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HOUSE BILL 82

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

Matthew McQueen

AN ACT

RELATING TO TAXATION; EXTENDING THE SOLAR MARKET DEVELOPMENT  
TAX CREDIT; INCREMENTALLY REDUCING THE AMOUNT OF THE CREDIT;  
COMBINING THE SOLAR THERMAL SYSTEMS AND PHOTOVOLTAIC SYSTEMS  
AGGREGATE CAPS INTO ONE AGGREGATE CAP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 7-2-18.14 NMSA 1978 (being Laws 2006,  
Chapter 93, Section 1, as amended) is amended to read:

"7-2-18.14. SOLAR MARKET DEVELOPMENT TAX CREDIT--  
RESIDENTIAL AND SMALL BUSINESS SOLAR THERMAL AND PHOTOVOLTAIC  
MARKET DEVELOPMENT TAX CREDIT.--

A. Except as provided in Subsection C of this  
section, a taxpayer who files an individual New Mexico income  
tax return for a taxable year beginning on or after January 1,  
2006 and who purchases and installs after January 1, 2006 [~~but~~

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1 ~~before December 31, 2016~~] a solar thermal system or a  
2 photovoltaic system in a residence, business or agricultural  
3 enterprise in New Mexico owned by that taxpayer may apply for,  
4 and the department may allow, a solar market development tax  
5 credit [~~of up to ten percent of the purchase and installation~~  
6 ~~costs of the system~~] as follows:

7 (1) if the system is installed prior to  
8 January 1, 2019, up to ten percent of the purchase and  
9 installation costs of the system;

10 (2) if the system is installed on or after  
11 January 1, 2019 and prior to January 1, 2021, up to nine  
12 percent of the purchase and installation costs of the system;

13 (3) if the system is installed on or after  
14 January 1, 2021 and prior to January 1, 2022, up to eight  
15 percent of the purchase and installation costs of the system;

16 (4) if the system is installed on or after  
17 January 1, 2022 and prior to January 1, 2023, up to seven  
18 percent of the purchase and installation costs of the system;

19 (5) if the system is installed on or after  
20 January 1, 2023 and prior to January 1, 2024, up to six percent  
21 of the purchase and installation costs of the system; and

22 (6) if the system is installed on or after  
23 January 1, 2024 and prior to January 1, 2025, up to five  
24 percent of the purchase and installation costs of the system.

25 B. The total solar market development tax credit

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1 allowed for either a photovoltaic system or a solar thermal  
2 system shall not exceed nine thousand dollars (\$9,000). The  
3 department shall allow solar market development tax credits  
4 only for solar thermal systems and photovoltaic systems  
5 certified by the energy, minerals and natural resources  
6 department.

7 C. Solar market development tax credits may not be  
8 claimed or allowed for:

9 (1) a heating system for a swimming pool or a  
10 hot tub; or

11 (2) a commercial or industrial photovoltaic  
12 system other than an agricultural photovoltaic system on a farm  
13 or ranch that is not connected to an electric utility  
14 transmission or distribution system.

15 D. The department may allow a maximum annual  
16 aggregate of

17 [~~(1) two million dollars (\$2,000,000) in solar~~  
18 ~~market development tax credits for solar thermal systems; and~~

19 ~~(2) three million dollars (\$3,000,000)] five  
20 million dollars (\$5,000,000) in solar market development tax  
21 credits [~~for photovoltaic systems~~].~~

22 E. A portion of the solar market development tax  
23 credit that remains unused in a taxable year may be carried  
24 forward for a maximum of ten consecutive taxable years  
25 following the taxable year in which the credit originates until

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1 fully expended.

2 F. Prior to July 1, 2006, the energy, minerals and  
3 natural resources department shall adopt rules establishing  
4 procedures to provide certification of solar thermal systems  
5 and photovoltaic systems for purposes of obtaining a solar  
6 market development tax credit. The rules shall address  
7 technical specifications and requirements relating to safety,  
8 code and standards compliance, solar collector orientation and  
9 sun exposure, minimum system sizes, system applications and  
10 lists of eligible components. The energy, minerals and natural  
11 resources department may modify the specifications and  
12 requirements as necessary to maintain a high level of system  
13 quality and performance.

14 G. As used in this section:

15 (1) "photovoltaic system" means an energy  
16 system that collects or absorbs sunlight for conversion into  
17 electricity; and

18 (2) "solar thermal system" means an energy  
19 system that collects or absorbs solar energy for conversion  
20 into heat for the purposes of space heating, space cooling or  
21 water heating."