

1 SENATE BILL 29

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020**

3 INTRODUCED BY

4 Mimi Stewart and Matthew McQueen

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE NEW SOLAR MARKET DEVELOPMENT
12 INCOME TAX CREDIT.

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

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

17 "[NEW MATERIAL] NEW SOLAR MARKET DEVELOPMENT INCOME TAX
18 CREDIT.--

19 A. For taxable years prior to January 1, 2030, a
20 taxpayer who is not a dependent of another individual and who,
21 on or after January 1, 2020, purchases and installs a solar
22 thermal system or a photovoltaic system in a residence,
23 business or agricultural enterprise in New Mexico owned by that
24 taxpayer, may apply for, and the department may allow, a credit
25 against the taxpayer's tax liability imposed pursuant to the

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

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

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

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

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1 system. To receive a new solar market development income tax
2 credit, a taxpayer shall apply to the department on forms and
3 in the 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 new 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 new solar market
14 development income tax credit that would have been claimed on a
15 joint return.

16 I. A taxpayer may be allocated the right to claim a
17 new solar market development income tax credit in proportion to
18 the taxpayer's ownership interest if the taxpayer owns an
19 interest in a business entity that is taxed for federal income
20 tax purposes as a partnership or limited liability company and
21 that business entity has met all of the requirements to be
22 eligible for the credit. The total credit claimed by all
23 members of the partnership or limited liability company shall
24 not exceed the 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 new 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 new solar market development
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 credit. The department shall present the
20 report to the revenue stabilization and tax policy committee
21 and the legislative finance committee with an analysis of the
22 cost of the tax credit.

23 M. As used in this section:

24 (1) "photovoltaic system" means an energy
25 system that collects or absorbs sunlight for conversion into

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1 electricity; and

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

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