (e) an amount equal to the registration
21 fees collected pursuant to Section 66-6-6.1 NMSA 1978 for the
22 purposes of enforcing the provisions of the Mandatory Financial
23 Responsibility Act and for creating and maintaining a
24 multilanguage noncommercial driver's license testing program;
25 and after those purposes are met, the balance of the

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1 registration fees shall be distributed to the department to
2 defray the costs of operating the [~~motor vehicle~~] division;

3 (f) an amount equal to fifty cents
4 (\$.50) for each administrative fee remitted to the department
5 by a county or municipality operating a motor vehicle field
6 office pursuant to Subsection A of Section 66-2-16 NMSA 1978;

7 (g) an amount equal to one dollar
8 twenty-five cents (\$.25) for each administrative fee collected
9 by the department or any of its agents other than a county or
10 municipality operating a motor vehicle field office pursuant to
11 Subsection A of Section 66-2-16 NMSA 1978; and

12 (h) an amount equal to the royalties or
13 other consideration paid by commercial users of databases of
14 motor vehicle-related records of the department pursuant to
15 Subsection C of Section 14-3-15.1 NMSA 1978 for the purpose of
16 defraying the costs of maintaining databases of motor vehicle-
17 related records of the department; and after that purpose is
18 met, the balance of the royalties and other consideration shall
19 be distributed to the department to defray the costs of
20 operating the [~~motor vehicle~~] division or for use pursuant to
21 Subsection F of Section 66-6-13 NMSA 1978;

22 (6) to each New Mexico institution of higher
23 education, an amount equal to that part of the fees distributed
24 pursuant to Paragraph (2) of Subsection D of Section 66-3-416
25 NMSA 1978 proportionate to the number of special registration

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1 plates issued in the name of the institution to all such
2 special registration plates issued in the name of all
3 institutions;

4 (7) to the armed forces veterans license fund,
5 the amount to be distributed pursuant to Paragraph (2) of
6 Subsection E of Section 66-3-419 NMSA 1978;

7 (8) to the children's trust fund, the amount
8 to be distributed pursuant to Paragraph (2) of Subsection D of
9 Section 66-3-420 NMSA 1978;

10 (9) to the department of transportation, an
11 amount equal to the fees collected pursuant to Section 66-5-35
12 NMSA 1978;

13 (10) to the state equalization guarantee
14 distribution made annually pursuant to the general
15 appropriation act, an amount equal to one hundred percent of
16 the driver safety fee collected pursuant to Subsection D of
17 Section 66-5-44 NMSA 1978;

18 (11) to the motorcycle training fund, two
19 dollars (\$2.00) of each motorcycle registration fee collected
20 pursuant to Section 66-6-1 NMSA 1978;

21 (12) to the recycling and illegal dumping
22 fund:

23 (a) fifty cents (\$.50) of the tire
24 recycling fee collected pursuant to the provisions of Section
25 66-6-1 NMSA 1978;

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1 (b) fifty cents (\$.50) of each of the
2 tire recycling fees collected pursuant to the provisions of
3 Sections 66-6-2 and 66-6-4 NMSA 1978; and

4 (c) twenty-five cents (\$.25) of each of
5 the tire recycling fees collected pursuant to Sections 66-6-5
6 and 66-6-8 NMSA 1978;

7 (13) to the highway infrastructure fund:

8 (a) fifty cents (\$.50) of the tire
9 recycling fee collected pursuant to the provisions of Section
10 66-6-1 NMSA 1978;

11 (b) one dollar (\$1.00) of each of the
12 tire recycling fees collected pursuant to the provisions of
13 Sections 66-6-2 and 66-6-4 NMSA 1978; and

14 (c) twenty-five cents (\$.25) of each of
15 the tire recycling fees collected pursuant to Sections 66-6-5
16 and 66-6-8 NMSA 1978;

17 (14) to each county, an amount equal to fifty
18 percent of the fees collected pursuant to Section 66-6-19 NMSA
19 1978 multiplied by a fraction, the numerator of which is the
20 total mileage of public roads maintained by the county and the
21 denominator of which is the total mileage of public roads
22 maintained by all counties in the state;

23 (15) to the litter control and beautification
24 fund, an amount equal to the fees collected pursuant to Section
25 66-6-6.2 NMSA 1978;

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1 (16) to the local government division of the
2 department of finance and administration, an amount equal to
3 the fees collected pursuant to Section 66-3-424.3 NMSA 1978 for
4 distribution to each county to support animal control spaying
5 and neutering programs in an amount proportionate to the number
6 of residents of that county who have purchased pet care special
7 registration plates pursuant to Section 66-3-424.3 NMSA 1978;
8 and

9 (17) to the Cumbres and Toltec scenic railroad
10 commission, twenty-five dollars (\$25.00) collected pursuant to
11 the Cumbres and Toltec scenic railroad special registration
12 plate.

13 B. The balance, exclusive of unidentified
14 remittances, shall be distributed in accordance with Section
15 66-6-23.1 NMSA 1978.

16 C. If any of the paragraphs, subsections or
17 sections referred to in Subsection A of this section are
18 recompiled or otherwise redesignated without a corresponding
19 change to Subsection A of this section, the reference in
20 Subsection A of this section shall be construed to be the
21 recompiled or redesignated paragraph, subsection or section."

22 **SECTION 5. APPLICABILITY.**--The provisions of Sections 1
23 and 2 of this act apply to taxable years beginning on or after
24 January 1, 2022.

25 **SECTION 6. EFFECTIVE DATE.**--The effective date of the
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1 provisions of Sections 3 and 4 of this act is January 1, 2023.

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