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HOUSE BILL 506

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Roberto "Bobby" J. Gonzales and Harry Garcia

AN ACT

RELATING TO TAXATION; CREATING THE WASTEWATER TREATMENT SYSTEM
INCOME TAX CREDIT.

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

SECTION 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] WASTEWATER TREATMENT SYSTEM INCOME TAX
CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who purchases and installs a wastewater
treatment system on property owned and occupied by the taxpayer
as the taxpayer's primary residence may apply for, and the
department may allow, a credit of up to two thousand five
hundred dollars (\$2,500) against the taxpayer's tax liability
imposed pursuant to the Income Tax Act. The tax credit

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1 provided by this section may be referred to as the "wastewater
2 treatment system income tax credit".

3 B. A taxpayer may claim a wastewater treatment
4 system income tax credit for the taxable year in which the
5 taxpayer purchases and installs a wastewater treatment system.
6 To receive the tax credit, a taxpayer shall apply to the
7 department on forms and in the manner prescribed by the
8 department. The application shall include a certification made
9 pursuant to Subsection F of this section.

10 C. That portion of a wastewater treatment system
11 income tax credit that exceeds a taxpayer's tax liability in
12 the taxable year in which the credit is claimed may be carried
13 forward for a maximum of three consecutive taxable years.

14 D. Married individuals filing separate returns for
15 a taxable year for which they could have filed a joint return
16 may each claim only one-half of the wastewater treatment system
17 income tax credit that would have been claimed on a joint
18 return.

19 E. A taxpayer may be allocated the right to claim a
20 wastewater treatment system income tax credit in proportion to
21 the taxpayer's ownership interest if the taxpayer owns an
22 interest in a business entity that is taxed for federal income
23 tax purposes as a partnership or limited liability company and
24 that business entity has met all of the requirements to be
25 eligible for the credit. The total credit claimed by all

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1 members of the partnership or limited liability company shall
2 not exceed the allowable credit pursuant to Subsection A of
3 this section.

4 F. The department of environment shall adopt rules
5 establishing procedures to provide certification of a
6 wastewater treatment system that shall require compliance with
7 that department's liquid waste disposal and treatment rules and
8 that the wastewater treatment system was installed by a
9 qualifying contractor as determined by that department.

10 G. A taxpayer allowed a tax credit pursuant to this
11 section shall report the amount of the credit to the taxation
12 and revenue department in a manner required by the taxation and
13 revenue department.

14 H. The taxation and revenue department shall
15 compile an annual report on the wastewater treatment system
16 income tax credit that shall include the number of taxpayers
17 approved by the department to receive the credit, the aggregate
18 amount of credits approved and any other information necessary
19 to evaluate the effectiveness of the credit. That department
20 shall present the report to the revenue stabilization and tax
21 policy committee and the legislative finance committee with an
22 analysis of the effectiveness and cost of the tax credit.

23 I. As used in this section, "wastewater treatment
24 system" means an on-site liquid wastewater treatment system
25 that uses a process of wastewater treatment that removes a

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greater amount of contaminant than is accomplished through
primary treatment."

SECTION 2. APPLICABILITY.--The provisions of this act
apply to taxable years beginning on or after January 1, 2019.