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HOUSE BILL 133

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

INTRODUCED BY

Jason C. Harper

AN ACT

RELATING TO TAXATION; AMENDING A SECTION OF CHAPTER 7, ARTICLE
36 NMSA 1978 TO ADD DEFINITIONS; PROVIDING FOR VALUATION OF
SOLAR GENERATION EQUIPMENT THAT IS SUBJECT TO PROPERTY TAXATION
AND THAT IS USED FOR THE GENERATION, TRANSMISSION OR
DISTRIBUTION OF ELECTRIC POWER OR ENERGY.

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

SECTION 1. Section 7-36-29 NMSA 1978 (being Laws 1975,
Chapter 165, Section 10) is amended to read:

"7-36-29. SPECIAL METHOD OF VALUATION--PROPERTY USED FOR
THE GENERATION, TRANSMISSION OR DISTRIBUTION OF [~~ELECTRICAL~~]
ELECTRIC POWER OR ENERGY.--

A. All property used for the generation,
transmission or distribution of [~~electrical~~] electric power or
energy subject to valuation for property taxation purposes

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1 shall be valued in accordance with the provisions of this
2 section.

3 B. As used in this section:

4 (1) "construction work in progress" means the
5 total of the balances of work orders for an electric plant in
6 process of construction on the last day of the preceding
7 calendar year exclusive of land, land rights and licensed
8 vehicles;

9 ~~[(1)]~~ (2) "depreciation" means straight line
10 depreciation over the useful life of the item of property;

11 ~~[(2)]~~ (3) "electric plant" means all property,
12 other than solar generation equipment, situated in this state
13 used or useful for the generation, transmission or distribution
14 of electric power or energy, but does not include land, land
15 rights, general buildings and improvements, construction work
16 in progress, materials and supplies and licensed vehicles;

17 ~~[(3)] "construction work in progress" means the~~
18 ~~total of the balances of work orders for electric plant in~~
19 ~~process of construction on the last day of the preceding~~
20 ~~calendar year exclusive of land, land rights and licensed~~
21 ~~vehicles;]~~

22 (4) "general buildings and improvements" means
23 buildings of the nature of offices, residential housing,
24 warehouses, shops and associated improvements in general use by
25 the taxpayer and not directly associated with generation,

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1 transmission or distribution of [~~electrical~~] electric power or
2 energy;

3 (5) "materials and supplies" means the cost,
4 including sales, use and excise taxes, and transportation costs
5 to point of delivery in this state, less purchases and trade
6 discounts, of all unapplied material and supplies on hand in
7 this state as of December 31 of the preceding calendar year;

8 (6) "other justifiable factors" includes, but
9 is not limited to, functional and economic obsolescence, such
10 as the limitation upon the use of the property based upon the
11 available reserves committed to the property; [~~and~~]

12 (7) "related equipment" means transformers,
13 circuit breakers and switching and metering equipment used to
14 connect a solar electric generation plant to the electric grid,
15 meteorological towers, hardware and software;

16 (8) "solar generation equipment" means solar
17 thermal energy collection, concentration and heat transfer and
18 conversion equipment; solar tracking hardware and software;
19 photovoltaic panels and inverters; support structures; posts,
20 brackets and towers; turbines and associated electrical
21 generating equipment used to generate electricity from solar
22 thermal energy; and related equipment; and

23 [~~(7)~~] (9) "tangible property cost" means the
24 actual cost of acquisition or construction of property,
25 including additions, retirements, adjustments and transfers,

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1 but without deduction of related accumulated provision for
2 depreciation, amortization or other purposes.

3 C. An electric plant shall be valued as follows:

4 (1) the department shall determine the
5 tangible property cost of the electric plant;

6 (2) such tangible property cost shall then be
7 reduced by the related accumulated provision for depreciation
8 and any other justifiable factors; and

9 (3) notwithstanding the foregoing
10 determination of value for property taxation purposes, the
11 value for property taxation purposes of an electric plant shall
12 not be less than twenty percent of the tangible property cost
13 of the electric plant.

14 D. The value of construction work in progress shall
15 be fifty percent of the amount expended and entered upon the
16 accounting records of the taxpayer as of December 31 of the
17 preceding calendar year as construction work in progress.

18 E. The value of materials and supplies shall be the
19 tangible property cost for such property as of December 31 of
20 the preceding calendar year.

21 F. Each item of property having a taxable situs in
22 the state and valued under this section shall have its net
23 taxable value allocated to the governmental units in which the
24 property is located.

25 G. Solar generation equipment shall be valued as

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1 follows:

2 (1) the department shall determine the actual
3 cost of construction of the solar generation equipment;

4 (2) the actual cost of construction shall then
5 be reduced by the amount of the federal investment tax credit
6 claimed, if any, associated with purchase of the solar
7 generation equipment;

8 (3) the amount determined in Paragraph (2) of
9 this subsection shall be reduced by depreciation using a
10 twenty-year useful life and for any other justifiable factors;
11 and

12 (4) the value for property taxation purposes
13 shall not be less than twenty percent of the amount determined
14 in Paragraph (2) of this subsection.

15 ~~[G.]~~ H. The department shall adopt regulations
16 ~~[under Section 72-31-88 NMSA 1953]~~ to implement the provisions
17 of this section."