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AN ACT
RELATING TO TAXATION; CREATING THE SOLAR MARKET DEVELOPMENT
INCOME TAX CREDIT; REPEALING THE EXPIRED SOLAR MARKET
DEVELOPMENT TAX CREDIT.

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2006, Chapter 93, Section 1, as amended) is repealed and a
new Section 7-2-18.14 NMSA 1978 is enacted to read:

"7-2-18.14. SOLAR MARKET DEVELOPMENT INCOME TAX
CREDIT.--

A. A taxpayer who is not a dependent of another
individual and who purchases and installs a solar thermal
system or a photovoltaic system in a residence, business or
agricultural enterprise after January 1, 2018 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
"solar market development income tax credit".

B. The purpose of the 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 solar market

1 development income tax credit in the following amounts of the
2 purchase and installation costs of a solar thermal or
3 photovoltaic system:

4 (1) if the system is installed prior to
5 January 1, 2023, up to ten percent of the purchase and
6 installation costs of the system; and

7 (2) if the system is installed on or after
8 January 1, 2023 and prior to January 1, 2028, up to eight
9 percent of the purchase and installation costs of the system.

10 D. The solar market development income tax credit
11 shall not exceed nine thousand dollars (\$9,000). The
12 department shall allow a solar market development income tax
13 credit only for solar thermal and photovoltaic systems
14 certified pursuant to Subsection J of this section.

15 E. The department may allow a maximum annual
16 aggregate of five million dollars (\$5,000,000) in solar
17 market development income tax credits per year. Completed
18 applications for the credit shall be considered in the order
19 received by the department.

20 F. A taxpayer may claim a solar market development
21 income tax credit for the taxable year in which the taxpayer
22 purchases and installs a solar thermal or photovoltaic
23 system. To receive a solar market development income tax
24 credit, a taxpayer shall apply to the department on forms and
25 in the manner prescribed by the department within twelve

1 months following the calendar year in which the system was
2 installed. The application shall include a certification
3 made pursuant to Subsection J of this section.

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

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

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

24 J. The energy, minerals and natural resources
25 department shall adopt rules establishing procedures to

1 provide certification of solar thermal and photovoltaic
2 systems for the purposes of obtaining a solar market
3 development income tax credit. The rules shall address
4 technical specifications and requirements relating to safety,
5 code and standards compliance, solar collector orientation
6 and sun exposure, minimum system sizes, system applications
7 and lists of eligible components. The energy, minerals and
8 natural resources department may modify the specifications
9 and requirements as necessary to maintain a high level of
10 system quality and performance.

11 K. A taxpayer allowed a tax credit pursuant to
12 this section shall report the amount of the credit to the
13 taxation and revenue department in a manner required by that
14 department.

15 L. The taxation and revenue department shall
16 compile an annual report on the solar market development
17 income tax credit that shall include the number of taxpayers
18 approved by the department to receive the credit, the
19 aggregate amount of credits approved and any other
20 information necessary to evaluate the credit. The department
21 shall present the report to the revenue stabilization and tax
22 policy committee and the legislative finance committee with
23 an analysis of the cost of the tax credit and whether the tax
24 credit is performing the purpose for which it was created.

25 M. As used in this section:

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

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

8 SECTION 2. TEMPORARY PROVISION--EXHAUSTION OF
9 CREDITS.--

10 A. If a taxpayer has met the eligibility
11 requirements to apply for and claim a solar market
12 development tax credit pursuant to Section 7-2-18.14 NMSA
13 1978 as that section was in effect on December 31, 2016, the
14 taxpayer may claim, and the taxation and revenue department
15 may approve, the credit for those periods, including amounts
16 that may be carried forward pursuant to Section 7-2-18.14
17 NMSA 1978 as that section was in effect on December 31, 2016.

18 B. If a taxpayer has claimed and been awarded a
19 solar market development tax credit pursuant to Section
20 7-2-18.14 NMSA 1978 as that section was in effect on
21 December 31, 2016, but a portion of the credit claimed
22 remains unused, the taxpayer may claim the unused portion,
23 including amounts that could have been carried forward
24 pursuant to Section 7-2-18.14 NMSA 1978 as that section was
25 in effect on December 31, 2016.

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SECTION 3. APPLICABILITY.--The provisions of this act
apply to taxable years beginning on or after January 1, 2018. =

