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SENATE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; EXTENDING THE SOLAR MARKET DEVELOPMENT
TAX CREDIT; INCREMENTALLY REDUCING THE AMOUNT OF THE CREDIT;
COMBINING THE SOLAR THERMAL SYSTEMS AND PHOTOVOLTAIC SYSTEMS
AGGREGATE CAPS INTO ONE AGGREGATE CAP.

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 ~~but~~

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~~[bracketed material] = delete~~

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1 ~~before December 31, 2016]~~ a solar thermal system or a
2 photovoltaic system in a residence, business or agricultural
3 enterprise in New Mexico owned by that taxpayer may apply for,
4 and the department may allow, a solar market development tax
5 credit ~~[of up to ten percent of the purchase and installation~~
6 ~~costs of the system]~~ as follows:

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

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

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

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

19 (5) if the system is installed on or after
20 January 1, 2023 and prior to January 1, 2024, up to six percent
21 of the purchase and installation costs of the system; and

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

25 B. The total solar market development tax credit

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1 allowed for either a photovoltaic system or a solar thermal
2 system shall not exceed nine thousand dollars (\$9,000). The
3 department shall allow solar market development tax credits
4 only for solar thermal systems and photovoltaic systems
5 certified by the energy, minerals and natural resources
6 department.

7 C. Solar market development tax credits may not be
8 claimed or allowed for:

9 (1) a heating system for a swimming pool or a
10 hot tub; or

11 (2) a commercial or industrial photovoltaic
12 system other than an agricultural photovoltaic system on a farm
13 or ranch that is not connected to an electric utility
14 transmission or distribution system.

15 D. The department may allow a maximum annual
16 aggregate of

17 [~~(1) two million dollars (\$2,000,000) in solar~~
18 ~~market development tax credits for solar thermal systems; and~~

19 ~~(2) three million dollars (\$3,000,000)] five
20 million dollars (\$5,000,000) in solar market development tax
21 credits [~~for photovoltaic systems~~].~~

22 E. A portion of the solar market development tax
23 credit that remains unused in a taxable year may be carried
24 forward for a maximum of ten consecutive taxable years
25 following the taxable year in which the credit originates until

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underscoring material = new
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1 fully expended.

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

14 G. As used in this section:

15 (1) "photovoltaic system" means an energy
16 system that collects or absorbs sunlight for conversion into
17 electricity; and

18 (2) "solar thermal system" means an energy
19 system that collects or absorbs solar energy for conversion
20 into heat for the purposes of space heating, space cooling or
21 water heating."