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HOUSE BILL 134

**49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

INTRODUCED BY

Karen E. Giannini

AN ACT

RELATING TO TAXATION; ENACTING NEW SECTIONS OF THE INCOME TAX ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT TO PROVIDE FOR VOLTAGE REGULATION TECHNOLOGY EQUIPMENT TAX CREDITS.

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

Section 1. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] VOLTAGE REGULATION TECHNOLOGY EQUIPMENT TAX CREDIT.--

A. A taxpayer who files an individual New Mexico income tax return for a taxable year beginning on or after January 1, 2011 and who purchases and installs after January 1, 2011 but before December 31, 2021 voltage regulation technology equipment in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer may apply for, and the

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1 department may allow, a tax credit of up to thirty percent of  
2 the purchase and installation costs of the equipment. The  
3 credit provided in this section may be referred to as the  
4 "voltage regulation technology equipment tax credit". The  
5 total voltage regulation technology equipment tax credit  
6 allowed to a taxpayer shall not exceed nine thousand dollars  
7 (\$9,000). The department shall allow a voltage regulation  
8 technology equipment that is tax credit only for voltage  
9 regulation technology equipment that is certified by the  
10 energy, minerals and natural resources department and that  
11 reduces energy consumption, improves grid efficiency, raises or  
12 lowers voltage dynamically and is ninety-nine percent or more  
13 efficient across at least ninety percent of the load curve.

14 B. A portion of the voltage regulation technology  
15 equipment tax credit that remains unused in a taxable year may  
16 be carried forward for a maximum of ten consecutive taxable  
17 years following the taxable year in which the credit originates  
18 until the credit is fully expended.

19 C. Prior to July 1, 2011, the energy, minerals and  
20 natural resources department shall adopt rules establishing  
21 procedures to provide certification of voltage regulation  
22 technology equipment for purposes of obtaining a voltage  
23 regulation technology equipment tax credit. The rules shall  
24 address technical specifications and requirements relating to  
25 safety, building code and standards compliance; minimum system

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1 sizes and system applications; and lists of eligible expenses  
2 for the tax credits, including materials, labor costs properly  
3 allocable to on-site preparation, assembly and installation,  
4 engineering services, designs and plans directly related to the  
5 construction or installation and utility compliance costs. The  
6 energy, minerals and natural resources department may modify  
7 the specifications and requirements as necessary to maintain a  
8 high level of system quality and performance.

9 D. The department may allow a maximum annual  
10 aggregate of two million dollars (\$2,000,000) in voltage  
11 regulation technology equipment tax credits. Applications for  
12 the credit shall be considered in the order received by the  
13 department.

14 E. A taxpayer who otherwise qualifies and claims a  
15 voltage regulation technology equipment tax credit with respect  
16 to property owned by a partnership or other business  
17 association of which the taxpayer is a member may claim a  
18 credit only in proportion to that taxpayer's interest in the  
19 partnership or association. The total credit claimed in the  
20 aggregate by all members of the partnership or association with  
21 respect to the property shall not exceed the amount of the  
22 credit that could have been claimed by a sole owner of the  
23 property.

24 F. A husband and wife who file separate returns for  
25 a taxable year in which they could have filed a joint return

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1 may each claim only one-half of the credit that would have been  
2 allowed on a joint return."

3 Section 2. A new section of the Corporate Income and  
4 Franchise Tax Act is enacted to read:

5 "[NEW MATERIAL] VOLTAGE REGULATION TECHNOLOGY EQUIPMENT  
6 TAX CREDIT.--

7 A. A taxpayer that files a New Mexico corporate  
8 income tax return for a taxable year beginning on or after  
9 January 1, 2011 and that purchases and installs after January  
10 1, 2011 but before December 31, 2021 voltage regulation  
11 technology equipment in a property owned by the taxpayer may  
12 claim against the taxpayer's corporate income tax liability,  
13 and the department may allow, a tax credit of up to thirty  
14 percent of the purchase and installation costs of the system.  
15 The credit provided in this section may be referred to as the  
16 "voltage regulation technology equipment tax credit". The  
17 total voltage regulation technology equipment tax credit  
18 allowed to a taxpayer shall not exceed nine thousand dollars  
19 (\$9,000). The department shall allow a voltage regulation  
20 technology equipment tax credit only for voltage regulation  
21 technology equipment that is certified by the energy, minerals  
22 and natural resources department and that reduces energy  
23 consumption, improves grid efficiency, raises or lowers voltage  
24 dynamically and is ninety-nine percent or more efficient across  
25 at least ninety percent of the load curve.

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1           B. A portion of the voltage regulation technology  
2 equipment tax credit that remains unused in a taxable year may  
3 be carried forward for a maximum of ten consecutive taxable  
4 years following the taxable year in which the credit originates  
5 until the credit is fully expended.

6           C. Prior to July 1, 2011, the energy, minerals and  
7 natural resources department shall adopt rules establishing  
8 procedures to provide certification of voltage regulation  
9 technology equipment for purposes of obtaining a voltage  
10 regulation technology equipment tax credit. The rules shall  
11 address technical specifications and requirements relating to  
12 safety, building code and standards compliance; minimum system  
13 sizes and system applications; and lists of eligible expenses  
14 for the tax credit, including materials, labor costs properly  
15 allocable to on-site preparation, assembly and installation,  
16 engineering services, designs and plans directly related to the  
17 construction or installation and utility compliance costs. The  
18 energy, minerals and natural resources department may modify  
19 the specifications and requirements as necessary to maintain a  
20 high level of system quality and performance.

21           D. The department may allow a maximum annual  
22 aggregate of two million dollars (\$2,000,000) in voltage  
23 regulation technology equipment tax credits. Applications for  
24 the credit shall be considered in the order received by the  
25 department."

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