

1 SENATE BILL 350

2 **55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

3 INTRODUCED BY

4 William P. Soules

5  
6  
7  
8  
9  
10 AN ACT

11 RELATING TO TAXATION; EXTENDING THE DATE TO PURCHASE AND  
12 INSTALL A GEOTHERMAL GROUND-COUPLED HEAT PUMP TO RECEIVE THE  
13 GEOTHERMAL GROUND-COUPLED HEAT PUMP TAX CREDIT PURSUANT TO THE  
14 INCOME TAX ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT.

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 7-2-18.24 NMSA 1978 (being Laws 2009,  
18 Chapter 271, Section 1) is amended to read:

19 "7-2-18.24. GEOTHERMAL GROUND-COUPLED HEAT PUMP TAX  
20 CREDIT.--

21 A. A taxpayer who files an individual New Mexico  
22 income tax return for a taxable year beginning on or after  
23 January 1, 2010 and who purchases and installs after January 1,  
24 2010 but before December 31, [2020] 2025 a geothermal ground-  
25 coupled heat pump in a residence, business or agricultural

.219653.1

underscored material = new  
[bracketed material] = delete

underscoring material = new  
~~[bracketed material] = delete~~

1 enterprise in New Mexico owned by that taxpayer may apply for,  
2 and the department may allow, a tax credit of up to thirty  
3 percent of the purchase and installation costs of the system.  
4 The credit provided in this section may be referred to as the  
5 "geothermal ground-coupled heat pump tax credit". The total  
6 geothermal ground-coupled heat pump tax credit allowed to a  
7 taxpayer shall not exceed nine thousand dollars (\$9,000). The  
8 department shall allow a geothermal ground-coupled heat pump  
9 tax credit only for geothermal ground-coupled heat pumps  
10 certified by the energy, minerals and natural resources  
11 department.

12 B. A portion of the geothermal ground-coupled heat  
13 pump tax credit that remains unused in a taxable year may be  
14 carried forward for a maximum of ten consecutive taxable years  
15 following the taxable year in which the credit originates until  
16 the credit is fully expended.

17 C. Prior to July 1, 2010, the energy, minerals and  
18 natural resources department shall adopt rules establishing  
19 procedures to provide certification of geothermal ground-  
20 coupled heat pumps for purposes of obtaining a geothermal  
21 ground-coupled heat pump tax credit. The rules shall address  
22 technical specifications and requirements relating to safety,  
23 building code and standards compliance, minimum system sizes,  
24 system applications and lists of eligible components. The  
25 energy, minerals and natural resources department may modify

.219653.1

underscoring material = new  
[bracketed material] = delete

1 the specifications and requirements as necessary to maintain a  
2 high level of system quality and performance.

3 D. The department may allow a maximum annual  
4 aggregate of two million dollars (\$2,000,000) in geothermal  
5 ground-coupled heat pump tax credits. Applications for the  
6 credit shall be considered in the order received by the  
7 department.

8 E. A taxpayer who otherwise qualifies and claims a  
9 geothermal ground-coupled heat pump tax credit with respect to  
10 property owned by a partnership or other business association  
11 of which the taxpayer is a member may claim a credit only in  
12 proportion to that taxpayer's interest in the partnership or  
13 association. The total credit claimed in the aggregate by all  
14 members of the partnership or association with respect to the  
15 property shall not exceed the amount of the credit that could  
16 have been claimed by a sole owner of the property.

17 F. ~~[A husband and wife]~~ Married individuals who  
18 file separate returns for a taxable year in which they could  
19 have filed a joint return may each claim only one-half of the  
20 credit that would have been allowed on a joint return.

21 G. As used in this section, "geothermal ground-  
22 coupled heat pump" means a system that uses energy from the  
23 ground, water or, ultimately, the sun for distribution of  
24 heating, cooling or domestic hot water; that has either a  
25 minimum coefficient of performance of three and four-tenths or

.219653.1

underscored material = new  
[bracketed material] = delete

1 an efficiency ratio of sixteen or greater; and that is  
2 installed by an accredited installer certified by the  
3 international ground source heat pump association."

4 SECTION 2. Section 7-2A-24 NMSA 1978 (being Laws 2009,  
5 Chapter 271, Section 2) is amended to read:

6 "7-2A-24. GEOTHERMAL GROUND-COUPLED HEAT PUMP TAX  
7 CREDIT.--

8 A. A taxpayer that files a New Mexico corporate  
9 income tax return for a taxable year beginning on or after  
10 January 1, 2010 and that purchases and installs after January  
11 1, 2010 but before December 31, [~~2020~~] 2025 a geothermal  
12 ground-coupled heat pump in a property owned by the taxpayer  
13 may claim against the taxpayer's corporate income tax  
14 liability, and the department may allow, a tax credit of up to  
15 thirty percent of the purchase and installation costs of the  
16 system. The credit provided in this section may be referred to  
17 as the "geothermal ground-coupled heat pump tax credit". The  
18 total geothermal ground-coupled heat pump tax credit allowed to  
19 a taxpayer shall not exceed nine thousand dollars (\$9,000).  
20 The department shall allow a geothermal ground-coupled heat  
21 pump tax credit only for geothermal ground-coupled heat pumps  
22 certified by the energy, minerals and natural resources  
23 department.

24 B. A portion of the geothermal ground-coupled heat  
25 pump tax credit that remains unused in a taxable year may be

.219653.1

underscored material = new  
~~[bracketed material] = delete~~

1 carried forward for a maximum of ten consecutive taxable years  
2 following the taxable year in which the credit originates until  
3 the credit is fully expended.

4 C. Prior to July 1, 2010, the energy, minerals and  
5 natural resources department shall adopt rules establishing  
6 procedures to provide certification of geothermal ground-  
7 coupled heat pumps for purposes of obtaining a geothermal  
8 ground-coupled heat pump tax credit. The rules shall address  
9 technical specifications and requirements relating to safety,  
10 building code and standards compliance, minimum system sizes,  
11 system applications and lists of eligible components. The  
12 energy, minerals and natural resources department may modify  
13 the specifications and requirements as necessary to maintain a  
14 high level of system quality and performance.

15 D. The department may allow a maximum annual  
16 aggregate of two million dollars (\$2,000,000) in geothermal  
17 ground-coupled heat pump tax credits. Applications for the  
18 credit shall be considered in the order received by the  
19 department.

20 E. As used in this section, "geothermal ground-  
21 coupled heat pump" means a reversible refrigerator device that  
22 provides space heating, space cooling, domestic hot water,  
23 processed hot water, processed chilled water or any other  
24 application where hot air, cool air, hot water or chilled water  
25 is required and that utilizes ground water or water circulating

.219653.1

underscored material = new  
~~[bracketed material] = delete~~

1 through pipes buried in the ground as a condenser in the  
2 cooling mode and an evaporator in the heating mode."

3 - 6 -  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25