

# Tax Credit Incentives at EMNRD

Energy, Minerals and Natural Resources Department  
Energy Conservation and Management Division  
New Mexico State Energy Office

N E W M E X I C O



Energy, Minerals and Natural Resources Department

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**New Solar Market Development Tax Credit**

**Renewable Energy Production Tax Credit**

**Sustainable Building Tax Credit**

**Agricultural Biomass Tax Credit**

**Biodiesel Blending Facility Tax Credit**

# New Solar Market Development Tax Credit Incentive

## Overview of the Incentive

- Available for up to 10% of the equipment, materials, and labor costs of a solar energy system;
- May not exceed \$6,000.00;
- Tax credit is refundable and transferrable; and
- Tax credit fund is capped at \$12,000,000.00 per year.

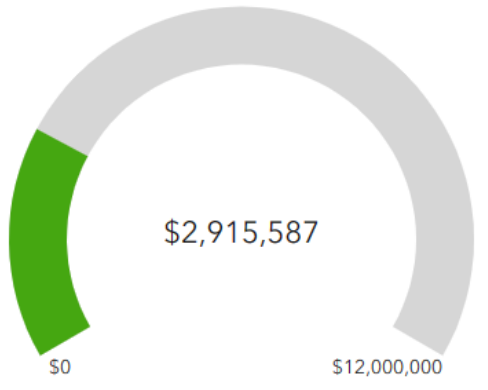
## Overview of the Process

- Step 1- Purchase and install an operating solar energy system;
- Step 2- Obtain required documents from installation contractor;
- Step 3- Apply for tax credit with Energy Minerals and Natural Resources Department (EMNRD);
- Step 4- Receive a certificate of eligibility from EMNRD; and
- Step 5- Claim your tax credit with Taxation Revenue Department.

# Solar Market Development Tax Credit Program Highlights

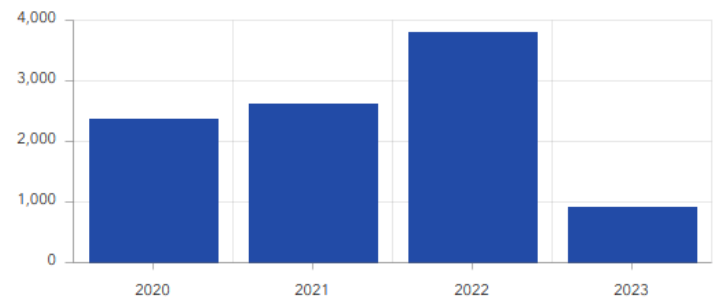
[Dashboard User Information Guide](#)

## Total Credit Amount Approved TY 2023



2023 2022 2021 2020

## Projects Approved by Tax Year

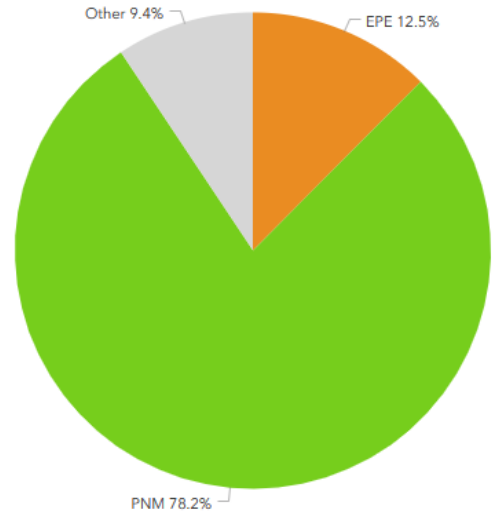


Click on a bar to change indicators below to reflect only that year. Click in chart area to reset to totals.

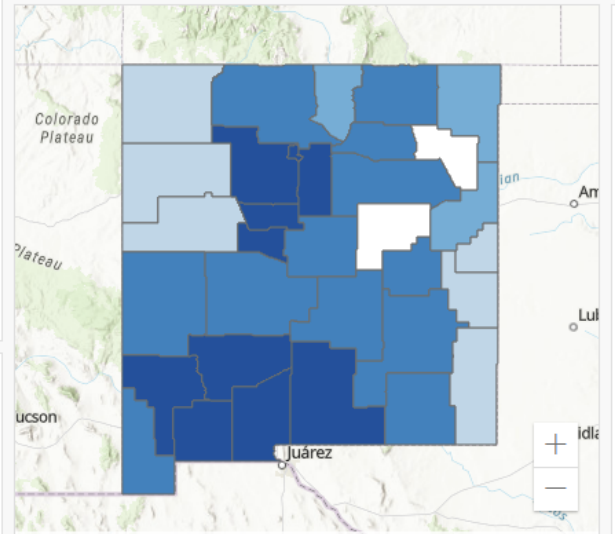
Total Approved Projects  
**9,683**

Total Installed Capacity (MW)  
**78.18**

## Utility Share of Interconnecting Customers



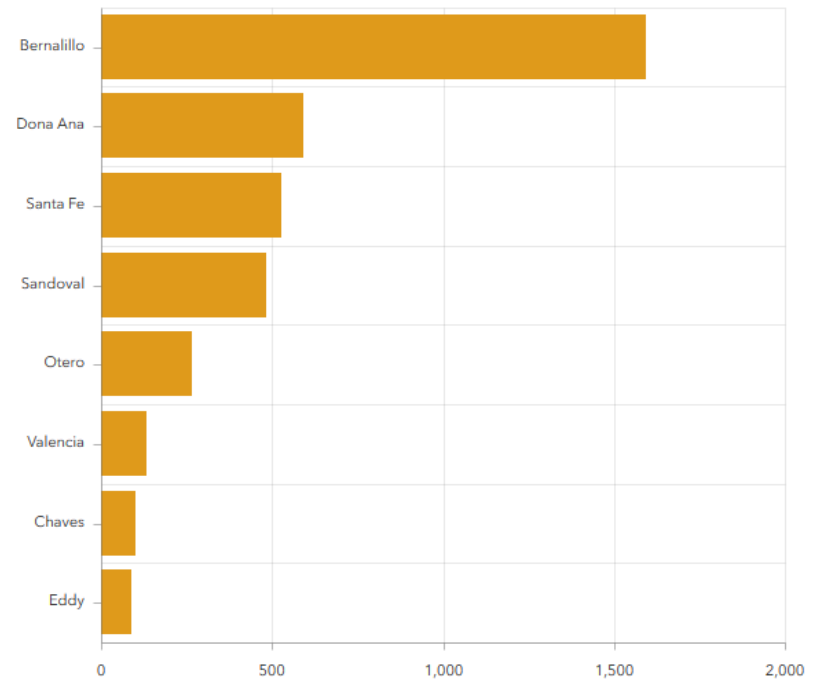
Customers (%) Capacity (%) Capacity (kW)



**County Totals**  
Projects per 100K residents

- >300
- 153-300
- 66-152
- 1-65
- No Projects

## Estimated Jobs Supported by Investments in Solar Development (Top-8 Counties)



Based on an estimate of 14 jobs per \$1 million invested (Pollin et al. 2013).

Jobs by County Statewide Jobs

Average Approved Credit Amount  
**\$3,058**

Estimated Average Taxpayer Annual Energy Cost Savings  
**\$1,648**

Credit System Size Energy Cost Savings

# New Solar Market Development Tax Credit Incentive

Tax Year- Calendar	Quantity Certified	Dollar Amount Certified	Popularity of Credit	Average Tax Credit per applicant
2020	2369	\$6,695,238	Allocation met demand	\$2826
2021	2613	\$8,000,000	Demand exceeded allocation	\$3062
2022	3785	\$12,000,000	Demand exceeded allocation	\$3170
2023 (as of July 3, 2023)	916	\$2,915,587	Demand Likely to exceed \$ 12 Million allocation	\$3182
Total	<b>9683</b>	<b>\$29,610,825</b>		\$3,058

**Total Economic Activity Created = \$296,108,250**

# New Solar Market Development Tax Credit Incentive

## Benefits of Solar Tax Credit

- Estimated Average Annual Production 13,731 kWh per year
- Estimated Jobs Supported (Top 8 Counties):

Estimated Jobs	Top 8 Counties
Bernalillo	1591
Dona Ana	588
Santa Fe	521
Sandoval	480
Otero	260
Valencia	128
Chavez	97
Eddy	85

Based on an estimate of 14 jobs per \$1 million invested ([Pollin et al. 2013](#)).

# Renewable Energy Production Tax Credit

## Overview of the Incentive

- Enacted in 2007 to incentivize utility scale wind and solar projects in New Mexico;
- One cent per kilowatt-hour (kWh) tax credit for wind energy;
- Two and seven tenths (2.7) cent (average) per kilowatt-hour (kWh) tax credit for solar energy;
- To be eligible, company needed to produce electricity by January 1, 2018;
- This tax credit program expires in 2026; and
- Significant incentive for economic development in New Mexico.

# Renewable Energy Production Tax Credit

## Status of Wind and Solar Energy Production in New Mexico in 2022

### NM Renewable Energy Production Tax Credit

### Total Systems - New Mexico

Types	Facilities	MW	MWH	Retail Value	Facilities	MWH
Wind-Certified	10	911	2 Million	\$20 Million	30	10.6 Million
Wind-Waiting List	4	447	1.2 Million	\$12 Million		
Solar-Certified	17	265	500,000	5 Million	76	2 Million
Solar-Waiting List	22	1,266	1.3 Million	13 Million		

Total Systems in New Mexico based on USDOE-Energy Information Administration  
Retail Value based on 10 cents per KWH



# Sustainable Building Tax Credit

## Overview of the Incentive

- Incentivizes cutting-edge sustainable building practices and energy-efficient products;
- Two types of tax credits available:
  - Tax credits for the following energy conserving products in existing residences;
    - » Energy Star heat pump installation
    - » Energy Star heat pump water heater installation
    - » Energy Star windows installation
    - » Energy Star doors installation
    - » Improvements in insulation levels
    - » Making the home or building electric vehicle ready
  - Tax credits for commercial renovation and new construction projects.

# Sustainable Building Tax Credit

Project Type	Tax Credit Program Caps Per Calendar Year	SBTC Qualification Requirement
Energy Conserving Products	\$2,900,000	Energy Star Certification
New Residential Construction	\$2,000,000	Build Green NM Gold or Emerald or LEED-H Gold or Platinum Certification
New Commercial Construction	\$1,000,000	Project must meet LEED Certification
Manufactured Housing	\$ 250,000	Energy Star Program
Large Commercial Renovation	\$1,000,000	Project must be 50% better than ASHRAE Standard
<b>Total SBTC Allocation</b>	<b>\$7,150,000</b>	

# Sustainable Building Tax Credit

Status of Sustainable Building Tax Credit (SBTC) -July 7, 2023			
Legislation	Annual Tax Credit Allocation in \$ Millions	Applications Certified	Value of Tax Credits approved
2015 SBTC-Expired Personal Income tax	\$3.75	7,704	Annual allocations exceeded
2015 SBTC-Expired Corporate Income tax	\$1.25	27	\$ 2.9 Million total
2021 SBTC-Active Personal Income Tax 2021-Active Corporate Income Tax	Energy Conserving Products \$2.9 New Residential \$2.0 New Commercial \$1.0 Manufactured \$0.25 Large Com. Renovation \$1.0	134 New Residential Applications Received ( <u>Residential Allocation likely to be exceeded</u> ) 130 Efficient Product applications Received 1 Mobile home Application Received	

Energy Conserving Product (ECP)	Year 2021		Year 2022		Year 2023	
	Count	Amount	Count	Amount	Count	Amount
Energy Star heat pump installation.			5	5,700.00	21	25,200.00
Energy Star heat pump water heater installation.					1	500.00
Energy Star windows installation	1	7,920.00	7	7,985.00	2	1,000.00
Energy Star doors installation.	1	500.00				
Improvements in insulation levels.			1	757.00	1	1,000.00
Renovate existing building to accommodate electric vehicle charger			1	500.00	2	1,000.00
<b>Totals</b>	<b>2</b>	<b>8,420.00</b>	<b>14</b>	<b>14,942.00</b>	<b>27</b>	<b>28,700.00</b>

# Agricultural Biomass Tax Credit

## Overview of the Incentive

- Tax credit is \$5 per wet ton of biomass (dairy cow manure);
- Annual aggregate amount available is \$5 million; and
- In 2022, EMNRD certified applications from 3 dairies, totaling \$76,303 in tax credits, for 15,250 tons of biomass.

## Overview of the Process

- Step 1- Transport and weigh biomass from a dairy farm to a biodigester facility;
- Step 2- Document weight of biomass on EMNRD's form;
- Step 3- Apply for tax credit with Energy Minerals and Natural Resources Department (EMNRD);
- Step 4- Receive a Certificate of Transportation from EMNRD; and
- Step 5- Claim your tax credit with Taxation Revenue Department.

# Biodiesel Blending Facility Tax Credit

## Overview of the Incentive

- EMNRD has issued only a few certificates of eligibility since this program became effective in 2007;
- Tax credit is 30% of the biodiesel blending facility's equipment cost and installation cost;
- Tax credit not more than \$50,000 per facility; and
- Annual aggregate amount available is \$1 million.

## Overview of the Process

- Applicant obtains application forms from EMNRD; and
- EMNRD staff reviews application. Once approved, EMNRD provides applicant with certificate of eligibility for use in obtaining tax credit from the New Mexico Taxation and Revenue Department.

# Questions?



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