

1 HOUSE BILL 211

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Joanne J. Ferrary and Kathleen Cates and Marianna Anaya  
5 and Debra M. Sariñana  
6  
7  
8  
9

10 AN ACT

11 RELATING TO TAXATION; AMENDING THE ELIGIBILITY AND APPLICATION  
12 REQUIREMENTS OF THE NEW SOLAR MARKET DEVELOPMENT INCOME TAX  
13 CREDIT; INCREASING THE AMOUNT OF CREDIT ALLOWED FOR SOLAR  
14 SYSTEMS WITH AT LEAST FIFTEEN KILOWATT-HOURS OF STORAGE  
15 CAPACITY; CREATING THE NEW SOLAR MARKET DEVELOPMENT CORPORATE  
16 INCOME TAX CREDIT.  
17

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

19 SECTION 1. Section 7-2-18.31 NMSA 1978 (being Laws 2020,  
20 Chapter 13, Section 1, as amended) is amended to read:

21 "7-2-18.31. NEW SOLAR MARKET DEVELOPMENT INCOME TAX  
22 CREDIT.--

23 A. For taxable years prior to January 1, 2032, a  
24 taxpayer who is not a dependent of another individual and who  
25 [~~on or after March 1, 2020~~] purchases and installs a solar

.229837.2

underscoring material = new  
~~[bracketed material] = delete~~

underscoring material = new  
[bracketed material] = delete

1 thermal system or a photovoltaic system in a residence,  
2 business or agricultural enterprise in New Mexico owned by that  
3 taxpayer or by a federally recognized Indian nation, tribe or  
4 pueblo and held in leasehold by that taxpayer or a taxpayer who  
5 is not a dependent of another individual and who installs a  
6 photovoltaic system on a property and sells electricity from  
7 that system pursuant to a power purchase agreement to the owner  
8 or occupant of that property may apply for, and the department  
9 may allow, a credit against the taxpayer's tax liability  
10 imposed pursuant to the Income Tax Act in an amount provided in  
11 Subsection C of this section. The tax credit provided by this  
12 section may be referred to as the "new solar market development  
13 income tax credit".

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

18 C. The department may allow a new solar market  
19 development income tax credit of ten percent of the purchase  
20 and installation costs of a solar thermal or photovoltaic  
21 system or twenty percent of the purchase and installation costs  
22 of a photovoltaic system that has at least fifteen kilowatt-  
23 hours of solar storage capacity.

24 D. The new solar market development income tax  
25 credit shall not exceed six thousand dollars (\$6,000) per

.229837.2

underscoring material = new  
~~[bracketed material]~~ = delete

1 ~~[taxpayer]~~ property per taxable year, unless the tax credit is  
2 for a photovoltaic system that has at least fifteen kilowatt-  
3 hours of solar storage capacity, in which case the tax credit  
4 shall not exceed twelve thousand dollars (\$12,000) per property  
5 per taxable year. The department shall allow a tax credit only  
6 for solar thermal and photovoltaic systems certified pursuant  
7 to Subsection E of this section.

8 E. Subject to the limitation provided in Subsection  
9 F of this section, a taxpayer shall apply for certification of  
10 eligibility for the new solar market development income tax  
11 credit from the energy, minerals and natural resources  
12 department on forms and in the manner prescribed by that  
13 department. Completed applications shall be considered in the  
14 order received. The application shall include proof of  
15 purchase and installation of a solar thermal or photovoltaic  
16 system, that the system meets technical specifications and  
17 requirements relating to safety, code and standards compliance,  
18 that the system has passed inspection by an inspector certified  
19 by the political subdivision of the state in which the system  
20 is located, if required by that political subdivision, a power  
21 purchase agreement, if applicable, solar collector orientation  
22 and sun exposure, minimum system sizes, system applications and  
23 lists of eligible components and any additional information  
24 that the energy, minerals and natural resources department may  
25 require to determine eligibility for the credit. A dated

.229837.2

underscoring material = new  
[bracketed material] = delete

1 certificate of eligibility shall be issued to the taxpayer  
2 providing the amount of the new solar market development income  
3 tax credit for which the taxpayer is eligible and the taxable  
4 year in which the credit may be claimed. A certificate of  
5 eligibility for a new solar market development income tax  
6 credit may be sold, exchanged or otherwise transferred to  
7 another taxpayer for the full ~~[value]~~ amount of the credit.  
8 The parties to such a transaction shall notify the department  
9 of the sale, exchange or transfer within ten days of the sale,  
10 exchange or transfer. Nothing in this section prohibits the  
11 sale, exchange or transfer from being agreed upon before the  
12 installation is made.

13 F. The aggregate amount of credits that may be  
14 certified in a calendar year pursuant to Subsection E of this  
15 section ~~[is as follows, and applications for certification~~  
16 ~~received after these limitations have been met shall not be~~  
17 ~~approved:~~

18 ~~(1) for calendar years 2020 through 2023,~~  
19 ~~twelve million dollars (\$12,000,000) for each calendar year;~~  
20 ~~provided that if this limitation has been met for any of those~~  
21 ~~calendar years, an additional total of twenty million dollars~~  
22 ~~(\$20,000,000) in credits may be certified for all of those~~  
23 ~~calendar years; and provided further that credits certified~~  
24 ~~pursuant to this paragraph shall be claimed only for taxable~~  
25 ~~year 2023; and~~

.229837.2

underscoring material = new  
[bracketed material] = delete

1                                   ~~(2) for calendar years 2024 and thereafter,~~  
2 ~~thirty million dollars (\$30,000,000)]~~ and Subsection D of  
3 Section 2 of this 2025 act is thirty million dollars  
4 (\$30,000,000). If a taxpayer applies for and meets the  
5 requirements for the tax credit but the maximum aggregate  
6 amount of credits has been certified for that taxable year, the  
7 energy, minerals and natural resources department shall issue  
8 the taxpayer a certificate of eligibility for the next taxable  
9 year in which there are available certifications.

10                                   G. A taxpayer may claim a new solar market  
11 development income tax credit for the taxable year in which the  
12 taxpayer purchases and installs a solar thermal or photovoltaic  
13 system. To receive a new solar market development income tax  
14 credit, a taxpayer shall apply to the department on forms and  
15 in the manner prescribed by the department within twelve months  
16 following the calendar year in which the system was installed  
17 ~~[provided that, for a taxpayer who receives a certificate of~~  
18 ~~eligibility pursuant to Paragraph (1) of Subsection F of this~~  
19 ~~section, the taxpayer shall apply to the department within~~  
20 ~~twelve months following the calendar year in which the~~  
21 ~~certification is made].~~ The application shall include a  
22 certification made pursuant to Subsection E of this section.

23                                   H. That portion of a new solar market development  
24 income tax credit that exceeds a taxpayer's tax liability in  
25 the taxable year in which the credit is claimed shall be

.229837.2

underscored material = new  
[bracketed material] = delete

1 refunded to the taxpayer.

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

7 J. A taxpayer may be allocated the right to claim a  
8 new solar market development income tax credit in proportion to  
9 the taxpayer's ownership interest if the taxpayer owns an  
10 interest in a business entity that is taxed for federal income  
11 tax purposes as a partnership or limited liability company and  
12 that business entity has met all of the requirements to be  
13 eligible for the credit. The total credit claimed by all  
14 members of the partnership or limited liability company shall  
15 not exceed the allowable credit pursuant to this section.

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

19 L. The ~~[taxation and revenue department shall~~  
20 ~~compile an annual report on the new solar market development~~  
21 ~~income tax credit that shall include]~~ credit provided by this  
22 section shall be included in the tax expenditure budget  
23 pursuant to Section 7-1-84 NMSA 1978, including the total  
24 annual aggregate cost of the credit, the number of taxpayers  
25 approved by the department to receive the credit, the aggregate

.229837.2

underscoring material = new  
[bracketed material] = delete

1 amount of credits approved and any other information necessary  
2 to evaluate the credit. [~~The department shall present the~~  
3 ~~report to the revenue stabilization and tax policy committee~~  
4 ~~and the legislative finance committee with an analysis of the~~  
5 ~~cost of the tax credit.~~]

6 M. As used in this section:

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

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

14 SECTION 2. A new section of the Corporate Income and  
15 Franchise Tax Act is enacted to read:

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

18 A. For taxable years prior to January 1, 2032, a  
19 taxpayer that purchases and installs a solar thermal system or  
20 a photovoltaic system in a business or agricultural enterprise  
21 in New Mexico owned by that taxpayer or by a federally  
22 recognized Indian nation, tribe or pueblo and held in leasehold  
23 by that taxpayer or a taxpayer that installs a photovoltaic  
24 system on a property and sells electricity from that system  
25 pursuant to a power purchase agreement to the owner or occupant

.229837.2

underscored material = new  
~~[bracketed material] = delete~~

1 of that property may apply for, and the department may allow, a  
2 credit against the taxpayer's tax liability for that taxable  
3 year imposed pursuant to the Corporate Income and Franchise Tax  
4 Act in an amount provided in Subsection B of this section. The  
5 tax credit provided by this section may be referred to as the  
6 "new solar market development corporate income tax credit".

7 B. The department may allow a new solar market  
8 development corporate income tax credit of ten percent of the  
9 purchase and installation costs of a solar thermal or  
10 photovoltaic system or twenty percent of the purchase and  
11 installation costs of a photovoltaic system that has at least  
12 fifteen kilowatt-hours of solar storage capacity.

13 C. The new solar market development corporate  
14 income tax credit shall not exceed six thousand dollars  
15 (\$6,000) per property per taxable year, unless the tax credit  
16 is for a photovoltaic system that has at least fifteen  
17 kilowatt-hours of solar storage capacity, in which case the tax  
18 credit shall not exceed twelve thousand dollars (\$12,000) per  
19 property per taxable year. The department shall allow a tax  
20 credit only for solar thermal and photovoltaic systems  
21 certified pursuant to Subsection D of this section.

22 D. Subject to the limitation provided in Subsection  
23 E of this section, a taxpayer shall apply for certification of  
24 eligibility for the new solar market development corporate  
25 income tax credit from the energy, minerals and natural

.229837.2



underscoring material = new  
~~[bracketed material] = delete~~

1 resources department on forms and in the manner prescribed by  
2 that department. Completed applications shall be considered in  
3 the order received. The application shall include proof of  
4 purchase and installation of a solar thermal or photovoltaic  
5 system, that the system meets technical specifications and  
6 requirements relating to safety, code and standards compliance,  
7 that the system has passed inspection by an inspector certified  
8 by the political subdivision of the state in which the system  
9 is located, if required by that political subdivision, a power  
10 purchase agreement, if applicable, solar collector orientation  
11 and sun exposure, minimum system sizes, system applications and  
12 lists of eligible components and any additional information  
13 that the energy, minerals and natural resources department may  
14 require to determine eligibility for the credit. A dated  
15 certificate of eligibility shall be issued to the taxpayer  
16 providing the amount of the new solar market development  
17 corporate income tax credit for which the taxpayer is eligible  
18 and the taxable year in which the credit may be claimed. A  
19 certificate of eligibility for a new solar market development  
20 corporate income tax credit may be sold, exchanged or otherwise  
21 transferred to another taxpayer for the full amount of the  
22 credit. The parties to such a transaction shall notify the  
23 department of the sale, exchange or transfer within ten days of  
24 the sale, exchange or transfer. Nothing in this section  
25 prohibits the sale, exchange or transfer from being agreed upon

.229837.2

underscoring material = new  
~~[bracketed material] = delete~~

1 before the installation is made.

2 E. The aggregate amount of credits that may be  
3 certified pursuant to Subsection D of this section and  
4 Subsection E of Section 7-2-18.31 NMSA 1978 is thirty million  
5 dollars (\$30,000,000). If a taxpayer applies for and meets the  
6 requirements for the tax credit but the maximum aggregate  
7 amount of credits has been certified for that taxable year, the  
8 energy, minerals and natural resources department shall issue  
9 the taxpayer a certificate of eligibility for the next taxable  
10 year in which there are available certifications.

11 F. A taxpayer may claim a new solar market  
12 development corporate income tax credit for the taxable year in  
13 which the taxpayer purchases and installs a solar thermal or  
14 photovoltaic system. To receive a new solar market development  
15 corporate income tax credit, a taxpayer shall apply to the  
16 department on forms and in the manner prescribed by the  
17 department within twelve months following the calendar year in  
18 which the system was installed. The application shall include  
19 a certification made pursuant to Subsection D of this section.

20 G. That portion of a new solar market development  
21 corporate income tax credit that exceeds a taxpayer's tax  
22 liability in the taxable year in which the credit is claimed  
23 shall be refunded to the taxpayer.

24 H. A taxpayer allowed a tax credit pursuant to this  
25 section shall report the amount of the credit to the taxation

.229837.2

underscoring material = new  
~~[bracketed material] = delete~~

1 and revenue department in a manner required by that department.

2 I. The credit provided by this section shall be  
3 included in the tax expenditure budget pursuant to Section  
4 7-1-84 NMSA 1978, including the total annual aggregate cost of  
5 the credit, the number of taxpayers approved by the department  
6 to receive the credit, the aggregate amount of credits approved  
7 and any other information necessary to evaluate the credit.

8 J. As used in this section:

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

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

16 SECTION 3. APPLICABILITY.--The provisions of this act  
17 apply to the purchase and installation of a solar thermal  
18 system or a photovoltaic system in taxable years beginning on  
19 or after January 1, 2025.