Office of the Governor
MICHELLE LUJAN GRISHAM

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New Mexico opts into Federal Scholarship Tax Credit

Governor's decision expands access to educational resources for New Mexico students

SANTA FE — Gov. Michelle Lujan Grisham today announced she will opt New Mexico into the Federal Scholarship Tax Credit (FSTC), opening a new public school funding opportunity for literacy and math initiatives, after school programs, computer resources and more.

“At a time of diminishing federal investment in education, New Mexico must take advantage of every dollar we can to bolster public education and continue our state’s upward trajectory in literacy and student achievement,” said **Gov. Lujan Grisham**. “By participating in the FSTC, we will give New Mexico taxpayers the chance to keep some of their federal income taxes in New Mexico to support New Mexico students.”

Beginning in 2027, taxpayers can claim a federal income tax credit of up to $1,700 annually ($3,400 for joint filers) for qualifying cash donations to approved nonprofit scholarship-granting organizations, or SGOs. Scholarships will be available to students in public and private schools and can pay for academic tutoring and special education services, before- and after-school programs, technology, books, supplies, and public school-charged fees for supplemental programming.

The Lujan Grisham administration will certify all SGOs that meet the criteria, as required by law, and identify the strongest SGOs possible to deliver high-quality instruction and other resources to New Mexico’s public schools and families.

“The importance of building partnerships to deliver for New Mexico students cannot be overstated, and that is exactly what my administration intends to do,” the governor said.

The credit reduces a donor's federal income tax obligation while providing funding for New Mexico students. Qualifying organizations will use those donations to award scholarships for education expenses for students in grades kindergarten through twelve in public and private schools.

The scholarships give families practical help where students need it most. A student struggling in reading or math could receive tutoring, and a family could use a scholarship for a computer, educational software or internet access. Public schools also stand to gain, with new support for supplemental programs that prepare students for college and careers.

New Mexico's participation in the tax credit program will not cost New Mexico taxpayers or adversely affect state tax revenues or appropriations. The credit is claimed against federal income taxes and does not create a new state tax credit. Scholarships provide an additional source of support for which most New Mexico students will be eligible.

Students whose household income does not exceed 300% of the area's median gross income are eligible to receive funding for educational expenses. The IRS estimates that more than 90% of K-12 students will be eligible under this requirement. Families will be required to apply to scholarship-granting organizations to receive funding. In most instances, organizations will make payments directly to schools and service providers rather than requiring families to pay upfront and then seek reimbursement.

The New Mexico Public Education Department will establish a process for certification of SGOs in the coming weeks. Scholarship-granting organizations can apply to participate once the certification guidelines are released.

CONTACT

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