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AN ACT
RELATING TO TAXATION; ENACTING A SOLAR MARKET DEVELOPMENT
INCOME TAX CREDIT FOR PURCHASE AND INSTALLATION OF
PHOTOVOLTAIC SYSTEMS AND SOLAR THERMAL SYSTEMS; DECLARING AN
EMERGENCY.

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:

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

A. Except as provided in Subsection B 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 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 solar market development
tax credit of up to thirty percent of the purchase and
installation costs of the system; provided that under no
circumstances shall the federal and state tax credits
allowed, when combined, total more than thirty percent of the
purchase and installation cost of the system. To determine

1 the amount of the state solar market development tax credit
2 due pursuant to this section, the amount of the allowable
3 federal tax credit, whether claimed or not claimed by the
4 taxpayer, shall be deducted from thirty percent of the
5 purchase and installation cost of the system. The total solar
6 market development tax credit allowed for either a
7 photovoltaic system or a solar thermal system shall not
8 exceed nine thousand dollars (\$9,000). The department shall
9 allow solar market development tax credits only for solar
10 thermal systems and photovoltaic systems certified by the
11 energy, minerals and natural resources department.

12 B. Solar market development tax credits may not be
13 claimed or allowed for:

14 (1) a heating system for a swimming pool or
15 a hot tub; or

16 (2) a commercial or industrial photovoltaic
17 system other than an agricultural photovoltaic system on a
18 farm or ranch that is not connected to an electric utility
19 transmission or distribution system.

20 C. The department may allow a maximum annual
21 aggregate of:

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

25 (2) three million dollars (\$3,000,000) in

1 solar market development tax credits for photovoltaic
2 systems.

3 D. A portion of the solar market development tax
4 credit that remains unused in a taxable year may be carried
5 forward for a maximum of ten consecutive taxable years
6 following the taxable year in which the credit originates
7 until fully expended.

8 E. Prior to July 1, 2006, the energy, minerals and
9 natural resources department shall adopt rules establishing
10 procedures to provide certification of solar thermal systems
11 and photovoltaic systems for purposes of obtaining a solar
12 market development tax credit. The rules shall address
13 technical specifications and requirements relating to safety,
14 code and standards compliance, solar collector orientation
15 and sun exposure, minimum system sizes, system applications
16 and lists of eligible components. The energy, minerals and
17 natural resources department may modify the specifications
18 and requirements as necessary to maintain a high level of
19 system quality and performance.

20 F. As used in this section:

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

24 (2) "solar thermal system" means an energy
25 system that collects or absorbs solar energy for conversion

1 into heat for the purposes of space heating, space cooling or
2 water heating."

3 Section 2. APPLICABILITY.--The provisions of this act
4 apply to taxable years beginning on or after January 1, 2006.

5 Section 3. EMERGENCY.--It is necessary for the public
6 peace, health and safety that this act take effect
7 immediately.

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