



## SB21 Electric Vehicle Income Tax Credit

**Summary:** Sponsored by Senator Bill Tallman, SB 21 creates two new refundable personal income tax credits for a five-year period beginning in May 2022 and ending for purchase or installation prior to January 1, 2027. These income tax credits incentivize the purchase or lease of vehicles that run exclusively on a battery (battery electric vehicles or BEVs) and those that derive part of their power from electricity stored in a battery, which is capable of being recharged from an external source of electricity (also called plug-in hybrid electric vehicles or PHEVs).

**History:** In the 2021 Session, SB 130 Purchase of Electric Vehicles from Sen. Bill Soules passed the Senate Tax, Business & Transportation Committee but died in Senate Finance, where it was never heard. Also in 2021, SB 58 Electric Vehicle Charging Unit Credit from Sen. Bill Tallman died in its first committee assignment: Senate Tax, Business & Transportation.

### Why SB 21 is Good for New Mexico

- EV tax credits encourage more people to purchase electric cars and make it more affordable to do so. SB 21's tax credit applies only to EVs with a before-tax manufacturer suggested retail price of \$48K or less.
- SB 21 provides an income tax credit of \$2,500 for most vehicle purchases but the credit increases to \$4,000 for lower-income drivers, based on the following income limits:
  - Single taxpayers with adjusted gross income of \$50 thousand or less;
  - Married filing separately with adjusted gross income \$37,500 or less; and
  - Married filing jointly/ heads of household with adjusted gross income of \$75 thousand or less.
- The progressivity of the credits provides greater benefit for low-income New Mexicans, potentially helping to open a market for e-vehicle dealerships in NM.
- Electric vehicles have zero emissions, which means zero contribution to pollution or greenhouse gases. Hybrid vehicles use much less gas than conventional vehicles, lowering their carbon footprint and reducing greenhouse gas emission.
- EV and hybrid vehicles significantly reduce drivers' energy expenses. Census and federal energy data shows that [energy expenditures reach 20-50 percent](#) of household incomes in several parts of New Mexico, disproportionately hurting the poor.
- The portion of the electric vehicle income tax credit that exceeds the taxpayer's tax liability is refundable to the taxpayer, so even lower-income taxpayers can take advantage of this credit.
- SB21 also provides an EV charging unit income tax credit for qualifying individuals or businesses, covering up to \$300 or the cost, whichever is less. The credit has an annual cap of \$1 million.
- Hybrid inclusion is good for those who travel long distances, as our state and national public charging station network is not fully developed.

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Retake Our Democracy \* P.O. Box 32464 \* Santa Fe, NM \* 87594  
Web: [retakeourdemocracy.org](http://retakeourdemocracy.org) \* Email: [retakeresponse@gmail.com](mailto:retakeresponse@gmail.com)