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AN ACT

RELATING TO TAXATION; AMENDING A SECTION OF THE INCOME TAX  
ACT TO EXTEND THE SOLAR MARKET DEVELOPMENT TAX CREDIT.

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

SECTION 1. Section 7-2-18.14 NMSA 1978 (being Laws  
2006, Chapter 93, Section 1, as amended) is amended to read:

"7-2-18.14. SOLAR MARKET DEVELOPMENT TAX CREDIT--  
RESIDENTIAL AND SMALL BUSINESS SOLAR THERMAL AND PHOTOVOLTAIC  
MARKET DEVELOPMENT TAX CREDIT.--

A. Except as provided in Subsection C 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 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  
as follows:

(1) if the system is installed prior to  
January 1, 2019, up to ten percent of the purchase and  
installation costs of the system;

(2) if the system is installed on or after  
January 1, 2019 and prior to January 1, 2021, up to nine  
percent of the purchase and installation costs of the system;

1 (3) if the system is installed on or after  
2 January 1, 2021 and prior to January 1, 2022, up to eight  
3 percent of the purchase and installation costs of the system;

4 (4) if the system is installed on or after  
5 January 1, 2022 and prior to January 1, 2023, up to seven  
6 percent of the purchase and installation costs of the system;

7 (5) if the system is installed on or after  
8 January 1, 2023 and prior to January 1, 2024, up to six  
9 percent of the purchase and installation costs of the system;  
10 and

11 (6) if the system is installed on or after  
12 January 1, 2024 and prior to January 1, 2025, up to five  
13 percent of the purchase and installation costs of the system.

14 B. The total solar market development tax credit  
15 allowed for either a photovoltaic system or a solar thermal  
16 system shall not exceed nine thousand dollars (\$9,000). The  
17 department shall allow solar market development tax credits  
18 only for solar thermal systems and photovoltaic systems  
19 certified by the energy, minerals and natural resources  
20 department.

21 C. Solar market development tax credits may not be  
22 claimed or allowed for:

23 (1) a heating system for a swimming pool or  
24 a hot tub; or

25 (2) a commercial or industrial photovoltaic

1 system other than an agricultural photovoltaic system on a  
2 farm or ranch that is not connected to an electric utility  
3 transmission or distribution system.

4 D. The department may allow a maximum annual  
5 aggregate of:

6 (1) two million dollars (\$2,000,000) in  
7 solar market development tax credits for solar thermal  
8 systems; and

9 (2) three million dollars (\$3,000,000) in  
10 solar market development tax credits for photovoltaic  
11 systems.

12 E. A portion of the solar market development tax  
13 credit that remains unused in a taxable year may be carried  
14 forward for a maximum of ten consecutive taxable years  
15 following the taxable year in which the credit originates  
16 until fully expended.

17 F. Prior to July 1, 2006, the energy, minerals and  
18 natural resources department shall adopt rules establishing  
19 procedures to provide certification of solar thermal systems  
20 and photovoltaic systems for purposes of obtaining a solar  
21 market development tax credit. The rules shall address  
22 technical specifications and requirements relating to safety,  
23 code and standards compliance, solar collector orientation  
24 and sun exposure, minimum system sizes, system applications  
25 and lists of eligible components. The energy, minerals and

1 natural resources department may modify the specifications  
2 and requirements as necessary to maintain a high level of  
3 system quality and performance.

4 G. As used in this section:

5 (1) "photovoltaic system" means an energy  
6 system that collects or absorbs sunlight for conversion into  
7 electricity; and

8 (2) "solar thermal system" means an energy  
9 system that collects or absorbs solar energy for conversion  
10 into heat for the purposes of space heating, space cooling or  
11 water heating."

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