

1 HOUSE BILL 124

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

3 INTRODUCED BY

4 Carl Trujillo

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10 AN ACT

11 RELATING TO TAXATION; CREATING THE HOME ENERGY AND WATER
12 EFFICIENCY INCOME TAX CREDIT.

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

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

17 "[NEW MATERIAL] HOME ENERGY AND WATER EFFICIENCY INCOME
18 TAX CREDIT.--

19 A. Beginning January 1, 2015 and before January 1,
20 2020, a taxpayer who is not a dependent of another individual
21 and who makes improvements to the energy or indoor water use
22 efficiency of the taxpayer's primary residence, as certified by
23 a qualified assessor approved by the energy, minerals and
24 natural resources department, may apply for, and the taxation
25 and revenue department may allow, a one-time credit against the

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1 taxpayer's tax liability imposed pursuant to the Income Tax
2 Act. The tax credit provided by this section may be referred
3 to as the "home energy and water efficiency income tax credit".

4 B. The purpose of the home energy and water
5 efficiency income tax credit is to increase the efficiency of
6 energy and indoor water use of existing residences in the
7 state.

8 C. The home energy and water efficiency income tax
9 credit may be allowed as follows:

10 (1) if energy efficiency of a taxpayer's
11 primary residence is improved by:

12 (a) between twenty and less than thirty
13 percent, one thousand two hundred dollars (\$1,200);

14 (b) between thirty and less than forty
15 percent, one thousand six hundred dollars (\$1,600);

16 (c) between forty and less than fifty
17 percent, two thousand dollars (\$2,000); or

18 (d) fifty percent or more, two thousand
19 five hundred dollars (\$2,500); and

20 (2) if the efficiency of the indoor water use
21 of a taxpayer's primary residence is improved by:

22 (a) between twenty and less than thirty
23 percent, two hundred dollars (\$200);

24 (b) between thirty and less than forty
25 percent, three hundred dollars (\$300);

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1 (c) between forty and less than fifty
2 percent, four hundred dollars (\$400); or

3 (d) fifty percent or more, five hundred
4 dollars (\$500).

5 D. A taxpayer may claim a home energy and water
6 efficiency income tax credit:

7 (1) for the taxable year in which the taxpayer
8 makes improvements to increase the energy or indoor water use
9 efficiency in the taxpayer's primary residence; and

10 (2) no later than one year following the end
11 of the calendar year in which the improvement was made.

12 E. That portion of a home energy and water
13 efficiency income tax credit that exceeds a taxpayer's income
14 tax liability in a taxable year may be carried forward for up
15 to four consecutive taxable years.

16 F. To be eligible for a home energy and water
17 efficiency income tax credit, a taxpayer shall have made
18 improvements to the taxpayer's primary residence that increases
19 the energy or indoor water use efficiency of the primary
20 residence by at least twenty percent. To determine if the
21 improvements have increased the primary residence's energy or
22 indoor water use efficiency, the taxpayer shall have an
23 inspection made of the primary residence by a qualified
24 assessor approved by the energy, minerals and natural resources
25 department prior to and after the improvements are made to the

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1 primary residence. The taxpayer shall be responsible for the
2 costs of the inspection. If the improvements have increased
3 the energy or indoor water use efficiency of the primary
4 residence by at least twenty percent, the energy, minerals and
5 natural resources department shall provide a certificate to the
6 taxpayer indicating the amount of increase.

7 G. To receive a home energy and water efficiency
8 income tax credit, a taxpayer shall apply to the department on
9 forms and in the manner prescribed by the department. The
10 application shall include a certification made pursuant to
11 Subsection F of this section.

12 H. The energy, minerals and natural resources
13 department shall adopt rules establishing procedures for
14 certification of the increase in energy and indoor water use
15 efficiency of a primary residence for purposes of obtaining a
16 home energy and water efficiency income tax credit. The rules
17 shall address procedures for measuring the energy efficiency in
18 a taxpayer's primary residence using industry standard software
19 programs before and after improvements are made and procedures
20 for making recommendations on what improvements may be made to
21 maximize energy efficiency before improvements are made to the
22 taxpayer's primary residence.

23 I. Married individuals filing separate returns for
24 a taxable year for which they could have filed a joint return
25 may each claim only one-half of the home energy and water

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1 efficiency income tax credit that would have been claimed on a
2 joint return.

3 J. A taxpayer allowed a credit pursuant to this
4 section shall report the amount of the credit to the department
5 in a manner required by the department.

6 K. The department shall compile an annual report on
7 the home energy and water efficiency income tax credit that
8 shall include the number of taxpayers approved by the
9 department to receive the credit, the aggregate amount of
10 credits approved and any other information necessary to
11 evaluate the effectiveness of the credit. Beginning in 2017
12 and every three years thereafter that the credit is in effect,
13 the department shall compile and present the annual reports to
14 the revenue stabilization and tax policy committee and the
15 legislative finance committee with an analysis of the
16 effectiveness and cost of the credit and whether the credit is
17 performing the purpose for which it was created.

18 L. As used in this section:

19 (1) "improvements" means physical changes made
20 to a taxpayer's home that have the primary purpose of
21 increasing the energy and indoor water use efficiency of a
22 taxpayer's primary residence; and

23 (2) "primary residence" means the domicile
24 where a person resides for most of the year, and, if the person
25 is temporarily out of the state, the address where a person

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1 will return when the person returns to New Mexico or the
2 address that a person uses for purposes of a driver's license
3 or passport."

4 SECTION 2. APPLICABILITY.--The provisions of this act
5 apply to taxable years beginning on or after January 1, 2014.

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