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SENATE BILL 39

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

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO TAXATION; CREATING THE SOLAR MARKET DEVELOPMENT
INCOME TAX CREDIT; REPEALING THE EXPIRED SOLAR MARKET
DEVELOPMENT TAX CREDIT.

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Chapter 93, Section 1, as amended) is repealed and a new
Section 7-2-18.14 NMSA 1978 is enacted to read:

"7-2-18.14. [NEW MATERIAL] SOLAR MARKET DEVELOPMENT
INCOME TAX CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who purchases and installs a solar thermal
system or a photovoltaic system in a residence, business or
agricultural enterprise after January 1, 2019 may apply for,
and the department may allow, a credit against the taxpayer's

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1 tax liability imposed pursuant to the Income Tax Act in an
2 amount provided in Subsection C of this section. The tax
3 credit provided by this section may be referred to as the
4 "solar market development income tax credit".

5 B. The purpose of the solar market development
6 income tax credit is to encourage the installation of solar
7 thermal and photovoltaic systems in residences, businesses and
8 agricultural enterprises.

9 C. The department may allow a solar market
10 development income tax credit of ten percent of the purchase
11 and installation costs of a solar thermal or photovoltaic
12 system.

13 D. The solar market development income tax credit
14 shall not exceed six thousand dollars (\$6,000). The department
15 shall allow a solar market development income tax credit only
16 for solar thermal and photovoltaic systems certified pursuant
17 to Subsection J of this section.

18 E. The department may allow a maximum annual
19 aggregate of ten million dollars (\$10,000,000) in solar market
20 development income tax credits per calendar year. Completed
21 applications for the credit shall be considered in the order
22 received by the department.

23 F. A taxpayer may claim a solar market development
24 income tax credit for the taxable year in which the taxpayer
25 purchases and installs a solar thermal or photovoltaic system.

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1 To receive a solar market development income tax credit, a
2 taxpayer shall apply to the department on forms and in the
3 manner prescribed by the department within twelve months
4 following the calendar year in which the system was installed.
5 The application shall include a certification made pursuant to
6 Subsection J of this section.

7 G. That portion of a solar market development
8 income tax credit that exceeds a taxpayer's tax liability in
9 the taxable year in which the credit is claimed may be carried
10 forward for a maximum of five consecutive taxable years.

11 H. Married individuals filing separate returns for
12 a taxable year for which they could have filed a joint return
13 may each claim only one-half of the solar market development
14 income tax credit that would have been claimed on a joint
15 return.

16 I. A taxpayer may be allocated the right to claim a
17 solar market development income tax credit in proportion to the
18 taxpayer's ownership interest if the taxpayer owns an interest
19 in a business entity that is taxed for federal income tax
20 purposes as a partnership or limited liability company and that
21 business entity has met all of the requirements to be eligible
22 for the credit. The total credit claimed by all members of the
23 partnership or limited liability company shall not exceed the
24 allowable credit pursuant to this section.

25 J. The energy, minerals and natural resources

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

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

14 L. The taxation and revenue department shall
15 compile an annual report on the solar market development income
16 tax credit that shall include the number of taxpayers approved
17 by the department to receive the credit, the aggregate amount
18 of credits approved and any other information necessary to
19 evaluate the credit. The department shall present the report
20 to the revenue stabilization and tax policy committee and the
21 legislative finance committee with an analysis of the cost of
22 the tax credit and whether the tax credit is performing the
23 purpose for which it was created.

24 M. As used in this section:

25 (1) "photovoltaic system" means an energy

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1 system that collects or absorbs sunlight for conversion into
2 electricity; and

3 (2) "solar thermal system" means an energy
4 system that collects or absorbs solar energy for conversion
5 into heat for the purposes of space heating, space cooling or
6 water heating."

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

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