

SENATE BILL 29

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

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This document incorporates amendments that have been adopted during the current legislative session. The document is a tool to show the amendments in context and is not to be used for the purpose of amendments.

AN ACT

RELATING TO TAXATION; CREATING THE NEW SOLAR MARKET DEVELOPMENT 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] NEW SOLAR MARKET DEVELOPMENT INCOME TAX CREDIT.--

A. For taxable years prior to January 1, SFC→2030←SFC SFC→2028←SFC, a taxpayer who is not a dependent

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of another individual and who, on or after SFC→January←SFC
SFC→March←SFC 1, 2020, purchases and installs a solar thermal
system or a photovoltaic system in a residence, business or
agricultural enterprise in New Mexico owned by that taxpayer,
may apply for, and the department may allow, a credit against
the taxpayer's tax liability imposed pursuant to the Income Tax
Act in an amount provided in Subsection C of this section. The
tax credit provided by this section may be referred to as the
"new solar market development income tax credit".

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

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

D. The new solar market development income tax
credit shall not exceed six thousand dollars (\$6,000) SFC→per
taxpayer per taxable year←SFC. The department shall allow a
tax credit only for solar thermal and photovoltaic systems
certified pursuant to Subsection SFC→J←SFC SFC→E←SFC of this
section.

~~SFC→E. The department may allow a maximum annual
aggregate of ten million dollars (\$10,000,000) in new solar~~

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~~market development income tax credits per calendar year.~~
~~Completed applications for the credit shall be considered in~~
~~the order received by the department.~~ ←SFC

SFC→E. A taxpayer shall apply for certification of eligibility for the new solar market development income tax credit from the energy, minerals and natural resources department on forms and in the manner prescribed by that department. The aggregate amount of credits that may be certified as eligible in any calendar year is eight million dollars (\$8,000,000). Completed applications shall be considered in the order received. Applications for certification received after this limitation has been met in a calendar year shall not be approved. The application shall include proof of purchase and installation of a solar thermal or photovoltaic system, that the system meets technical specifications and requirements relating to safety, code and standards compliance, solar collector orientation and sun exposure, minimum system sizes, system applications and lists of eligible components and any additional information that the energy, minerals and natural resources department may require to determine eligibility for the credit. A dated certificate of eligibility shall be issued to the taxpayer providing the amount of the new solar market development income tax credit for which the taxpayer is eligible and the taxable year in

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which the credit may be claimed.←SFC

F. A taxpayer may claim a new solar market development income tax credit for the taxable year in which the taxpayer purchases and installs a solar thermal or photovoltaic system. To receive a new solar market development income tax credit, a taxpayer shall apply to the department on forms and in the manner prescribed by the department within twelve months following the calendar year in which the system was installed. The application shall include a certification made pursuant to Subsection SFC→J←SFC SFC→E←SFC of this section.

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

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

I. A taxpayer may be allocated the right to claim a new solar market development income tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be

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eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit pursuant to this section.

SFC→J. ~~The energy, minerals and natural resources department shall adopt rules establishing procedures to provide certification of solar thermal and photovoltaic systems for the purposes of obtaining a new solar market development income tax credit. The rules shall address technical specifications and requirements relating to safety, code and standards compliance, solar collector orientation and sun exposure, minimum system sizes, system applications and lists of eligible components. The energy, minerals and natural resources department may modify the specifications and requirements as necessary to maintain a high level of system quality and performance.~~←SFC

SFC→K.←SFC SFC→J.←SFC A taxpayer allowed a tax credit pursuant to this section shall report the amount of the credit to the taxation and revenue department in a manner required by that department.

SFC→L.←SFC SFC→K.←SFC. The taxation and revenue department shall compile an annual report on the new solar market development income tax credit that shall include the number of taxpayers approved by the department to receive the credit, the aggregate amount of credits approved and any other information necessary to evaluate the credit. The department shall present the report to the revenue stabilization and tax

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policy committee and the legislative finance committee with an analysis of the cost of the tax credit.

SFC→M.←SFC SFC→L.←SFC As used in this section:

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

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

SECTION 2. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2020.