

HOUSE BILL 283

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

INTRODUCED BY

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AN ACT

RELATING TO PROPERTY TAX; ESTABLISHING A METHOD OF VALUATION
FOR PROPERTY TAX PURPOSES FOR CERTAIN SOLAR ENERGY SYSTEMS
CLASSIFIED AS TANGIBLE PERSONAL PROPERTY.

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

SECTION 1. A new section of Chapter 7, Article 36 NMSA
1978 is enacted to read:

"~~[NEW MATERIAL]~~ SPECIAL METHOD OF VALUATION--SOLAR ENERGY
SYSTEM CLASSIFIED AS TANGIBLE PERSONAL PROPERTY.--

A. A solar energy system subject to valuation for
property taxation purposes shall be valued in accordance with
the provisions of this section.

B. A solar energy system shall be valued as
follows:

(1) the owner of the solar energy system shall

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1 report the tangible property cost of the system; and

2 (2) the tangible property cost shall then be
3 reduced by the related accumulated provision for depreciation,
4 as determined in Subsection C of this section, and any other
5 justifiable factors, including functional and economic
6 obsolescence.

7 C. The county assessor shall adjust the
8 depreciation for a solar energy system subject to valuation for
9 property tax purposes for the following tax years by the
10 following amounts:

11 (1) for the first through third tax years of
12 assessment, three percent of the scheduled depreciated value
13 for each tax year;

14 (2) for the fourth tax year of assessment,
15 four percent of the scheduled depreciated value;

16 (3) for the fifth tax year of assessment, five
17 percent of the scheduled depreciated value;

18 (4) for the sixth tax year of assessment, six
19 percent of the scheduled depreciated value;

20 (5) for the seventh tax year of assessment,
21 eight percent of the scheduled depreciated value;

22 (6) for the eighth tax year of assessment,
23 eleven percent of the scheduled depreciated value;

24 (7) for the ninth tax year of assessment,
25 twenty-four percent of the scheduled depreciated value;

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1 (8) for the tenth tax year of assessment, one
2 hundred percent of the scheduled depreciated value; and

3 (9) for the eleventh and subsequent tax years,
4 the solar energy system shall be assessed pursuant to Paragraph
5 (3) of Subsection C of Section 7-36-33 NMSA 1978, so long as
6 the solar energy system is used and useful in a business
7 activity.

8 D. As used in this section:

9 (1) "depreciation" means straight line
10 depreciation over the useful life of the item of property;

11 (2) "solar energy system" means a device that:

12 (a) is installed on residential
13 property;

14 (b) includes equipment that is part of a
15 system designed and installed to use, collect, store or
16 distribute solar energy to provide electricity, heat or heated
17 water to a residence where the device or equipment is
18 installed;

19 (c) includes photovoltaic panels, solar
20 thermal technology, energy storage equipment, mounting
21 equipment, support structures, tracking equipment, monitoring
22 equipment or other power condition equipment; and

23 (d) is used, produced, manufactured,
24 held for sale, leased or maintained by a person for purposes of
25 the person's profession, business or occupation; and

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(3) "tangible property cost" means the actual cost of acquisition or construction of property, including additions, retirements, adjustments and transfers, but without deducting related accumulated provisions for depreciation, amortization or other purposes."

SECTION 2. APPLICABILITY.--The provisions of this act apply to the 2021 and subsequent property tax years.

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