

Tax Credits as a Decarbonization Tool

Incentivizing Decarbonization by Individuals and Businesses



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NM has several tax credits that support our decarbonization goals:

Available Today:

- Sustainable Building Tax Credit (SBTC)
- Solar (including the supplemental "lookback")

Coming Soon

- Electric Vehicle and EV Charger
- Ground source heat pump
- Geothermal electrical generation
- Geothermal electrical sales
- Advanced energy





Sustainable Building Tax Credit – Updated in 2021

- Sunsets in 2029
- Annual caps for each building type
- Double tax credit amounts for low-income applicants and affordable housing.
- This tax credit is refundable for low-income New Mexicans and affordable housing development.



Sustainable Building Tax Credit – Updated in 2021

New Commercial and Residential Buildings

- Based on highest LEED standards
- Includes baseline requirements for EV-ready and broadband access
- Bumps for net zero carbon and fully electric.

Existing Residential and Small Commercial Tax Credit Levels

Product	Low-Income/Affordable Housing	Base Tax Credit
Energy Star Air Source Heat Pump (either ducted or ductless)	\$1,000	\$500
Energy Star Ground Source Heat Pump	\$2,000	\$1,000
Energy Star Windows and Doors	100% of project cost up to \$1,000	50% of project cost up to \$500
Improved Insulation	100% of project cost up to \$2,000	50% of project cost up to \$1,000
Energy Star Heat Pump Water Heater	\$700	\$350
EV-Readiness	\$1,000 for residential; 100% of project costs up to \$3,000 for small commercial	\$500 for residential; 50% of project costs up to \$1,500 for small commercial

Electric Vehicle Tax Credit – New this year. Rulemaking not finished.

- Applicable for new vehicles priced \$55,000 or less and used vehicles that cost \$25,000 or less.
- No cap
- Refundable
- Transferable
- Sunsets in 2029



Vehicles	Jan. 1, 2024- Jan. 1, 2027	1/1/27 - 1/1/28	1/1/28- 1/1/29	1/1/29
New Electric Vehicle	\$3000	\$2200	\$1470	\$960
New Plug-In Hybrid EV or Fuel Cell Vehicle	\$2500	\$1850	\$1225	\$800
Used Electric Vehicle	\$2500	\$1850	\$1225	\$800
Used Plug In Hybrid EV or Fuel Cell Vehicle	\$2000	\$1480	\$980	\$640

\$400 credit for an EV charger and \$25,000 for DC fast chargers

Ways to Make Tax Credits More Effective:

- Double all credits or cover full incremental costs for low-income New Mexicans
- No caps
- Refundability and transferability are important, but not perfect.
- Maximize benefits by making a rebate or “cash on the hood.”
- Rulemakings should happen soon as bill is passed; resulting rules should be simple, easy, and in-line with legislative intent
- Public education is key!