

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 2/3/25 *Check all that apply:*
Bill Number: Senate Bill 212 Original Correction
 Amendment Substitute

Sponsor: Sens. Padilla and Soules **Agency Name** Economic Development
Short Title: QUANTUM TESTING & EVALUATION GRT CREDIT **and Code** Department
Number: 41900 **Person Writing** Nora Meyers Sackett
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|------------------|
| FY25 | FY26 | | |
| | | | |
| | | | |

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY25 | FY26 | FY27 | | |
| | | | | |
| | | | | |

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| Total | | | | | | |

(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:

Senate Bill 212 creates the Quantum Testing and Evaluation Gross Receipts Tax Credit, enabling a national laboratory that has a memorandum of understanding with a federal quantum agency and receives federal funds for quantum testing and evaluation services to claim a tax credit against their gross receipts tax liability. The credit is intended to provide a state match for federal funds related to quantum testing and evaluation services. The amount of the credit equals the amount of federal funds received for quantum testing and evaluation or the fabrication of quantum devices, with a total annual cap of \$15 million in credits able to be claimed. The maximum amount of total credits able to be certified is \$60 million.

The Economic Development Department will determine eligibility and issue certification of eligibility. The credit is to be claimed within one year of the end of the calendar year in which the laboratory received eligible federal funds. Any amount of the credit that exceeds the relevant tax liability can be carried forward.

If more than one national laboratory is eligible to claim the credit at the same time, they are required to coordinate to ensure that their combined claims for the credit will not exceed the annual cap of \$15 million.

The tax credits would be repealed July 1, 2035.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

SB212 will support the growth of the quantum technologies industry in New Mexico by providing a state match for the deployment of up to \$60 million dollars from the Defense Advanced Research Projects Agency (DARPA) to Sandia and Los Alamos National Laboratories for the establishment of DARPA's Quantum Benchmarking Initiative (Validation and Verification) program in New Mexico. This national program is essential to the advancement of the quantum technologies industry worldwide, and by supporting its establishment in New Mexico, SB212 will further attract the establishment, relocation, and growth of quantum technology companies in the state, contributing to economic development in the state. Both across the country and around the world, the quantum technologies industry is growing rapidly, with large amounts of new investment leading to growth and requiring the expansion of physical facilities and the creation of new jobs. The quantum technologies industry and related innovation industries create numerous jobs across a number of fields, not all requiring graduate-level education, that typically exceed New Mexico's current average wage. The state is optimally positioned to capitalize on the industry's growth due to the presence of the two national laboratories with world-renowned specialization in quantum technologies, as well as the University of New Mexico's premier quantum physics program and the state's overall appetite for innovation and economic development in science and technology – this advantage will be

hugely multiplied by the establishment of DARPA's Quantum Benchmarking Initiative within the state.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

While the legislation would require new administrative duties for Economic Development Department staff, as the department is required to issue certification of eligibility for the tax credit, additional staff positions are not anticipated to be required due to the limited scope of credit eligibility.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS