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SENATE BILL 257

**49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009**

INTRODUCED BY

Timothy M. Keller

AN ACT

RELATING TO TAXATION; AMENDING THE SOLAR MARKET DEVELOPMENT TAX CREDIT TO PROVIDE FOR A CREDIT OF TEN PERCENT OF THE PURCHASE AND INSTALLATION COSTS IN ADDITION TO THE FEDERAL TAX CREDITS.

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) is amended to read:

"7-2-18.14. SOLAR MARKET DEVELOPMENT TAX CREDIT--  
RESIDENTIAL AND SMALL BUSINESS SOLAR THERMAL AND PHOTOVOLTAIC  
MARKET DEVELOPMENT TAX CREDIT.--

A. Except as provided in Subsection [B] C of this section, a taxpayer who files an individual New Mexico income tax return for a taxable year beginning on or after January 1, 2006 and who purchases and installs after January 1, 2006 but before December 31, [2015] 2016 a solar thermal system or a

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1 photovoltaic system in a residence, business or agricultural  
2 enterprise in New Mexico owned by that taxpayer may apply for,  
3 and the department may allow, a solar market development tax  
4 credit of up to [~~thirty~~] ten percent of the purchase and  
5 installation costs of the system [~~provided that under no~~  
6 ~~circumstances shall the federal and state tax credits allowed,~~  
7 ~~when combined, total more than thirty percent of the purchase~~  
8 ~~and installation cost of the system. To determine the amount~~  
9 ~~of the state solar market development tax credit due pursuant~~  
10 ~~to this section, the amount of the allowable federal tax~~  
11 ~~credit, whether claimed or not claimed by the taxpayer, shall~~  
12 ~~be deducted from thirty percent of the purchase and~~  
13 ~~installation cost of the system].~~

14 B. The total solar market development tax credit  
15 allowed for either a photovoltaic system or a solar thermal  
16 system shall not exceed nine thousand dollars (\$9,000). The  
17 department shall allow solar market development tax credits  
18 only for solar thermal systems and photovoltaic systems  
19 certified by the energy, minerals and natural resources  
20 department.

21 [~~B.~~] C. Solar market development tax credits may  
22 not be claimed or allowed for:

23 (1) a heating system for a swimming pool or a  
24 hot tub; or

25 (2) a commercial or industrial photovoltaic

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1 system other than an agricultural photovoltaic system on a farm  
2 or ranch that is not connected to an electric utility  
3 transmission or distribution system.

4 ~~[G-]~~ D. The department may allow a maximum annual  
5 aggregate of:

6 (1) two million dollars (\$2,000,000) in solar  
7 market development tax credits for solar thermal systems; and

8 (2) three million dollars (\$3,000,000) in  
9 solar market development tax credits for photovoltaic systems.

10 ~~[D-]~~ E. A portion of the solar market development  
11 tax credit that remains unused in a taxable year may be carried  
12 forward for a maximum of ten consecutive taxable years  
13 following the taxable year in which the credit originates until  
14 fully expended.

15 ~~[E-]~~ F. Prior to July 1, 2006, the energy, minerals  
16 and natural resources department shall adopt rules establishing  
17 procedures to provide certification of solar thermal systems  
18 and photovoltaic systems for purposes of obtaining a solar  
19 market development tax credit. The rules shall address  
20 technical specifications and requirements relating to safety,  
21 code and standards compliance, solar collector orientation and  
22 sun exposure, minimum system sizes, system applications and  
23 lists of eligible components. The energy, minerals and natural  
24 resources department may modify the specifications and  
25 requirements as necessary to maintain a high level of system

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1 quality and performance.

2 ~~[F-]~~ G. As used in this section:

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

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

10 Section 2. APPLICABILITY.--The provisions of this act  
11 apply to taxable years beginning on or after January 1, 2009.