

1 HOUSE BILL 213

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

3 INTRODUCED BY

4 Joanne J. Ferrary and Kathleen Cates and Debra M. Sariñana

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE SCHOOL SOLAR INCOME TAX
12 CREDIT AND THE SCHOOL SOLAR CORPORATE 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] SCHOOL SOLAR INCOME TAX CREDIT.--

18 A. For taxable years prior to January 1, 2037, a
19 taxpayer who is not a dependent of another individual and who,
20 on or after the effective date of this section, installs a
21 photovoltaic system on public school property or the property
22 of a public post-secondary educational institution for the
23 purpose of providing electricity to the school's or educational
24 institution's buildings in New Mexico may claim 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 B of this
2 section. The tax credit provided by this section may be
3 referred to as the "school solar income tax credit".

4 B. The amount of tax credit that may be allowed
5 shall be in an amount equal to forty percent of:

6 (1) the cost to install the photovoltaic
7 system on a public school property or the property of a public
8 post-secondary educational institution, including labor,
9 engineering, permitting, interconnection, support structure,
10 racking, batteries, subcontracting costs as normally invoiced
11 by the installer and other related costs; or

12 (2) the value of the system, as determined by
13 a licensed appraiser and established by the taxpayer's
14 application to the federal internal revenue service for a
15 federal tax credit for a photovoltaic system.

16 C. A taxpayer who seeks to claim the tax credit
17 provided by this section shall apply for certification of
18 eligibility in the taxable year that the solar panels of the
19 photovoltaic system are installed from the energy, minerals and
20 natural resources department on forms and in the manner
21 prescribed by that department. Completed applications shall be
22 considered in the order received. The application shall
23 include:

24 (1) proof of installation of a photovoltaic
25 system on public school property or the property of a public

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1 post-secondary educational institution;

2 (2) proof that the system meets technical
3 specifications and requirements relating to safety, code and
4 standards compliance;

5 (3) proof that the system has passed
6 inspection by an inspector certified by a political subdivision
7 of the state or, if there is no certified inspector that
8 services the location of the system's installation, a statement
9 of such fact;

10 (4) proof that the system has system
11 applications appropriate to the school or educational
12 institution;

13 (5) a list of eligible components;

14 (6) if using appraised valuation to determine
15 the amount of tax credit pursuant to Paragraph (2) of
16 Subsection B of this section, proof of appraisal by a licensed
17 appraiser, including the taxpayer's application to the federal
18 internal revenue service for a federal tax credit for the
19 photovoltaic system; and

20 (7) any additional information that the
21 energy, minerals and natural resources department may require
22 to determine eligibility for the credit.

23 D. If the energy, minerals and natural resources
24 department determines that the taxpayer meets the requirements
25 to claim the tax credit, that department shall issue to the

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1 taxpayer a dated certificate of eligibility providing the
2 amount of the tax credit for which the taxpayer is eligible and
3 the taxable year in which the credit may be claimed. The
4 energy, minerals and natural resources department shall provide
5 the department with the certificates of eligibility issued
6 pursuant to this subsection in an electronic format at
7 regularly agreed-upon intervals.

8 E. The total aggregate amount of school solar
9 income tax credits and school solar corporate income tax
10 credits pursuant to Section 2 of this 2025 act that may be
11 certified as eligible is three hundred million dollars
12 (\$300,000,000), and the maximum that may be certified for a
13 calendar year prior to 2028 is one hundred million dollars
14 (\$100,000,000). If a taxpayer applies for and meets the
15 requirements for the tax credit, but the maximum aggregate
16 amount of credits has been certified for that taxable year, the
17 department shall issue the taxpayer a certificate of
18 eligibility for the next taxable year in which there are
19 available certifications.

20 F. To receive the tax credit provided by this
21 section, a taxpayer shall claim the credit on forms and in the
22 manner prescribed by the department. The claim shall include a
23 certificate of eligibility issued pursuant to this section.

24 G. That portion of tax credit that exceeds a
25 taxpayer's tax liability in the taxable year in which the

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1 credit is claimed shall be refunded to the taxpayer.

2 H. A certificate of eligibility for the tax credit
3 may be sold, exchanged or otherwise transferred to another
4 taxpayer for the full value of the credit. The parties to such
5 a transaction shall notify the department of the sale, exchange
6 or transfer within ten days of the sale, exchange or transfer.

7 I. Married individuals filing separate returns for
8 a taxable year for which they could have filed a joint return
9 may each claim only one-half of the tax credit that would have
10 been claimed on a joint return.

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

20 K. The department shall include the tax credit in
21 the tax expenditure budget compiled pursuant to Section 7-1-84
22 NMSA 1978.

23 L. 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;

2 (2) "public school" means that part of a
3 school district that is a single attendance center in which
4 instruction is offered by one or more teachers and is
5 discernible as a building or group of buildings generally
6 recognized as either an elementary, middle, junior high or high
7 school or any combination of those and includes a charter
8 school; and

9 (3) "public school property" means real
10 property owned by a school district."

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

13 "[NEW MATERIAL] SCHOOL SOLAR CORPORATE INCOME TAX
14 CREDIT.--

15 A. For taxable years prior to January 1, 2037, a
16 taxpayer that installs a photovoltaic system on public school
17 property or the property of a public post-secondary educational
18 institution for the purpose of providing electricity to the
19 school's or educational institution's buildings in New Mexico
20 may claim a tax credit against the taxpayer's tax liability for
21 that taxable year imposed pursuant to the Corporate Income and
22 Franchise Tax Act. The tax credit provided by this section may
23 be referred to as the "school solar corporate income tax
24 credit".

25 B. The amount of tax credit that may be allowed

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1 shall be in an amount equal to forty percent of:

2 (1) the cost to install the photovoltaic
3 system on a public school property or the property of a public
4 post-secondary educational institution, including labor,
5 engineering, permitting, interconnection, support structure,
6 racking, batteries, subcontracting costs as normally invoiced
7 by the installer and other related costs; or

8 (2) the value of the system, as determined by
9 a licensed appraiser and established by the taxpayer's
10 application to the federal internal revenue service for a
11 federal tax credit for a photovoltaic system.

12 C. A taxpayer shall apply for certification of
13 eligibility in the taxable year that the solar panels of the
14 photovoltaic system are installed from the energy, minerals and
15 natural resources department on forms and in the manner
16 prescribed by that department. Completed applications shall be
17 considered in the order received. The application shall
18 include:

19 (1) proof of installation of a photovoltaic
20 system on public school property or the property of a public
21 post-secondary educational institution;

22 (2) proof that the system meets technical
23 specifications and requirements relating to safety, code and
24 standards compliance;

25 (3) proof that the system has passed

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1 inspection by an inspector certified by a political subdivision
2 of the state or, if there is no certified inspector that
3 services the location of the system's installation, a statement
4 of such fact;

5 (4) proof that the system has system
6 applications appropriate to the school or educational
7 institution;

8 (5) a list of eligible components;

9 (6) if using appraised valuation to determine
10 the amount of tax credit pursuant to Paragraph (2) of
11 Subsection B of this section, proof of appraisal by a licensed
12 appraiser, including the taxpayer's application to the federal
13 internal revenue service for a federal tax credit for the
14 photovoltaic system; and

15 (7) any additional information that the
16 energy, minerals and natural resources department may require
17 to determine eligibility for the credit.

18 D. If the energy, minerals and natural resources
19 department determines that the taxpayer meets the requirements
20 to claim the tax credit, that department shall issue to the
21 taxpayer a dated certificate of eligibility providing the
22 amount of the tax credit for which the taxpayer is eligible and
23 the taxable year in which the credit may be claimed. The
24 energy, minerals and natural resources department shall provide
25 the department with the certificates of eligibility issued

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1 pursuant to this subsection in an electronic format at
2 regularly agreed-upon intervals.

3 E. The total aggregate amount of school solar
4 corporate income tax credits and school solar income tax
5 credits pursuant to Section 1 of this 2025 act that may
6 be certified as eligible is three hundred million dollars
7 (\$300,000,000), and the maximum that may be certified for a
8 calendar year prior to 2028 is one hundred million dollars
9 (\$100,000,000). If a taxpayer applies for and meets the
10 requirements for the tax credit, but the maximum aggregate
11 amount of credits has been certified for that taxable year, the
12 department shall issue the taxpayer a certificate of
13 eligibility for the next taxable year in which there are
14 available certifications.

15 F. To receive the tax credit provided by this
16 section, a taxpayer shall claim the credit on forms and in the
17 manner prescribed by the department. The claim shall include a
18 certificate of eligibility issued pursuant to this section.

19 G. That portion of tax credit that exceeds a
20 taxpayer's tax liability in the taxable year in which the
21 credit is claimed shall be refunded to the taxpayer.

22 H. A certificate of eligibility for the tax credit
23 may be sold, exchanged or otherwise transferred to another
24 taxpayer for the full value of the credit. The parties to such
25 a transaction shall notify the department of the sale, exchange

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1 or transfer within ten days of the sale, exchange or transfer.

2 I. A taxpayer may be allocated the right to claim
3 the tax credit in proportion to the taxpayer's ownership
4 interest if the taxpayer owns an interest in a business entity
5 that is taxed for federal income tax purposes as a partnership
6 or limited liability company and that business entity has met
7 all of the requirements to be eligible for the credit. The
8 total credit claimed by all members of the partnership or
9 limited liability company shall not exceed the allowable credit
10 pursuant to this section.

11 J. The department shall include the tax credit in
12 the tax expenditure budget compiled pursuant to Section 7-1-84
13 NMSA 1978.

14 K. As used in this section:

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

18 (2) "public school" means that part of a
19 school district that is a single attendance center in which
20 instruction is offered by one or more teachers and is
21 discernible as a building or group of buildings generally
22 recognized as either an elementary, middle, junior high or high
23 school or any combination of those and includes a public
24 charter school; and

25 (3) "public school property" means real

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property owned by a school district."

SECTION 3. APPLICABILITY.--The provisions of this act apply to taxable years beginning on or after January 1, 2025.