

LFC Requester: \_\_\_\_\_

### AGENCY BILL ANALYSIS

#### SECTION I: GENERAL INFORMATION

*Check all that apply:*

Original  Amendment \_\_\_\_\_  
Correction \_\_\_\_\_ Substitute \_\_\_\_\_

Date 2/18/2025

Bill No: HB 295

Sponsor: Rep. Nathan Small  
Short Title: Tax on Property Owned by NM RETA  
Agency Name and Code: EMNRD 521  
Number: \_\_\_\_\_  
Person Writing: Samantha Kao  
Phone: \_\_\_\_\_ Email: samantha.kao@emnrd.

#### SECTION II: FISCAL IMPACT

##### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis ( ) Indicate Expenditure Decreases)

##### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) Indicate Expenditure Decreases)

##### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis ( ) Indicate Expenditure Decreases)

#### SECTION III: NARRATIVE

## **BILL SUMMARY**

Synopsis: HB295 amends Section 7-36-4 NMSA 1978 to exempt fractional interests from property tax liability associated with the development of electric transmission, interconnected storage facilities, and related infrastructure improvements on land owned and leased by the New Mexico Renewable Energy Transmission Authority (RETA).

## **FISCAL IMPLICATIONS**

None for EMNRD

## **SIGNIFICANT ISSUES**

HB295 removes barriers to transmission grid expansion in New Mexico by exempting developers from property tax on improvements made to RETA property that support grid infrastructure. An expanded transmission grid is essential for supporting economic development as well as affordable, reliable, and clean electricity in New Mexico. Additionally, increased transmission capacity will be critical to achieving state policy goals and meeting requirements laid out in existing laws such as the Energy Transition Act.

Growing electricity demand in New Mexico (+42% by 2040<sup>1</sup>) needs to be accompanied by additional generating resources. However, due to limited available transmission capacity, over 38 thousand megawatts of generating capacity are currently awaiting interconnection into New Mexico's transmission grid<sup>2</sup> and headwinds to project completion are intensifying as the average time spent awaiting transmission interconnection has grown from three years in 2015 to five years in 2023<sup>3</sup>.

Roughly three fourths of queued projects in New Mexico are resources procured for in-state balancing authorities, and nearly 95% of these projects are renewable generation facilities which provide the cheapest electricity on a levelized cost basis<sup>4</sup>. Currently queued projects could support 43 thousand direct solar jobs<sup>5</sup> and 60 thousand direct wind jobs<sup>6</sup> in addition to the 114 construction jobs and 2 maintenance jobs created for every 20 miles of transmission grid build-out<sup>7</sup>. In addition to creating jobs and providing clean, low-cost electricity to New Mexicans, increased transmission infrastructure would open a larger market for New Mexico renewables which could provide significant financial benefit to the state. Expanding the transmission grid would also promote industrial growth and economic diversification in New Mexico as sectors such as manufacturing, transportation, oil and gas, and advanced computing increasingly depend on electricity.

Since 2007 when RETA was created, it was intended, broadcast to the renewable energy world, and represented to all project partners that land used for renewable energy projects was tax exempt not only as to RETA but also to project partners. Since that time, billions of dollars of investment

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<sup>1</sup> New Mexico Energy Conservation and Management Division (2025). Grid Modernization Assessment Report.

<sup>2</sup> Rand et. al. (2024). Lawrence Berkeley National Laboratory. "Queued Up: 2024 Edition Characteristics of Power Plants Seeking Transmission Interconnection as 2023".

<sup>3</sup> Rand et. al. (2024). Lawrence Berkeley National Laboratory. "Queued Up: 2024 Edition Characteristics of Power Plants Seeking Transmission Interconnection as 2023".

<sup>4</sup> Lazard (2024). Lazard Levelized Cost of Energy+ June 2024. Pg. 9.

<sup>5</sup> <https://www.woodmac.com/industry/power-and-renewables/us-solar-market-insight/>

<sup>6</sup> <https://tethys.pnnl.gov/sites/default/files/publications/Aldierietal2020.pdf>

<sup>7</sup> <https://www.nrel.gov/docs/fy14osti/60250.pdf>

and jobs have been created on this assumption and commitment by RETA to its project partners.

HB295 is critical to continue New Mexico on course for meeting its renewable energy objectives. It would be a serious impediment to development to send the message to existing and prospective project partners and to the larger transmission development ecosystem that New Mexico does not honor long standing and settled commitments.

RETA projects involve the construction of critical transmission and storage facilities to add to the infrastructure for the provision of electricity to New Mexico consumers and the surrounding region, which is vitally important to New Mexico's energy transition to renewable energy sources. RETA focuses on projects that promote carbon-free renewable energy and enhance economic development. The infrastructure serves all citizens of New Mexico, not just a discrete few, by providing additional capacity to reliably transmit the electricity essential to the lives of all New Mexicans. The focus on renewable energy protects the environment and natural resources of the state, and by providing environmentally sound, reliable, and quality sources of power transmission, RETA's projects serve the public at-large.

RETA, a government entity, owns most of the real property, including improvements, during development, construction, and operation of its transmission and storage facilities. RETA leases the land to private entities to construct and operate the RETA owned improvements, as envisioned by the legislature in its enabling act.

## **PERFORMANCE IMPLICATIONS**

None for EMNRD

## **ADMINISTRATIVE IMPLICATIONS**

None for EMNRD

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The state will tax transmission infrastructure developers for improvements made to RETA property. The state will impose a financial burden on developers that could limit transmission grid expansion in the state. As a result, renewable energy development could be restricted or slowed, and grid congestion could lead to higher bills for ratepayers, less reliable electricity service for New Mexicans, and reduced opportunities for economic development.

## **AMENDMENTS**