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

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

SECTION 1. A new section of the Income Tax Act is
enacted to read:

"NEW SOLAR MARKET DEVELOPMENT INCOME TAX CREDIT.--

A. For taxable years prior to January 1, 2028, a taxpayer who is not a dependent of another individual and who, on or after March 1, 2020, purchases and installs a solar thermal system or a photovoltaic system in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer, 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 "new solar market development income tax credit".

B. The purpose of the new 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 new solar market development income tax credit of ten percent of the purchase

1 and installation costs of a solar thermal or photovoltaic
2 system.

3 D. The new solar market development income tax
4 credit shall not exceed six thousand dollars (\$6,000) per
5 taxpayer per taxable year. The department shall allow a tax
6 credit only for solar thermal and photovoltaic systems
7 certified pursuant to Subsection E of this section.

8 E. A taxpayer shall apply for certification of
9 eligibility for the new solar market development income tax
10 credit from the energy, minerals and natural resources
11 department on forms and in the manner prescribed by that
12 department. The aggregate amount of credits that may be
13 certified as eligible in any calendar year is eight million
14 dollars (\$8,000,000). Completed applications shall be
15 considered in the order received. Applications for
16 certification received after this limitation has been met in
17 a calendar year shall not be approved. The application shall
18 include proof of purchase and installation of a solar thermal
19 or photovoltaic system, that the system meets technical
20 specifications and requirements relating to safety, code and
21 standards compliance, solar collector orientation and sun
22 exposure, minimum system sizes, system applications and lists
23 of eligible components and any additional information that
24 the energy, minerals and natural resources department may
25 require to determine eligibility for the credit. A dated

1 certificate of eligibility shall be issued to the taxpayer
2 providing the amount of the new solar market development
3 income tax credit for which the taxpayer is eligible and the
4 taxable year in which the credit may be claimed.

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

15 G. That portion of a new solar market development
16 income tax credit that exceeds a taxpayer's tax liability in
17 the taxable year in which the credit is claimed may be
18 carried forward for a maximum of five consecutive taxable
19 years.

20 H. Married individuals filing separate returns for
21 a taxable year for which they could have filed a joint return
22 may each claim only one-half of the new solar market
23 development income tax credit that would have been claimed on
24 a joint return.

25 I. A taxpayer may be allocated the right to claim

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

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

14 K. The taxation and revenue department shall
15 compile an annual report on the new solar market development
16 income tax credit that shall include the number of taxpayers
17 approved by the department to receive the credit, the
18 aggregate amount of credits approved and any other
19 information necessary to evaluate the credit. The department
20 shall present the report to the revenue stabilization and tax
21 policy committee and the legislative finance committee with
22 an analysis of the cost of the tax credit.

23 L. As used in this section:

24 (1) "photovoltaic system" means an energy
25 system that collects or absorbs sunlight for conversion into

1 electricity; and

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

6 SECTION 2. APPLICABILITY.--The provisions of this
7 act apply to taxable years beginning on or after
8 January 1, 2020. _____

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